



Doing Business In Honduras: A Country

Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2004. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In Honduras](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

Chapter 1: Doing Business In Honduras

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

Generally, U.S. exporters enjoy an enviable position in the Honduran market. Over the past decade, U.S. exports have increased both in terms of absolute dollar value and, more importantly, in terms of market share. Strong prospects for exports of goods and services are not limited to a few industries but run the gamut, including: franchising; food processing; auto parts and service equipment; safety and security equipment; computers and peripherals; computer services; telecommunications; textiles and equipment; and electric power generation equipment. Honduran imports of oils and lubricants, industrial chemicals, plastic materials, paper and related products, electrical materials and equipment and medical supplies all showed increases in 2004.

The U.S. is Honduras' chief trading partner, supplying over half of Honduras' imports and purchasing about half of its total exports. In addition, at USD 54.5 million, the U.S. continues to be the dominant source of foreign direct investment (FDI) in Honduras, representing 38 percent of total FDI. The Honduran government is generally open to foreign investment. Restrictions and performance requirements are fairly limited. Honduras is the third largest exporter of apparel and textile products to the U.S. market behind Mexico and China, and the first among Central America and countries enjoying Caribbean Basin Initiative benefits.

The close proximity of Honduras to the United States and recognition of the high quality and reliability of American products constitute advantages for U.S. exporters and manufacturers.

Prospects for the Central American region are bright. Central America offers a market of 32 million people with annual manufacturers imports from the U.S. of more than USD 9 billion. This makes Central America a greater market today for U.S. exporters than many markets where the competition and travel distance is much greater. Worker remittances from families in the U.S. are an important source of foreign exchange and help to guarantee funding for continued imports of U.S. goods and services. But more importantly, regionalization is quickly becoming a fact for business. The US, joined by Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala, and the Dominican Republic, signed the Central American Free Trade Agreement (CAFTA) in August 2004. Factories and distribution facilities have been and are being located to serve a regional market. Rarely does a U.S. businessperson visit just one Central American country. New investors weigh the advantages each country offers as they look to locate new plants. Regional managers are becoming the norm with responsibilities for multiple countries within the market. Trade among the countries of Central America has increased dramatically. Leading sectors for U.S. exports and investment include safety

and security equipment, automotive parts & service equipment, computers and peripherals, food processing and packaging equipment, textile machinery, equipment & fabrics, franchising and electrical power systems.

The reality in Central America and Honduras today is that there are problems: corruption, drug trafficking, and poverty to name a few. But there is also relative stability, real market opportunities and substantial U.S. exports in a market that is close to the U.S. and growing. Regional integration will spur investment, growth, trade and continued market opportunities for U.S. firms.

Market Challenges

[Return to top](#)

A slowly recovering economy during the last two years has had its effect on the demand for U.S. goods. The Honduran economy Grew at an estimated 4.5 percent in 2004, and is expected to continue growing at or above 4.0% in 2005.

In terms of personal security, crime is a major concern, with theft, pick pockets and armed robberies occurring frequently in urban areas. Honduras also has a very high incidence of murder and other violent crimes, although American tourists and business people are not generally targets of violent crime.

The most important political issues affecting the business climate in Honduras are the administration of justice and rule of law. The lack of judicial security, a deteriorating security environment, and endemic corruption pose real risks, making business disputes difficult to resolve.

Market Opportunities

[Return to top](#)

President Ricardo Maduro entered office in January 2002. His administration continues to be pro-business and supportive of free trade. The Honduran government remains focused on promoting private sector investment as a key strategy for improving the country's infrastructure. The top priorities of the administration include spurring activity in tourism, light manufacturing, agribusiness, forest products and housing construction. Government owned enterprises continue to operate the port system, telephone monopoly, electricity distribution, highways and postal system. The Maduro administration plans to proceed with additional privatization and liberalization through 2005.

Market Entry Strategy

[Return to top](#)

For marketing purposes, the country can be thought of as divided into two regions: the North Coast, including San Pedro Sula, the country's commercial and industrial capital; and the Central region, where Tegucigalpa, the political capital and largest city, is located. Tegucigalpa and San Pedro Sula are the major distribution centers for imported products. A single distributor or representative is sufficient to cover all of Honduras. Representatives and distributors tend to carry rather broad lines on a non-exclusive basis.

Price is among the most important selling factors in Honduras. In many cases, Honduran business people buy directly from the source if they feel that the cost-savings

is sufficiently advantageous. The local banking system is conservative and generally extends only limited amounts of credit. U.S. exporters that offer attractive financing terms on sales to Honduran traders have the best chance of gaining market share. The duty assessed by the Honduran government at the time of customs clearance ranges from 0 to 15 percent for most items, and can go up to 45% on those products whose production is protected by the government.

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1922.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

The civil and commercial codes, Supreme Decree 549, Official Register (La Gaceta) No. 22366, of December 7, 1977, govern the principal-agent relationship in Honduras. This law is entitled "Law of Agents, Distributors and Representatives of National and Foreign Enterprises," and includes a provision for penalties for wrongful termination that discourages exclusive distribution agreements. Principals may not terminate the contract without just cause, unless they fairly compensate the agent for damages suffered. Only Honduran nationals or Honduran legal entities registered with a local chamber of commerce and the Ministry of Industry & Trade may represent foreign firms.

Foreigners exporting to Honduras are not required by law to sell through an agent or distributor, except when selling to the government. Although a U.S. firm may export directly to Honduran companies, appointing a local agent, representative, or legal advisor is strongly recommended to help with import procedures, sales promotion and after-sales service. Independent intermediaries are especially important for smaller companies, as their knowledge of the market and of the relevant business customs and practices adds to the strength of the U.S. manufacturer/exporter. U.S. companies are advised to evaluate local prospects in terms of the services and benefits provided, considering factors such as location, financial strength, quality of the sales force, warehousing facilities, reputation in the market, outlay on advertising, product compatibility and overall experience.

Exporters of pharmaceuticals, agro-chemicals, food items, animal feeds and medicines are required to register their products before they can be sold in the Honduran marketplace. Pharmaceuticals, food items and medicine-related products must be registered with the Ministry of Public Health. Agro-chemicals and animal feeds must be registered with the Ministry of Natural Resources.

Renewable periods for representation and non-exclusive relationships are strongly recommended when drawing up the agent/distributor agreement. After successfully locating prospective intermediaries, U.S. exporters should contact a Honduran lawyer for assistance with contract arrangements. The Embassy Economic/Commercial Section can provide a list of attorneys. A written agreement often avoids later disputes and misunderstandings between the U.S. company and the local partner.

Foreign firms wishing to participate in public tenders are required to do so through a local authorized representative. In terms of participation in international public bids in general, foreign firms engaged in the execution of construction, design, consulting, and rehabilitation projects are required, under the State Contracting Law, to register provisionally at the Company Registration and Classification Committee of Civil Engineers (CIRCE). Once a contract for a specific project has been awarded, foreign firms are required to register on a permanent basis with the Honduran Organization of Civil Engineers (CICH). In general, since the timeframe between the public bid announcement and the presentation of bids is often short, having a local partner enhances the U.S. firm's ability to prepare a competitive offer.

The U.S. Department of Commerce offers several services to U.S. firms interested in finding a partner or distributor for their product or service. The U.S. Commercial Service (USCS) offers free and intensive one-on-one counseling plus low-cost, highly effective programs to help U.S. businesses establish or expand their foreign markets. The Commercial Section of the Embassy can locate interested, qualified representatives in potential markets in Honduras through its International Partner Search (IPS) service. A U.S. firm may also check the background and reputation of a prospective partner through the International Company Profile Report (ICP). Through its Gold Key Service, the Commercial Section can schedule appointments, arrange translators and make reservations for U.S. businesses searching for partners or customers in Honduras. The IPS and ICP, as well as other valuable services, are also available for a nominal fee through the U.S. Export Assistance Centers (USEACs) of the U.S. Department of Commerce, located in 111 U.S. cities. For additional information on export-related assistance and market information offered by the federal government, U.S. companies may visit www.export.gov or call 1-800-USA-TRADE.

Establishing an Office

[Return to top](#)

Foreign businesses setting up operations in Honduras are subject to the Commercial Code, which recognizes several types of mercantile organizations: individual ownership, general partnership, simple limited partnership, limited liability company, corporation and joint stock company. In July 2002, the Government of Honduras ratified a law on simplification of administrative procedures in establishing a company (Article 308 of the Commercial Code, Decree No. 255-2002). Through this new legislation, the government expects to streamline procedures and eliminate a series of administrative obstacles involved in the process, reducing the steps for establishing an office from up to six months to a maximum of 40 days.

.The following chart was prepared by the World Bank and represents the steps necessary to set up a business in Honduras.

Starting a Business - Honduras (2004)

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima (SA) – Stock Corporation¹

Minimum capital requirement : Lps 25,000 or 25% of capital

City: Tegucigalpa

Registration Requirements:

Procedure 1. Procure a certificate of deposit at a local bank; pay the registry fee	
Time to complete:	1 day
Cost to complete:	no charge
Procedure 2. Constitute the company before a Notary Public, who is to draw up the instrument of organization	
Time to complete:	2 days
Cost to complete:	5% until Lps.25,000 and 3% over Lps.25,000 of the capital.
Comment:	The process is known as “Simultaneous Organization” (<i>Fundación Simultánea</i>). The company may be formed: a) Simultaneous Organization; or, b) Public Subscription. The constitution instrument should be written in a special paper called stamped paper (<i>Papel sellado</i>). The sealed paper has a value of Lps. 5.00 and it is used by the Notary for its protocol which is the collection of original signed documents in Notary custody and for the Both the Notary protocol first copy or “ <i>testimonio</i> ” (the copy that will filed to the civil judge and recording to the Commercial Registry).
Procedure 3. Publish the registration notice in “ <i>La Gaceta</i> ”, the official journal or an ordinary newspaper	
Time to complete:	1 day
Cost to complete:	US\$35 for one advertisement in “ <i>La Gaceta</i> ”; \$15 in a newspaper
Comment:	The cost has been increased to about US\$35 for one advertisement.
Procedure 4. Purchase the contract stamps and bar stamps from the Banco Atlántida S.A	
Time to complete:	1 day
Cost to complete:	included in below
Comment:	Registry Stamps and Contract Stamps are printed in the same paper, design and values of Lps.0.50, Lps1.00, Lps.5.00, Lps.10.00; Lps.20.00; Lps50.00, Lps.100.00, Lps.500.00 and Lps.1,000. There are no written or design differences between those stamps. They can be bought at the Honduran Central Bank (<i>Banco Central de Honduras</i>) or at several private Banks like <i>Banco Atlántida S.A</i> .or <i>Banco BGA</i> . Bar Stamps (<i>Timbres del Colegio de Abogados</i>) has its own particular design and values and can it buy officially only in <i>Banco Atlántida S.A</i> .
Procedure 5. File the articles of incorporation with the Mercantile Registry	
Time to complete:	25 days

¹ There are two types of Sociedades Anonimas: 1. Fixed Capital (Capital Fijo) or 2. Variable Capital (Capital Variable).

Cost to complete: Lps. 3 for each Lps.1,000 of corporation capital (*Timbres de contratación* /contract stamps) + Lps.3 for each Lps.1,000 of corporation capital (*Derechos de registro*/registry tax) + Lps.30 up to Lps.300,000 of the capital and Lps.10 for each Lps.100,000 after Lps.300,000 (Bar stamps/*Timbres del Colegio de Abogados*).
The registry fee (previous registry stamps) is now Lps.3 per 1,000 of capital.

Procedure 6. Apply for the tax identification code (*Registro Tributario Nacional*, RTN) at the *Dirección Ejecutiva de Ingresos* (DEI), Ministry of Finance

Time to complete: 1 day

Cost to complete: no charge

Comment: All natural or juridical persons must obtain the RTN. The Notary who authorizes an incorporation deed must send a note to the administrative authority informing of such incorporation, in order to obtain the RTN.

Procedure 7. Acquire legal accounting and minutes books

Time to complete: 1 day

Cost to complete: about US\$180

Comment: The minutes books can now be authorized as separate bound sheets and not precisely as a book.

Procedure 8. Apply for an operational permit (*Permiso de Operación*) from the municipal authorities via an attorney

Time to complete: 30 days

Cost to complete: Lps. 1,250 + Lps. 1,000 professional fee

Comment: To obtain the operational permit it is necessary to file some or all of the following requirements, depending on the type of industrial or commercial activity

a) Copies of the personal identification card and municipality tax solvency of the General Manager.

b) Copy of the RTN.

c) Copy of the constitution instrument (*escritura de constitución de la compañía*)

d) Copy of the cadastral code (Clave cadastral) corresponding to the place in which the corporation will do its business.

e) Zoning constancy.

f) Environmental impact statement

g) Tenancy agreement and constancy of income tax solvency corresponding to the owner of the place in which the corporation will do its business.

h) Cadastral inspection in the place in which the corporation will do its business.

i) Paid the following taxes:

Nomenclature tax; Zoning tax; Inspection tax; Code tax; Environmental tax; Payment of the annual tax fire department and annual tax garbage department. (Variable cost according to corporation's income)

To obtain the operational permit it is necessary to hire a lawyer and pay up to Lps. 5,000 for a larger business, Lps.1,000 for a small business.

The applicable municipal taxes for obtaining the permit have changed in Tegucigalpa under the new city tax regulation in 2003. Now they amount to a total of lps.1,250 distributed in the different concepts listed above.

One can proceed to the following procedures with an official receipt issued upon the submission of application..

Procedure 9. Register for Sales tax and acquire the authorization of the company books	
Time to complete:	7 days, simultaneous with procedure 8
Cost to complete:	nominal
Comment:	According to the Tributary Code (<i>Código Tributario</i>), the corporation are obliged to recording constitution instrument and the operation permit before the Minister of Finance, in order to pay sales taxes imposed on the sale of goods or services.
Procedure 10. Register at the Hand Labor Training Institute (<i>Instituto Nacional de Formación Profesional – INFOP</i>)	
Time to complete:	1 day, simultaneous with procedure 8
Cost to complete:	No charge
Comment:	Employers are obliged to contribute 1% of the company's total payroll to INFOP.
Procedure 11. Register at Social Security Institute (<i>Instituto Hondureño de Seguridad Social – IHSS</i>)	
Time to complete:	7 days, simultaneous with procedure 8
Cost to complete:	No charge
Comment:	IHSS is the national social security hospital and out-patient care institution for workers and their dependants. The corporation is obliged to contribute 5% of each employee's salary, for illness and maternity (<i>enfermedad y maternidad</i> , EM), plus 2% for disability, old age and death, (<i>invalidez, vejez y muerte</i> , IVM), a total of 7% until a maximum of Lps.2,400.00.
Procedure 12. Register at Social Fund for Housing (<i>Régimen de Aportación, (RAP) al Fondo Social de la Vivienda (FOSovi)</i>)	
Time to complete:	1 day, simultaneous with procedure 8
Cost to complete:	No charge
Comment:	If the corporation have more than 10 employees, are obliged to contribute 1.5% of each employee's salary.
Procedure 13. Register with local and national Chambers of Commerce	
Time to complete:	1 day, simultaneous with procedure 8
Cost to complete:	nominal

In recent years the number of U.S. franchises operating in Honduras has grown rapidly. There are about 58 foreign firms now operating in Honduras under franchising agreements. Most of these firms are U.S. fast-food and casual restaurants, such as T.G.I. Friday's, Applebee's, Tony Roma's, Ruby Tuesdays, Pizza Hut, McDonald's, Wendy's, Subway, Burger King, Church's Chicken, Sbarro, Cinnabon, Pretzels, Popeye's, Season's, Domino's Pizza, Papa John's, Little Caesar's and Kentucky Fried Chicken (KFC). Among other foreign businesses operating under franchise agreements are automotive aftermarket services, clothing, movies and entertainment, cleaning and pest control, health & fitness, electronics, cosmetics & toiletries, business services, convenience stores, dry-cleaners, car rentals, mailing, and fast-printing. In addition, several major hotel chains are entering the market through construction of new facilities and acquisition of existing properties, such as Holiday Inn, Real Inter-Continental, Clarion Hotels, Best Western, Barceló Resorts, Microtel Inn and Marriott International. In general, demand in this sector has been spurred by the local market need for quick services, convenient hours and locations, quality products, and most importantly, solid customer service.

The Commercial Section is receiving an increasing number of requests from local entrepreneurs about U.S. franchises. This is an area well worth exploring for growth and expansion of U.S. business. Regional stability and the growth in investor confidence have contributed directly to the increase in the availability of U.S. franchises in various economic activities. Some of the positive market entry factors found in Honduras for franchisers include the availability of suppliers and personnel, the absence of trade barriers and a high receptivity to U.S. goods and services (especially if no equivalent local product or service exists). Honduras has no locally developed franchises.

On May 29, 1992, the Honduran Congress passed a new investment law that is increasingly responsive to foreign investors' needs. Among other things, the investment law provides for national treatment for most foreign direct investment, guaranteeing the right to foreigners to freely establish, acquire, and dispose of interests in business enterprises within constitutional bounds.

Finding the right partner will determine the ultimate success or failure of the franchise venture in Honduras, and potential franchisees must be carefully selected. The most promising candidates are those with proven financial resources that have already established a successful business in the country.

Direct marketing is a relatively new concept in Honduras, mainly because telecommunications and mail delivery infrastructures are not well developed for this type of marketing. Among the companies that currently utilize non-conventional distribution channels are TV Offer, Ofertel (direct response TV), Avon Oriflame and Rommanel (catalog and door-to-door sales). Mail advertising of products and services is generally conducted through credit card companies, thus limiting the target market only to their respective credit card holders. Local company listings and mailing information can be obtained through chambers of commerce and industry associations in the country.

The Honduran Investment Law (Decree #80-92) allows foreign investment and joint ventures between national and foreign investors through the execution of contracts whereby the contracting parties may contribute land, capital, services, technology, technical assistance or other assets for the production or marketing of goods and services. Licensing agreements, in which foreign firms are authorized to produce a patented product in exchange for royalty payments, are also guaranteed under the country's regulatory framework for investment. Laws applicable to joint venture and sharing contracts are also contained in Chapter XIII, Title II, Book IV of the Commercial Code.

A wide variety of opportunities for investment and strategic alliances are offered through joint venture initiatives. The 1992 Investment Law provides that, with few exceptions, there are no limits on the percentage of capital that can be owned by a foreigner. Thus, no special policy exists to regulate joint ventures, except that in certain sectors majority control must be in the hands of Honduran nationals. These include companies that wish to take advantage of the Agrarian Reform Law; wish to obtain commercial fishing rights; are local transportation companies; are representatives, agents, and distributors for foreign companies; or seek to operate radio and TV stations. In general terms, the greatest opportunities for joint ventures can be found in the industrial, mining, agricultural, tourism, power generation, forestry, construction, and service sectors. The Commercial Section regularly reports to the Department of Commerce about Honduran firms interested in pursuing joint ventures in various industries.

The Foundation for Investment and Development of Exports (FIDE), a private institution dedicated to supporting the development of new export and investment sectors, works with local businesses to strengthen their capacity to attract foreign joint venture partners, and locates appropriate manufacturing facilities for investors. FIDE also operates an office in Miami, Florida, dedicated to promoting Honduras as a site for investment and production contracts (2901 S. Bayshore Drive, Unit 7-F, Miami, FL 33133, Tel. 305-441-7700ñ Fax 305-441-1010). FIDE's Internet site, which also provides useful information on Honduras, is <http://www.hondurasinfo.hn>.

The Constitution of Honduras requires that all foreign investment complement, but not substitute for, national investment. In certain types of industries, majority Honduran ownership is required (see section VII, Investment Climate, Openness to Foreign Investment). There are also limits on the amount of land a single corporation may own. Small-scale commercial and industrial activities with an investment no greater than Lps. 150,000.00 (about \$8,500/excluding land, buildings and vehicles) are reserved exclusively for Honduran nationals. Licensing of foreigners to practice law, medicine, engineering, and other professions is tightly regulated by national professional organizations.

Except for foreign currency earned by companies operating in free-trade zones and industrial parks, Honduran law allows that all foreign exchange earnings on exports from Honduras be repatriated. The liberalization of Honduras' foreign exchange regime now makes it easier for companies operating in the country to remit dividends and royalties, return capital overseas and make payments on foreign debt. Foreign exchange authorizations by the Central Bank have been eliminated, and foreign debt

authorizations now take less than 48 hours to obtain. Remittances of dividends and royalties must still be approved by the Central Bank.

Taxation is an important issue to consider when investing in Honduras. The Financial Balance and Social Protection Act, Decree 194-2002 of June 5, 2002, introduced changes to the income tax, business assets tax, sales tax and car registration duties. Decree 131-98 of May 20, 1998 established a 4% tax on tourism-related services (including hotel accommodations, car rentals, and travel agents). Hotels and lodging facilities that serve a low-income clientele and are designated by the Honduran Ministry of Tourism are exempt from payment of this tax.

The corporate tax rate is 15% on the first LPS. 200,000.00 of taxable income and 25% on any income above that amount (as of January 2004 the exchange rate was \$1 = 17.957 LPS.). As of 1999, the maximum income tax rate (above 500,000.00 lempiras) is 25%. Except for firms operating in the industrial parks, located in the free tourism zones (ZOLT) or under the Temporary Import Regime, income tax is payable on income derived from operations within Honduras. The annual period for computing the tax on taxable income begins on January first (1) and ends on December thirty-first (31).

Non-resident aliens (and foreign companies not located in Export Processing Zones and Free Trade Zones) are only taxed on the gross income earned in Honduras. A 35% tax is assessed on corporate dividends and royalties for use of copyrights, patents, trademarks, and designs. Wages, salaries, commissions, or any other type of compensation are taxed at 35%. Under Decree 194-2002, the 15% tax levied on income, profits, dividends or any other type of profit sharing reserve receipts will be phased out according the following schedule: (10% in 2002; 5% in 2003 and 0% in 2004). The same schedule applies to the 10% tax applied to income earned by natural or artificial persons who are residents of or domiciled in the country, for dividends or any other type of profit sharing or reserve receipts. Capital gains are taxed as normal income, while capital losses can be used to offset capital gains only from the same period. Income from public shows is taxed at 30%, and insurance premiums at 15%. Honduras also collects excise, property, and municipal taxes based on income obtained during the previous year.

Other percentages taxed on the gross income earned in Honduras include films and videotapes for movies and television: 15%; royalties for mining, quarrying and other natural resource operations: 10%; income from the operation of airplanes, vessels and land vehicles: 10%; income from operations of communication firms: 5%; interest earned on bonds, notes, securities, and other obligations: 5%; any other income not covered above: 20%.

Public or private artificial persons who make payments or grant credits to natural or artificial persons who are residents of Honduras but who are not exempt from the income tax, must withhold and pay to the tax authorities 12.5% of payments made or credits granted for professional fees, per diem allowances, commissions, awards, bonuses, and remuneration for technical services. Payments made under labor contracts entered into during the fiscal year, the fees for which are the sole source of income and do not exceed Lempiras 90,000.00, are exempted.

There is a 1% tax on net assets in Honduras. This tax applies to companies whose capital is greater than LPs. 750,000. However, the income tax paid by these companies

is credited against the net assets tax, and many companies do not have any additional liability. Exempt from the net asset tax are individuals whose total net assets do not exceed Lempiras 3,000,000.00 (\$166,000.00); businesses in their pre-operative stages; and businesses operating in free trade zones, industrial processing zones, tourism free zones and maquilas. Payment of this tax is deductible from the income tax.

Other than the Tax Information Exchange Agreement (TIEA), signed between the United States and Honduras in 1991, there are no tax treaties between the U.S. and Honduras.

Selling to the Government

[Return to top](#)

The State Contracting Law, which entered into force in October 2001, governs government procurement contracts and bidding processes. To participate in public tenders, foreign firms are required to act through a local agent. By law, local agency firms must be at least 51% Honduran-owned, unless the procurement is classified as a national emergency. (Once CAFTA enters into force, this provision will be eliminated.) Foreign companies may also appoint a local representative through a power of attorney. This representative, who will assist in obtaining the tender specifications, meeting deadlines for submission, and preparing bid offers in Spanish, can be a Honduran citizen, a Honduran company, or resident of Honduras.

In an effort to increase transparency in government procurement practices, various bidding processes of government ministries, state-owned companies and other public sector agencies are currently being handled by the United Nations Development Program (UNDP). Despite these efforts, complaints about mismanagement and lack of transparency during participation of U.S. firms in local government tenders are still prevalent.

Under the State Contracting Law, all public works contracts over one million lempiras (\$53,000) must be offered through public competitive bidding. Public works contracts between lempiras 500,000 and one million (\$27,000 and \$53,000) can be offered through a private bid and contracts less than lempiras 500,000 are exempt from the bidding process. For contracts over lempiras 50 million (\$2.7 million), the government reserves the right to divide the contract into parts not more than lempiras 15 million (\$800,000) each. The government publishes tenders in Honduras' major newspapers. Government purchases and project acquisitions are generally exempted from import duties.

Bids are evaluated based on cost, delivery time, reputation of the firm, technical support, performance in previous contracts and specific aspects related to each particular bid. Interested U.S. businesses can access many of these bids through the Trade Opportunities Program (TOP), the National Trade Data Bank (NTDB) and the Electronic Bulletin Board (EBB), which are product services of the U.S. Department of Commerce.

Distribution and Sales Channels

[Return to top](#)

Distribution channels in Honduras are similar to those in the U.S. However, Honduras has fewer levels of distribution and a more limited number of specialty, chain, and department stores. Tegucigalpa and San Pedro Sula are the major distribution centers for imported products. The most common alternative channels include selling directly to

customers, selling through intermediaries based in the United States, and selling through local distributors/representatives. U.S. firms will find that a single distributor or representative is sufficient to cover all of Honduras, given its relatively small size.

Representatives and distributors tend to carry rather broad lines on a non-exclusive basis. The number of full-service local distributors that stock large inventories of parts and equipment is limited. Many local buyers make direct contacts with U.S. suppliers at the factory or warehouse level. Storeowners often buy goods in small lots from stores, export brokers, or wholesalers in the U.S., particularly in Miami, New Orleans and Houston, the principal gateway cities.

In certain sectors, such as automobiles, computers, and electric power generation equipment, local firms who also represent other foreign competitors represent U.S. companies. In other cases, U.S. companies are not represented locally, often losing opportunities in a market that is traditionally receptive to U.S. products. To market aggressively, U.S. exporters should establish local representation or a local sales office.

Selling Factors/Techniques

[Return to top](#)

When selling in Honduras, U.S. exporters must take into account that for marketing purposes, the country is divided into two regions; the North Coast, including San Pedro Sula, the country's commercial and industrial capital; and the Central region, where Tegucigalpa, the political capital and largest city, is located.

Large importers and distributors in Honduras usually have offices in both cities to take advantage of market opportunities. In other instances, large international firms have granted exclusive distributor rights; i.e., one exclusive distributor in San Pedro Sula and another in Tegucigalpa. These types of arrangements are acceptable under current Honduran laws.

Price is among the most important selling factors in Honduras. In particular, consumer product categories such as electronics, appliances, and automobiles are highly competitive. In such cases, the sales promotion and customer service efforts of U.S. companies become extremely helpful. U.S. products are often preferred based on quality, technology, reliability, and availability factors.

Because of high local interest rates generally offered only for the short term, importers / distributors, as well as Government of Honduras agencies, often have problems in securing the funds to purchase imports. U.S. exporters that offer attractive financing terms on sales to Honduran traders have the best chances of gaining market share. This is particularly true for large-scale projects. It is important to emphasize, however, that international firms must exercise due caution when granting credit to Honduran trading partners. Firms should take care to investigate the creditworthiness and reputation of potential partners before granting credit.

As in most Latin American countries, a good personal relationship with prospective customers is basic to penetrating the market. While it may take a little longer than is customary in the U.S. to consummate a business relationship, the investment in time can pay off in long-lasting and mutually profitable alliances.

Electronic Commerce is gradually evolving in the Honduran market, as local internet connectivity is in a rapidly developing stage at both private and government levels. Although local statistics are unavailable, an increasing number of companies are starting to utilize computer sales as an additional distribution channel in Honduras. In an attempt to promote internet sales in the local market, BAC Credomatic, created a "virtual mall" in which people can purchase from a variety of stores using their credit card preferably. The clients' main concern is the price they would be paying for shipping and if the services used are reliable enough.

Honduran newspapers are considered one of the best ways for advertising products and services. Major local newspapers and business journals include:

Honduran Newspapers***Diario El Heraldo***

Spanish/Daily
Sub-Director: Maria Antonia Martinez
P.O. Box 1938
Tegucigalpa, M.D.C., Honduras
Tel: (504) 236-6000
Fax: (504) 221-0778
E-mail: diario@heraldo.hn
[Http://www.heraldo.com](http://www.heraldo.com)

Diario La Tribuna

Spanish/Daily
Manager: Manuel Acosta Medina
P.O. Box 1501
Comayaguela, M.D.C., Honduras
Tel: (504) 233-1283
Fax: (504) 234-2755
E-mail: macosta@latribuna.hn
[Http://www.latribuna.com](http://www.latribuna.com)

Semanario Tiempos del Mundo

Spanish/Weekly
Manager: Rodolfo Ramírez
No P.O. Box available
Tegucigalpa, M.D.C., Honduras
Tel: (504) 232-4225
Fax: (504) 235-8575
E-mail: tdm@mayanet.hn
[Http://www.tdm.com](http://www.tdm.com)

Honduras This Week

English/Weekly
Manager: Mario Gutiérrez
P.O. Box 1323
Tegucigalpa M.D.C. Honduras
Tel: (504) 239-0285
Fax: (504) 232-2300
E-mail: hontweek@hondutel.hn
[Http://www.hondurasthisweek.com](http://www.hondurasthisweek.com)

San Pedro Sula Based Newspapers

Diario La Prensa

Spanish/Daily
Director: Nelson Fernández
P.O. Box 143
San Pedro Sula, Honduras
Tel: (504) 553-3101
Fax: (504) 553-4020
E-mail: nelson@laprensa.hn
E-mail: correos@laprensa.hn
[Http://www.laprensahn.com](http://www.laprensahn.com)

Diario El Tiempo

Spanish/Daily
Manager: Carlos Rosenthal
P.O. Box 450
San Pedro Sula, Honduras
Tel: (504) 553-3388
Fax: (504) 553-4590
E-mail: fmotta@continental.hn
E-mail: tiempo@continental.hn
[Http://www.tiempo.hn](http://www.tiempo.hn)

Honduran Business Journals

Estrategia & Negocios

Spanish/Monthly
Silvia de Angulo, Manager
Barrio Rio de Piedras 7th Calle entre 19-20 Ave. S.O.
Tegucigalpa, Honduras
Tel. (504) 553-5157
Fax. (504) 553-5157
E-mail: sestynegsus@sulnet.net

Hablemos Claro Financiero

Regina Wong Ayl, Manager
Ed. Torrelibertad Blv. Suyapa Col. Florencia Sur,
Entre Ed. Leme y Escuela Antares
Tel. (504) 239-4350 / 239-3916
Fax. (504) 239-7008
E-mail: anuncios@hablemosclaro.com
<http://www.hablemosclaro.com>

Trade Promotion:

In addition to the export promotion programs of the U.S. Department of Commerce, the Commercial Service in Tegucigalpa can assist U.S. companies through trade missions, seminars, conferences, catalog shows and matchmaker events. These programs are conducted periodically on a cost-recovery basis with pre-approved budgets.

There are a limited number of privately organized trade promotion events in Honduras. Located in the city of San Pedro Sula, Expocentro is the biggest local trade exposition center. Expocentro holds approximately 12 trade shows a year. For more information on trade fairs taking place at Expocentro fair grounds please contact:

Expocentro

P.O. Box 14, San Pedro Sula, Cortés, Honduras

Tel: (504) 566-0345 up to 48; Fax: (504) 566-0344
Contact: Sylvia de Paz, Manager

Pricing

[Return to top](#)

U.S. exporters should keep in mind the relatively small size of the Honduran market and the high elasticity of demand for consumer products when devising marketing strategies. Price is one of the most important elements that influence the receptivity score of most Honduran imports. In many cases, Honduran businesspeople buy directly from abroad if they feel that the cost of imports available in the local market is too high. U.S. exporters should carefully analyze both the cost approach and the market approach when making pricing decisions.

Price escalation represents another important consideration in terms of export retail pricing. Products imported into Honduras are usually priced based on the C.I.F. value, import duties, in-country transportation costs, and distributor margins.

The Honduran government controls the prices for coffee and medicines, and regulates the prices of gasoline, diesel, and liquid propane gas. In addition, it keeps an informal control over prices of certain staple products, such as milk and sugar, by pressuring producers and retailers to keep prices as low as possible. The local sales tax is 12% for most goods. Products exempted from the 12% tax include staple foods; purified water; fuels; medicines and pharmaceuticals; agrochemicals; educational materials; electrical power generation machinery and equipment; agricultural machinery and tools; handicrafts; and capital goods such as trucks, tractors, cranes, computers, and equipment used for the maquiladora industry. A 15% sales tax is also assessed on new cars, alcohol, cigarettes and tobacco products. The elimination of a 1% tax applied on the FOB value of all articles exported has been approved by the government for 2002, whereas, export taxes on seafood, sugar and live cattle were eliminated in 2000.

Services exempt from the sales tax include utilities (electrical power and potable water), educational services, professional fees (legal, accounting, engineering, etc.), clinical and medical services, land transportation services, banking, insurance and financial services. Tourism services are subject to a 4% tax, with air transportation subject to a 10% tax.

Sales Service/Customer Support

[Return to top](#)

The availability of adequate service and support frequently makes the difference in purchasing decisions, especially by the government. In general, it is important to secure sales through an established, reputable distributor that offers an adequate service infrastructure. U.S. companies should consider providing training, technical assistance, and sales support to their local counterparts, particularly for products that require periodic maintenance and service.

Protecting Your Intellectual Property

[Return to top](#)

The protection of intellectual property rights (IPR) is handled by the IPR Division of the Ministry of Industry and Trade. The Division handles the registration of patents, trademarks and copyrights, as well as any complaints regarding their infringement.

With the exception of new legislation concerning plant varieties and integrated circuits still pending in the National Congress, Honduras is largely in compliance with the Trade Related Aspects of Intellectual Property Rights (TRIPS). In the late 1990s there was a strengthening of laws dealing with IPR, including a 1999 law on copyrights, patents, and trademarks as well as a royalties law that came into force in January 2000. The Business Software Alliance established a presence in Honduras in 2000 to protect software companies from piracy in Honduras. The IPR Division and Attorney General's office cite procedural problems and a lack of resources as impediments to effective enforcement.

To be protected under Honduran law, patents and trademarks must be registered with the Ministry of Industry and Trade. The life of a patent ranges from 10 to 20 years, depending on the importance of the invention. Trademarks are valid up to 10 years from the registration date. "Notorious" or well-known trademarks are protected under the Pan American Convention (1917), to which Honduras is a party. Illegal registration of a well-known trademark, however, must be contested in court if the original holder is to exercise the rights. (Also see Section VII. G). Data protection is provided for five years. Honduras also offers process patent protection.

Due Diligence

[Return to top](#)

Performing due diligence in Honduras, as in most of Central America can be time-consuming and difficult. There are very few sources of independently verifiable information about companies and individuals. There are no publicly listed Honduran companies and rarely do they publish information about their officers, sales or financial information. Most companies are sole proprietorships and partnerships, and business generally is conducted based upon personal reputation and contacts.

Companies should request bank and trade references from potential agents and customers. Companies should also consult with their own U.S. banks for information on Honduran banks, most of which have correspondent banking relationships with banks in the southern states and East Coast. Another source of information is the International Company Profile (ICP), which can be ordered through any U.S. office of the U.S and Foreign Commercial Service (U.S. Export Assistance Centers).

Local Professional Services

[Return to top](#)

Web Resources

[Return to top](#)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

Commercial Sectors

- [Telecommunications Equipment & Services](#)
- [Security and Safety Equipment](#)
- [Automotive Parts / Service Equipment](#)
- [Franchising](#)
- [Textile Machinery, Equipment and Fabrics](#)
- [Food Processing and Packaging](#)
- [Computers and Peripherals](#)
- [Electrical Power Systems and Components](#)

Telecommunications, Equipment and Services

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size	80.00	90.00	100.00
Total Local Production	0.00	0.00	0.00
Total Exports	0.00	0.00	0.00
Total Imports	80.00	90.00	100.00
Imports from the U.S.	52.40	62.00	70.00

(The above statistics are unofficial estimates)

Best Products/Services

[Return to top](#)

The telecommunications sector in Honduras is undergoing a major restructuring process, evolving towards competitive markets led by the private sector. On September 2003, the Government of Honduras formally launched the project "Telephony for All". An Executive Decree containing the conditions for the modernization, development and expansion of the telecom services market was ratified on October 2003. Through this Decree, the state-owned telecommunications company (Hondutel) may subscribe non-exclusive and non-discriminatory commercialization contracts with multiple telecom providers. Among the services that can be provided by telecom sub-operators are: local fixed telephony, national long distance, public telephones, carrier services and long distance international service. Best Sales Prospects: Most promising telecom sub-sectors include wireless telephone systems and equipment; PCS; cellular telephones; internet; data transmission equipment; fiber-optic equipment and trunked mobile radio systems.

Opportunities

[Return to top](#)

Access to telecommunications service in Honduras remains well below the Latin American average. As of October 2003, total unmet demand was 342,191 lines, with only 4.6 lines per one hundred inhabitants. Estimated telephony demand for 2006 is 752,605 lines. By encouraging private sector participation, this new program is expected to modernize, expand and upgrade the Honduran telecommunications network; service the growing unsatisfied demand; introduce competition for voice fixed services; and stimulate the provision of new telecom services.

At the same time, Hondutel has embarked in an important \$144 million investment plan for the period 2002-2004, which attempts to improve the network's capabilities. Modernization investments are foreseen in the areas of fiber optics; PCS; microwave network; fixed wireless band width access; telephone operating-center expansion; submarine cable network expansion; and trunking system expansion.

Resources

[Return to top](#)

Security and Safety Equipment

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size	9.30	10.50	11.00
Total Local Production	0.00	0.00	0.00
Total Exports	0.00	0.00	0.00
Total Imports	9.30	10.50	11.00
Imports from the U.S.	8.00	8.50	9.00

(The above statistics are unofficial estimates)

The present Maduro administration has placed security as one of its top social priorities. Elevated crime rates have increased demand for safety and security equipment in all sectors of the economy, including among personal, residential, commercial financial and national police force users. It is estimated that the general market for Security & Safety Equipment will grow at a rate of 15% for the next three years, as security clients look to replace guards with technology. The market for security and safety equipment is supplied entirely by imports, with the U.S. supplying approximately 49% of the total. Among third-country suppliers are Canada, Taiwan, and Japan.

The market for residential security equipment is growing. Various private housing contemplate the installation of different types of home security systems, such as alarms, sensors, smoke and fire detectors, water sprinklers and automated computerized home security systems. Demand for electronic alarm systems, closed circuit TV, one-way mirrors, bullet-proof windows and armored vehicles is also on the rise for the commercial and banking sectors. Within the public sector, the Ministry of Security has been authorized, through a governmental executive decree, to make direct purchases of modern technology for safety and security purposes.

Best Prospects/Services

[Return to top](#)

- Electronic surveillance equipment
- Alarm systems (fire/burglar)
- TV closed circuits
- Security Cameras
- Electric residential fences
- Armored Vehicles
- Protective Clothing
- X-ray Inspection Equipment
- Safes and Strong Boxes
- Sprinkler Systems
- Smoke Detectors
- Fire Extinguishers
- Vehicle Alarm Systems
- Airport safety & security equipment (including terminal X-ray equipment, closed circuit cameras, customs & baggage inspection equipment).

Opportunities[Return to top](#)

In compliance to the U.S. Customs Service's Container Security Initiative, the National Port Authority has engaged in a Port Security Assessment and maritime certification process that encompasses the acquisition of technology to pre-screen cargo containers before they arrive at U.S. ports, as well as the countering of any illegal activities that may occur at the ports. Among the equipment needed to increase security in local ports are x-ray inspection equipment, security cameras and other specialized electronic security devices. In addition to port infrastructure, the country's four international airports are undergoing a series of urgent improvements and terminal expansion plans involving safety and security equipment investments for the next two years.

Resources[Return to top](#)

(Insert text here)

Automotive Parts / Service Equipment

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size	75.80	85.00	95.00
Total Local Production	0.00	0.00	0.00
Total Exports	0.00	0.00	0.00
Total Imports	75.80	85.00	95.00
Imports from the U.S.	40.00	55.00	65.00

(The above statistics are unofficial estimates)

The market demand for U.S. products in this sector looks promising, with an expected growth rate of 10% over the next three years. An aging car population continues to fuel demand for automotive parts and accessories in Honduras. An estimated 70% of the total vehicle population is at least 5 years old and in need of constant repairs. The introduction of U.S. manufactured vehicles has also increased significantly over recent years, posing greater opportunities for American exporters. Honduras has no local production of automotive parts & accessories. The United States is one of the major suppliers in this sector, along with Japan, Taiwan, Brazil, Mexico, Germany and the United Kingdom.

The National Congress, in an attempt to help control the increasing air pollution levels generated by tailpipe emissions in the major cities of Honduras, enacted a law for the "Regulation of Hazardous Gas Emissions of Automotive Vehicles" in late 2000. In order to comply with the technical norms established in this regulation, effective January 13, 2001, all passenger motor vehicles need to be fitted with an emissions control system or catalytic converter. This important regulatory measure, coupled with the growing demand for effective emissions control devices, should positively influence the demand for automotive parts and accessories through local repair shop services.

Best Prospects/Services

[Return to top](#)

Public service transportation units represent one of the major end-users of automotive parts and accessories in Honduras. Most of the urban transportation fleets use buses of low operational quality, which are 80% obsolete. The replacement needs for urban buses alone is estimated at \$60 million.

There are more than 300 retailers of automotive parts and accessories in Honduras who buy directly from overseas or through local distributors. Japanese cars and light trucks dominate the market but parts are often purchased through the United States. American-made pickups, SUVs, heavy trucks and buses have stronger shares of the local market. Recent tariff changes for automotive vehicles include an overall reduction in tariffs, elimination of the disadvantage to U.S. vehicles vs. Japanese models as Honduras rescinded the tariff based on engine size, and the implementation of a complete ban on the importation of used vehicles more than seven years old.

Opportunities

[Return to top](#)

In general, most automotive parts and accessories are expected to offer good sales opportunities in the Honduran market. Particularly promising products include:

- All types of engine spare parts;
- electrical system components;
- transmission parts;
- suspension parts;
- tires;
- emission control equipment
- automotive accessories

Resources

[Return to top](#)

(Insert text here)

Franchising

Overview

[Return to top](#)

The popularity of franchising continues to grow steadily in Honduras, especially in the fast-food and casual dining sector. Honduras' population as of December 2003 has been estimated at 6.5 million. Tegucigalpa, the capital, at 850,000, and San Pedro Sula, the country's main business center, at 500,000. Honduras has over 50 international franchises concentrated throughout these two main cities.

No official figures on the franchise sector are available in Honduras, and the industry has not yet formed an association. Honduras has no locally developed franchises. The market is expected to grow 10 percent per year during the next 3 years. Great interest exists to open new franchises in Honduras, as can be observed during the International Franchise Expo (IFE). Honduras participates annually in this event, with a delegation of local businesspeople recruited by the Commercial Service through the International Buyer Program (IBP).

Best Prospects/Services

[Return to top](#)

The demand for convenience and entertainment services is growing rapidly. These services include dry cleaning, lawn and garden, professional painters, fast shoe repair services, pest control, day care learning centers, computer learning centers, security, advertising, real estate, auto repair, discount stores, convenience store/pharmacy, casual clothing, cosmetics and toiletries, video rentals and fast food drive-in's. There is no special franchise legislation in Honduras. Franchise companies are subject to normal trade laws such as paying a 25 % tax on royalties, a value-added tax of 12 % and import tariffs that can go from 0 percent to 15 percent except for those products that have tariff rate quotas (TRQ's).

Opportunities

[Return to top](#)

When Central American investors consider a franchise concept, they look for reputable franchisors with a worldwide presence and solid acceptance in other markets, able to provide extensive training and start-up support. Local investors also look for recognizable trademarks, as local consumers consider recognizable U.S. trademarks as high quality articles. Potential franchisees are usually young, wealthy executives familiar with the U.S. and other countries or large corporations that already own more than one franchise in different industry sectors, i.e., fast food, clothing or health.

Resources

[Return to top](#)

(Insert text here)

Textile Machinery, Equipment and Fabrics

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size	21.50	23.00	25.00
Total Local Production (Fabric)*	30.00	38.00	40.00
Total Exports(Apparel)**	131.00	128.00	134.00
Total Exports(Apparel)***	2,503.00	2,521.00	2,648.00
Total Imports	23.00	25.00	26.00
Total Imports from U.S.	9.20	11.00	12.00

(The above statistics are unofficial estimates)

* **Lbs. Per Month**, ****Dozens**, *****U.S. Dollars**

Honduras is the third largest exporter of apparel and textile products to the US market. With private industry construction of industrial parks, equipped with advanced technology and up-to-date infrastructure, Honduras hosts some of the region's most successful textile manufacturers. Over 40% of the companies established in export processing zones are of US origin. According to the Honduran Manufacturers Association, the Caribbean Basin Trade Partnership Act (CBTPA) has made the country more attractive to drawback factory investment, construction and expansion of industrial parks, and dyes to manufacture and process textile products used in the manufacturing industry. Average annual growth rate for the industry is 5-7% for the next three years.

Best Prospects/Services

[Return to top](#)

Most promising sub-sector categories within the industry for the next two years:

*Full Package Programs

*Fabric producers starting from the Spinning process

*Opening of woven textile companies

*Accessories to be produced in order to supply the full package companies: trims, zippers, buttons, yarn, boxes, plastic bags, hangers, thread, etc.

Opportunities

[Return to top](#)

Honduras is the heart of Central America and owns the most important Port in the region, Puerto Cortes. Vertical integration is the key to the industry's growth. Honduras plans to be the textile hub of the region in the next 2 years. Fabric companies are welcome to invest in a country that offers one of the highest quality and integrated industries in Central America and the Caribbean.

Resources

[Return to top](#)

- Honduran Manufacturers Association: www.ahm-honduras.com
- Sewn Products Equipment & Suppliers of the Americas: www.spesa.org
- American Apparel and Footwear Association: www.apparelandfootwear.org

Food Processing and Packaging

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size	9.58	10.95	12.10
Total Local Production	1.00	1.00	1.20
Total Exports	0.92	1.05	1.10
Total Imports	9.58	10.95	12.10
Imports from the U.S.	9.50	11.00	12.00

(The above statistics are unofficial estimates)

The total market for food processing and packaging equipment in Honduras has increased steadily over the past few years and further increases are expected in the years to come. The United States continues to be Honduras' largest supplier of food processing and packaging equipment, enjoying a high level of acceptance and reputation for high quality.

Best Products/Services

[Return to top](#)

The following are the Best Prospect Sales for the food processing and packing industry in Honduras:

84.19.89.50.60	Industrial Machinery, plant, equipment for the treatment of Food and beverages
84.22.30.10.0	Can sealing machines
84.22.40.00.0	Packing and wrapping machinery
84.22.90.00.0	Parts
84.38.60.10.0	Machinery for the preparation of fruits, nuts and vegetables
84.38.60.90.0	Machinery for the preparation of fruits, nuts and vegetables
	Machinery for the industrial prep. of manufactured foods, drinks

Opportunities

[Return to top](#)

The total market for food processing and packaging machinery in Honduras increased from \$9.2 million in 2002 to \$9.5 million in 2003. Honduran exporters are pursuing expansion plans to increase production and improve the quality of their exports, particularly non-traditional agricultural products such as melons, watermelons, mangoes, winter vegetables, fruits and flowers. In addition, the constant opening of fast food and casual dining restaurants, bakeries, and sandwich stands also offer good opportunities for food processing and handling machinery

Resources

[Return to top](#)

(Insert text here)

Computers and Peripherals

Overview

[Return to top](#)

	2002	2003	2004 (estimated)
Total Market Size	71.30	74.00	78.00
Total Local Production	0.00	0.00	0.00
Total Exports	0.00	0.00	0.00
Total Imports	71.30	74.00	78.00
Imports from the U.S.	69.35	72.50	74.00

(The above statistics are unofficial estimates)

The market for computers and peripherals in Honduras is still growing. Demand is intensifying with the growing use of computers in most sectors of the economy, especially personal computers and software/multimedia. Increased IT modernization needs, the introduction of new and faster products, and the increasing interest in Internet access have all helped fuel demand for computer equipment in Honduras. Government deregulation efforts are also contributing to the sector's continuous growth. Small businesses, medium-sized enterprises, and households are emerging as important customers for computer equipment suppliers as a result of Internet popularity and expansion. Among the leading computer brands are Dell, Compaq, Hewlett-Packard, and IBM. The estimated average growth rate is 10-15% for the period 2004-2006.

Best Products/Services

[Return to top](#)

The most promising sub-sectors for Honduras are:

- Personal Computers
- Hard disks
- Keyboard units
- Computer monitors
- Server Systems
- Modems
- CD-Rom Drives
- Printer Units

Computer Software/Multimedia:

- Specialized software applications (accounting, financial)
- General Business Application solutions for Windows
- Systems supporting software
- Software development/programming tools
- Software games

Opportunities

[Return to top](#)

The clone equipment market assembled with Asian, European and Latin American parts is also well established locally due to competitive prices. Clone components imported

from Asian countries include motherboards, keyboards, mice and cases, among others. Asian parts and components used to build a clone generally comprise 60 to 75% of the finished product. Between 25% to 40% of U.S. parts are used in the process of computer clone manufacturing -- for example: hard drives (Seagate) and micro-processors (Intel and AMD)]. Although most Honduran imports of Computers and Peripherals are from the United States, not all of this equipment is made in the United States. Many Asian countries have large distribution centers in Miami; therefore, trans-shipment data is not reflected in Honduran statistics.

Resources

[Return to top](#)

(Insert text here)

Electric Power Systems and Components

Overview

[Return to top](#)

Energy demand in Honduras is growing at approximately 6% a year. The National Electrical Energy Company (ENNE) forecasts needs of approximately 870 MW generating capacity for 2004. In order to meet increasing demand in this sector, the ENNE recently conducted an international bidding process for an additional 210 MW of generating capacity, and plans to open another bid of 150 MW for 2005. At present, electrical power coverage in Honduras is 63%, which means that 2.5 million citizens do not have access to electricity. With demand growing rapidly, ENNE has entered into a period of vigorous expansion efforts aimed at extending its transmission grid to incorporate rural communities in Honduras, as well as expanding the distribution capacity in high growth areas.

Best Products/Services

[Return to top](#)

The following is a list of the most promising sub-sector categories within the industry for the next two years:

- Electrical Power Generators
- Transformers
- Hydraulic Turbines
- Circuit Breakers
- Switch Gear
- Conducting Cable
- Parts of Steam and other Turbines

Opportunities

[Return to top](#)

Imports of electric power systems, equipment and materials for the Central American region will be mainly determined by the Central American Electric Interconnection System (SIEPAC). In November 2001, the project received financial approval (\$240 million) from the Inter-American Development Bank (IADB). This regional energy integration project is part of the Plan Puebla Panamá (PPP), which requires the construction of 230 kilovolt power transmission lines and substations to create a new transmission backbone extending from Panama to Guatemala (passing through the southern part of Honduras), and from Guatemala back to Honduras.

The Government of Honduras, through the State Modernization Commission, has launched a power sector and restructuring project aimed at attracting private investment and financing. This Presidential Commission is also in charge of coordinating efforts and activities towards the completion of feasibility studies, private construction and operation of energy projects, particularly in the hydroelectric area (the main source of renewable energy in Honduras).

Resources

[Return to top](#)

(Insert text here)

Best Prospects for Agricultural Products**Corn**

A. Rank: N/A

B. Name of Sector: Corn

C. ITA or PS&D Code: 0440000

Narrative: The following data are on a July/June basis. The indicator years specified below correspond to the first year of the split marketing year.

Corn is the grain produced on the largest scale in Honduras and is utilized mainly for human consumption. However, production is not sufficient to satisfy demand. Lack of affordable credit for grain farming, poor seed quality, several consecutive years of weather anomalies, and other factors have prevented Honduras from becoming self-sufficient. Given that production is mostly of white corn, imports of yellow corn from the U.S. are needed to manufacture feed for the poultry, livestock and swine industries. According to the Government 60 percent is for agroindustry (feed, corn meal and snacks) and 40 percent for domestic consumption.

As of mid-July, the situation of agriculture has been favorable by normal climate conditions for the development of major crops, despite identification by the scientific community of the "La Nina" weather phenomenon (which causes rain increase), condition that will not have major impact in Honduras. However, as rains have been scattered soil moisture is low and could affect some crop yield. Preventive actions have been planned by the government such as expansion of irrigation systems in key areas.

Government numbers show a total of 500,000 MT of corn being produced in 2002. For 2003 production is expected to increase to 520,000 MT. Import needs for 2002 were 298,000 MT; in 2003 imports are expected to be 225,000 MT. Export prospects for U.S. corn are bright, as it is expected that Honduras will need to import higher amounts in coming years, and the vast majority of yellow corn imports are likely to come from the U.S. Honduras is ranked 27th. place among the leading 35 country markets of U.S. coarse grains imports (the category in which corn is included).

CORN	2000	2001	2002	2003 (projected)
Total Market Size (000 MT)	722	658	798	745
Total Local Production (000 MT)	542	420	500	520
Total Exports (000 MT)	0	0	0	0
Total Imports (000 MT)	180	238	298	225
Imports from the U.S. (000 MT)	169	223	213	200

(STATISTICS

ARE

UNOFFICIAL

ESTIMATES)

Rice**(Milled)**

A. Rank: N/A

B. Name of Sector: Rice (Milled)

C. ITA or PS&D Code: 0422110

Narrative: The following data are on a July/June basis. The indicator years specified below correspond to the first year of the split marketing year.

Of all the grains produced in Honduras, rice is produced on the smallest scale. Chronic production problems have not allowed domestic rice farmers to increase their output and keep up with demand. As a result, rice imports have become a necessity in Honduras. Historically, virtually all rice imports have been from the U.S. Local rice millers prefer to import paddy rice for price reasons and to keep their plants running. However, milled rice is also imported into Honduras. In year 2001 the U. S. exported 135,573 MT of rice to Honduras, in 2002 exports increase to 145,441 MT. Honduran import demand is expected to remain strong in 2003. Honduras is ranked 6th among the leading 35 country markets for U.S. rice imports.

RICE	2000	2001	2002	2003 (projected)
Total Market Size (000 MT)	117	145	155	160
Total Local Production (000 MT)	5	10	10	12
Total Exports (000 MT)	0	0	0	0
Total Imports (000 MT)	112	135	145	148
Imports from the U.S. (000 MT)	112	135	145	148

(STATISTICS ARE UNOFFICIAL ESTIMATES)

Wheat

A. Rank: N/A

B. Name of Sector: Wheat

C. ITA or PS&D Code: 0410000

Narrative: The following data are on a July/June basis. The indicator years specified below correspond to the first year of the split marketing year.

Because its land and climate are unsuitable for commercial wheat farming, Honduras does not produce wheat in any significant quantities. Honduras depends on imports to fill its wheat demand. Total imports were 204,000 MT in 2002, with the vast majority coming from the U.S. During the 2003, total imports are expected to increase to 206,000 MT. The U. S. should remain Honduras' main source for wheat, both through commercial channels and donations. Honduras ranks 25th among the leading 35 country markets for U.S. wheat imports.

WHEAT	2000	2001	2002	2003 (projected)
Total Market Size (000 MT)	231	172	204	206
Total Local Production (000 MT)	0	0	0	0
Total Exports (000 MT)	0	0	0	0
Total Imports (000 MT)	231	172	204	206
Imports from the U.S. (000 MT)	231	172	204	206

(STATISTICS ARE UNOFFICIAL ESTIMATES)

Meal, Soybean

- A. Rank: N/A
- B. Name of Sector: Meal, Soybean
- C. ITA or PS&D Code: 0813100

Narrative: The following data are on an October/September basis. The indicator years specified below correspond to the first year of the split marketing year.

The growing poultry and shrimp sectors in Honduras have triggered increasing demand for soybean meal in recent years. Traditionally, Honduras has filled virtually all of its soybean meal demand with U.S. product. Domestic production is negligible and is not likely to increase significantly in the near future. During calendar year 2002 the U.S. exported 71,000 MT of soybean meal to Honduras and in 2003 it is expected to export 76,000 MT. Continued expansion in the feed industry, particularly for poultry production, should continue to fuel the demand for U.S. soybean meal in coming years. Honduras ranks 26th among the leading 35 country markets for U.S. soybean meal exports.

SOYBEAN MEAL	2000	2001	2002	2003 (projected)
Total Market Size (000 MT)	71	74	72	77
Total Local Production (000 MT)	1	1	1	1
Total Exports (000 MT)	0	0	0	0
Total Imports (000 MT)	70	73	71	76
Imports from the U.S. (000 MT)	70	73	71	76

(STATISTICS ARE UNOFFICIAL ESTIMATES)

Consumer-Oriented

Products

- A. Rank: N/A
- B. Name of Sector: Consumer-Oriented Products
- C. ITA or PS&D Code: N/A

Narrative: The following data are on a calendar year basis.

Consumer-oriented agricultural exports to Honduras in 2001 registered the highest export levels since at least CY 1970. In 2002 the U.S. exported \$46 million in consumer-oriented products and in 2003 is expected to export \$55 million. Strong demand for imported food products over recent years is due in part to development in food

distribution, particularly at the retail level as well as trade liberalization during the 1990's which has provided consumers greater access to imported products.

Products present in the market with good sales potential:

- * Snack foods
- * Breakfast cereals & pancake mix
- * Dog and cat foods (dry type)
- * Fresh fruit (especially apples, grapes, pears and plums)
- ** Red meats, chilled or frozen (specially prime pork and beef cuts)
- Processed fruits & vegetables
- Wine and beer
- 'Other' category of consumer-oriented and intermediate products

* Products established highest exports levels during 2001 since at least CY1970.

** Products established highest exports levels during 2002 since at least CY1970

Domestically and regionally produced breakfast cereals, snacks, canned goods, juices and beers may offer a significant degree of competition. Nonetheless, U.S. consumer-oriented products enjoy a significant edge in Central America. A significant number of middle income and wealthy consumers in the area have been to the U.S. They know the quality of U.S. products and they are familiar with U.S. brands.

Moreover, many Hondurans have access to U.S. cable TV, which helps influence the purchasing habits and diet of many consumers. The continued expansion of U.S. fast food franchises and considerable development in the tourism sector promise to keep demand for imported food products on the rise.

For further information on the Retail Food Sector, please refer to USDA's latest Retail Food Sector Report and Exporter Guide at www.fas.usda.gov

Consumer Oriented Agricultural Products	2000	2001	2002	2003e
Total Market Size (USD million)	438	465	505	518
Total Local Production (USD million)	751	753	755	757
Total Exports (USD million)	590	593	570	575
Total Imports (USD million)	277	305	320	336
Imports from the U.S. (US million)	55	57	46	55

(STATISTICS ARE UNOFFICIAL ESTIMATES)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

The duty assessed by the Honduran government at the time of customs clearance ranges between 0 to 15 percent for most items.

Honduras is a member of the Central American Common Market (CACM), which also includes Guatemala, El Salvador, Nicaragua and Costa Rica. In theory, there are no duties for products traded among CACM members, although exceptions exist. In 1995, members of the CACM agreed to reduce and harmonize the common external tariff (CET) at zero to 15 percent for most products, but allowed each member to determine the timing of the reductions. In 2002, Honduras lifted tariffs on capital goods and raw materials (including those used for manufacture of pharmaceutical products and agricultural inputs) for those imports produced outside of the CACM. Additionally, tariffs on most non-CACM intermediate goods were reduced to 10% and final goods were reduced to 15%.

Important domestic and import tax changes were recently made under the Financial Balance and Social Protection Act, Decree No. 194-2002 of June 5, 2002. Among the most significant amendments is the duty assessed to the importation of automotive vehicles under tariff headings included in Chapter 87 of the Central American Tariff System (SAC), which was reduced to 15% and an elimination of the tariff based on engine size. Import duties to petroleum derivatives and other non-petroleum fuels purchased by the National Electric Power Company (ENEE) and private sector power generating firms that sell their production to ENEE were also eliminated.

A general 12% sales tax is applied to most products. Goods exempted from this tax include staple foods, fuels, medicines, agro-chemicals, books, magazines and educational materials, agricultural machinery and tools, handicrafts, and capital goods such as trucks, tractors, cranes, and computers, among others. Goods and services imported by maquilas and other firms protected under Special Export Development

Regimes are also exempted from the sales tax. A 15% sales tax is applied to beer, brandy, compound liquors, and other alcoholic beverages, cigarettes and other tobacco products. This tax is levied on the distributor sale price, minus the amount of the production and consumption tax on both imports and national products. This calculation procedure is also applied to the twelve percent tax on carbonated beverages. A 10% selective consumption tax is also applied to some products considered non-essential, such as alcoholic beverages.

Several changes in grain duties in 1999 culminated in a combination price band mechanism and absorption agreement for corn, grain sorghum, and corn meal. Under the price band mechanism, duties vary from 5% to 45%, depending on the import price. The tariff is calculated every 15 days using international prices plus freight and insurance charges. Under a renewable five-year period, the duty assessed to these products drops to 1% when the end users purchase a predetermined amount of corn and sorghum from farmers. Thus, industry is able to import 3 quintales (1 quintal=22 MT) for each quintal bought from domestic production. Otherwise, the price band remains in effect. The reduction can only take place during the non-harvest season (March through August). Only end-users who have signed the agreement may apply for this preferential treatment. According to the agreement, this mechanism guarantees a market for corn and sorghum producers and establishes a direct communication of supply and demand volumes, purchase and sale prices, thus eliminating commercial intermediaries. While this system for assessing duties is hardly transparent, it seems to be keep farmers, industry, and the government satisfied for the time being.

Rice farmers and millers have also reached a similar absorption agreement. However, in the case of rice, duties have been fixed at 1% for rough rice and 45% for milled rice for signers of the agreement. For everyone else the duty is 45% across the board on all rice products. This agreement, which has the blessing of the Government of Honduras, also appears to satisfy farmers and importers.

In accordance to the "Economic & Social Plan to Stimulate Production and Competition & Promote Human Development" of June 1, 1998, the administrative customs service was eliminated. Complete information on import tax legislation is available at <http://www.dei.gob.hn>.

Trade Barriers

[Return to top](#)

Under the recently enacted Financial Balance and Social Protection Act, imports of ground motor vehicles over seven years old and passenger buses over ten years old are prohibited, except for those considered to be classic collectible cars. Imports of refurbished and right-hand drive vehicles are also prohibited. Import restrictions are also imposed on firearms and ammunition, toxic chemicals, pornographic material, and narcotics. Import restrictions are mostly based on phyto-sanitary, public health, and national security factors.

Honduras did not negotiate any tariff rate quotas when it became a member of the WTO. It does however, have limitations on imports of rice and corn in order to protect local production. Imports of these two products during harvest time are not allowed. In addition, Honduras does not allow imports of fresh, chilled, or frozen poultry meat due to phytosanitary barriers.

Import Requirements and Documentation

[Return to top](#)

In general, all import license requirements have been eliminated. However, in the bilateral negotiations on Honduras's accession to the GATT, the Honduran Government committed to using GATT-consistent measures to protect basic grains and poultry. In addition, zoo sanitary restrictions limit market access to fresh, chilled, and frozen poultry meat.

Imports of raw and processed agricultural products are reviewed by the National Plant and Animal Health Service (SENASA) of the Ministry of Agriculture and Livestock. In order to obtain an import permit, all importers of food products, additives, and inputs used in food processing, must submit the following documents to SENASA:

- Phyto or Zoo Sanitary Import Permit Request provided by SENASA
- Certificate of Origin
- Pro- Forma Invoice
- Pre-Application of Inspection

SENASA requests the issuance of Phyto or Zoo Sanitary Certificates by a U.S. federal government authority in the plant where the food products have been processed. SENASA does not accept documents from commercial trading companies. Regarding imports of U.S. poultry products, SENASA has requested USDA to add an Additional Declaration (AD) to the phyto certificates. The AD provides an indication that specific poultry or sub-products have originated in areas free of high or low pathogenic avian influenza. The Animal Plant Health Inspection Service (APHIS) also provides regular updates to local government authorities in connection to the origin of disease outbreaks within the United States. SENASA typically issues an import license within 15 days of receiving the request for import approval. For detailed information on import license requirements, contact FAS Tegucigalpa at <http://www.fas.usda.gov>.

U.S. Export Controls

[Return to top](#)

The U.S. Government requires firms to obtain an export permit to export all arms, ammunition and related products to Guatemala. For more information, U.S. exporters should contact the Bureau of Export Administration at the U.S. Department of Commerce, Ph.: (202) 2482-2000 and 1-800-USATRADE.

Temporary Entry

[Return to top](#)

The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product which is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions. Interested parties may obtain authorization for this program through the Ministry of Industry and Trade. Amendments made to the RIT law in 1997 allow manufacturers to export their products into other Central American countries. These amendments also enable local importers

to resell the machinery and equipment no longer needed, by paying an import duty based on its C.I.F. value.

Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law. At present, over 500 companies are incorporated into the RIT program.

Temporary entry requirements for goods such as commercial samples, sales displays and other items for use at exhibits and trade shows are established under Article 73 of the Honduran Customs Law, Decree 212-87. Customs legislation allows duty free admission of such products, as well as for items to be used for scientific and entertainment purposes, for up to 3 months. This temporary entry authorization can also be extended for the same period of time, if necessary. Temporary import requirements also apply under Article 74 of the Honduran Customs Law for a period of up to 6 months, such as in the case of products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works. Temporary entry is granted upon making a deposit equivalent to the import duty applicable to the specific product. The guarantee is refunded at the time of re-exporting the product.

Labeling and Marking Requirements

[Return to top](#)

Labeling requirements for merchandise in general are established under Article 9 of the Consumer Protection Law, Decree 41-89 of 1990. Enforcement of marking and labeling regulations is conducted by the General Directorate of Production and Consumption of the Ministry of Industry & Trade. Special regulations also apply to medicines and agricultural products under the Health Code and the Phyto Zoo Sanitary Law, respectively.

In general, labels of all consumer-oriented products are required to include the following basic information: name of the product; name of the manufacturer; country of origin; sales price; elaboration and expiration dates; net content; list of ingredients and any applicable health warnings. Labeling information for products manufactured outside of Honduras should be standardized according to the requirements of their country of origin.

Labeling requirements for food products are very specific. Honduran law requires that all processed food products be labeled in Spanish and registered with the Division of Food Control (DFC) of the Ministry of Public Health. For detailed information contact FAS Tegucigalpa at <http://www.fas.usda.gov>

Prohibited and Restricted Imports

[Return to top](#)

Under the recently enacted Financial Balance and Social Protection Act, imports of ground motor vehicles over seven years old and passenger buses over ten years old are prohibited, except for those considered to be classic collectible cars. Imports of refurbished and right-hand drive vehicles are also prohibited. Import restrictions are also imposed on firearms and ammunition, toxic chemicals, pornographic material, and

narcotics. Import restrictions are mostly based on phyto-sanitary, public health, and national security factors.

Honduras did not negotiate any tariff rate quotas when it became a member of the WTO. It does however, have limitations on imports of rice and corn in order to protect local production. Imports of these two products during harvest time are not allowed. In addition, Honduras does not allow imports of fresh, chilled, or frozen poultry meat due to phytosanitary barriers.

Customs Contact Information

[Return to top](#)

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

Overview

[Return to top](#)

Standardization efforts began in Honduras when the Normalizations Commission of the Ministry of Industry and commerce began its activities in 1998. The Commission includes representatives from the Ministry of Agriculture, Natural Resources, Health, Finance among other organizations also from the private sector. Their main objectives are to:

- a) Formulate and coordinate the execution of normalization and quality control programs adequate to country needs.
- b) Elaborate and supervise technical laws
- c) Coordinate technical and scientific resources within the country to effectively control the quality of products commercialized within Honduras.
- d) Integrate technical committees for individual normalization projects.
- e) Formulate new laws considered necessary to improve quality of goods and services offered in the country.

Standards Organizations

[Return to top](#)

Honduras has been a member of the International Standards Organization (ISO), through the Science and Technology National Council (COHCIT), since January 2000. COHCIT has established an information center to service local firms interested in obtaining all details related to norms and standards for ISO certification. In addition, the Standards and Metrology Division of the Ministry of Industry and Trade has recently established a Quality Management Technical Committee, which is responsible for reviewing ISO 9000 and ISO 14000 technical norms before submitting a formal

certification request to the National Council. ISO certification for local companies is currently conducted through the COHCIT, as well as through legally credited international institutions. According to information provided by COHCIT, a total of 13 local companies are currently certified under ISO 9001 and ISO 14001, and a total of 6 are in the process of obtaining certification.

Conformity Assessment

[Return to top](#)

According to the Consumer Protection Law of 1989, paragraph 5, the Ministry of Industry and Commerce in order to formulate the “Honduran Technical Regulations” will have the collaboration of a Commission integrated by representatives of the government and private sector.

According to Chapter II of the Decree N^o. 264-89, from the Consumer Protection Law, the Commission will have to conform to all the activities required by the Ministry of Industry and Commerce, presented through their annual work plan.

Product Certification

[Return to top](#)

The Ministry of Industry and Commerce through the Commission states general regulations for products in the case of food products for example, they should be of free sale and consumption in their country of origin, importers must provide certifications proving the products will not cause damage to humans, animals or the environment.

Specific certifications are required according to the type of product to be imported, for example if it is of animal or plant origin, then a phyto-sanitary permit is to be processed at the Ministry of Agriculture. In the case of medical products, pharmaceuticals if they are not for over the counter or free sale, then a Sanitary Registry is to be processed at the Ministry of Health.

Accreditation

[Return to top](#)

Honduras has no Accreditation office or institution at present.

Publication of Technical Regulations

[Return to top](#)

Honduras’ national gazette is “La Gaceta” available only through printed copies to be purchased from the Empresa Nacional de Artes Graficas Tel. (504) 230-3026. New laws, national standards, etc. approved by the government’s executive branch become effective on the date that they are published.

Labeling and Marking

[Return to top](#)

The content, weight and measurement of products sold in Honduras shall be expressed in units established by the metric and decimal system recognized officially.

Importers are instructed that products are required to label information in Spanish such as:

- Product definition/description
- Name of the product (the official name as noted on the U.S. Certificate of Free Sale)
- Physical characteristics, including ingredients (must be qualitative composition, translated literally from English)

- Net weight/volume
- List of ingredients and additives and the percentage total for each
- Name, address and telephone number of Honduran distributor/representative
- Sanitary License registration number; obtained from the Ministry of Health
- Expiration date

Imported sample-size products must comply with labeling laws. Bulk-packed food products do not require labeling, unless they will be sold at the retail level as an individual unit. Nutritional labeling is not required. The declared net content must be expressed in SI (System International) units; additional net content declaration in other units is optional. Small variations in net content are permitted, but must not be excessive. Honduras does not require a specific container size for any products.

Pharmaceutical products need to list active ingredients, and must include a sell-by date. Cigarettes and alcoholic beverages must contain a warning label that complies with the IHADFA (Instituto Hondureño para la Prevención del Alcoholismo, Drogadicción y Farmacodependencia). Pharmaceutical products, pesticides must be labeled in Spanish if possible. The authority that enforces product labeling requirements for food and pharmaceutical products is the Ministry of Public Health, while the Ministry of Agriculture enforces labeling requirements for pesticides.

Personal Hygiene, Homecare and Cosmetic Products do not require legal registry as with pharmaceutical products, but an inscription process requested by the Ministry of Health, depending on the product.

Trade Agreements

[Return to top](#)

The final act of the Multilateral Commercial Negotiations of the Uruguay Round, which established the World Trade Organization (WTO), was signed by Honduras on April 15, 1995. Honduras is also a member of the Central American Common Market (CACM) since 1961, which includes Costa Rica, El Salvador, Nicaragua, and Guatemala. Panama, although not a full member of the CACM, has participated in CACM activities. As of May 2003, the harmonized tariff level as common external tariff between CACM countries was 77% of the entire customs duty schedule.

Members of the Northern Triangle CA-3 (Honduras, Guatemala, and El Salvador) signed a free trade agreement (FTA) with Mexico that went into effect in June 2001. In addition, the CA-3 has had an exchange of a limited trade agreement proposal with the Andean Community. Honduras has also signed limited trade agreements with Colombia and Venezuela. At the regional level, a free trade agreement went into effect with the Dominican Republic in December 2001. Regional FTA negotiations are also ongoing with Canada, Chile and the Republic of Panama. Honduras, along with other three Central American countries, reached a free trade agreement with the U.S. on December 2003. The CAFTA agreement aims to abolish nearly all trade barriers between participating countries over the next decade.

Since April 1998, Honduras continues to participate as a member of the CA-4 block in negotiation rounds for the Free Trade Area of the Americas (FTAA). Preliminary talks for strengthening commercial relationships through FTAs have also taken place with China (Taiwán), Mercosur and Caricom countries.

Honduras benefits from three preferential trade arrangements with the United States. Special export arrangements have been established through the Caribbean Basin Economic Recovery Act (CBERA), the Generalized System of Preferences (GSP), and the "9802 Textile Program." Both CBERA and GSP provide unilateral and temporary duty-free trade preferences to designated countries, including Honduras, by the United States. Enhanced CBI benefits for the maquila sector granted October 1, 2000 were a boom to the national maquila industry. For the consecutive period 1999-2003, Honduras has had the first place rank as CBI and Central American supplier to the U.S. market. The 9802 Program provides for reduced duties and liberalized textile and apparel quotas under HTS subheadings 9802.00.60 and 9802.00.80.

The United States and five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua), along with the Dominican Republic signed the U.S.-Central American Free Trade Agreement (CAFTA-DR) in August 2004. The Agreement is currently pending congressional ratification from most member-states. CAFTA-DR not only will liberalize bilateral trade between the United States and the region but also will further integration efforts among the countries of Central America, removing barriers to trade and investment in the region by U.S. companies. CAFTA-DR will also require countries to undertake needed reforms to alleviate systemic problems in such areas as customs administration; protection of intellectual property rights; services, investment, and financial services market access and protection; government procurement; sanitary and phyto-sanitary (SPS) barriers; and other non-tariff barriers.

Central America established a common external tariff schedule in 1998. Six Central American countries signed a revised Protocol for economic integration and macroeconomic coordination in October 1993. The integration protocol allows Central American countries to advance at varying rates toward more open trade. The "Northern Triangle" countries (Guatemala, El Salvador and Honduras) have moved the most rapidly to eliminate trade barriers among themselves and are in the process of eliminating customs inspections at their common borders, relying instead on electronic documentation filed in advance.

Web Resources

[Return to top](#)

- Honduran Ministry of Economy: www.sic.gob.hn
- Secretariat for Central American Economic Integration www.sieca.org.gt
- Honduran Council for Private Enterprise: www.cohep.com
- Chamber of Commerce of Tegucigalpa: www.ccit.hn
- Chamber of Commerce of Cortes: www.ccic.hn2.com

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

The Honduran government is generally open to foreign investment and welcomes it. Restrictions and performance requirements are fairly limited. U.S. companies tend to encounter problems investing in infrastructure and a few visible large projects like the airport, telecom and energy sectors, as domestic companies seek ways to keep the competition out.

In recent years, the Honduran government has taken steps to create a more favorable investment climate, especially in key sectors including energy and tourism. Relatively low labor costs, proximity to the U.S. market, and Central America's best Caribbean port (Puerto Cortés) have also made Honduras increasingly attractive to investors. At the same time, however, Honduras' investment climate is hampered by high levels of crime, a weak judicial system, high levels of corruption, low educational levels among the population, a troubled financial sector, and limited infrastructure.

The Constitution of Honduras requires that all foreign investment complement, but not substitute for, national investment. Companies that wish to take advantage of the Agrarian Reform Law, engage in commercial fishing, forestry, or local transportation activities, serve as representatives, agents, or distributors for foreign companies, or operate radio and television stations must be majority-owned by Hondurans.

The 1992 Investment Law, which still largely governs investment conditions in Honduras, guarantees national treatment to foreign private firms in Honduras, with only a few exceptions. The law does not limit foreign ownership of businesses, except for those

specifically reserved for Honduran investors, i.e., small firms with capital less than 150,000 Lempiras (approx. \$8,000). For all investments, at least 90 percent of a company's labor force must be Honduran, and at least 85 percent of the payroll must be paid to Hondurans.

Additionally, government authorization is required for both foreign and domestic investors in the following areas:

- Basic health services,
- Telecommunications,
- Generation, transmission, and distribution of electricity,
- Air transport,
- Fishing, hunting and aquaculture,
- Exploitation of forestry resources,
- Investigation, exploration, and exploitation of mines, quarries, petroleum and related substances,
- Agricultural and agro-industrial activities exceeding land tenancy limits established by the Agricultural Modernization Law of 1992 and the Land Reform Law of 1974,
- Insurance and financial services, and
- Private education services.

Under the Government Contracting Law, which entered into force in October 2001, all public works contracts over one million lempiras (about \$53,400 as of February 2005) must be offered through public competitive bidding. Public contracts between 500,000 and one million lempiras (\$26,700 and \$53,400) can be offered through a private bid, and contracts less than 500,000 lempiras (\$26,700) are exempt from the bidding process. Currently, to participate in public tenders, foreign firms are required to act through a local agent (at least 51 percent Honduran-owned). The Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), if ratified, will eliminate this requirement. (For more on CAFTA-DR see section B, Bilateral Investment Agreements, below.)

In theory, foreign firms are granted national treatment for public bids. In practice, many U.S. firms complain about the mismanagement and lack of transparency of government bid processes. Under CAFTA-DR, U.S. suppliers will be granted non-discriminatory rights to bid on contracts from most Central American government entities, including key ministries and state-owned enterprises. CAFTA-DR also requires fair and transparent procurement procedures, such as advance notice of purchases and timely and effective bid review procedures.

The 1992 Investment Law requires that all local and foreign direct investment be registered with the Investment Office in the Ministry of Industry and Trade. Upon

registration, an investor is issued an investment certificate, which provides investment protection under the law and guarantees investors' international arbitration rights. The registration process is cumbersome and companies can expect delays in registering their company.

In 2002, the Government of Honduras ratified a law on simplification of administrative procedures in establishing a company. Through this new legislation, the government hoped to streamline procedures and eliminate a series of administrative obstacles involved in the process, reducing the steps for establishing an office from up to six months to a maximum of 40 days. Foreign businesses setting up operations in Honduras are subject to the Commercial Code, which recognizes several types of mercantile organizations: individual ownership, general partnership, simple limited partnership, limited liability company, corporation and joint stock company.

Management of Honduras' four international airports was turned over to a consortium with majority U.S. investment in October 2000, the only major privatization effort in recent years. A dispute over the financing of certain projects that the consortium agreed to undertake soon developed, and the agreement between the consortium and the government was re-negotiated in 2003, and approved by the Honduran Congress in February 2004.

In September 2003, the GOH opened the telecommunications market for joint ventures with Hondutel, Honduras' state-owned telephone monopoly. Under the new program, foreign and domestic carriers can register with Honduras' regulatory body, Conatel, as sub-contractors for Hondutel fixed telephony services. Though full privatization is not anticipated until December 2005, this is a positive step towards the liberalization of the telecom sector. Cellular telephony services are open to full private ownership.

The National Electric Company (ENEE) has turned over most of its thermal energy generation to the private sector but retains responsibility for electricity transmission and distribution, as well as for almost all hydroelectric energy generation and distribution throughout the country. The GOH is working on a project to break up ENEE distribution and is working towards privatization, though there is no firm timeline set.

The GOH is working with the U.S. Trade and Development Agency to modernize Puerto Cortés. The ENP met International Maritime Organization requirements for port security by the July 1, 2004, deadline, and has created an autonomous unit that will be responsible for the port security program. Eventual privatization of the port has been raised as a possible policy objective, but no firm plans nor deadlines have been set.

A new law enacted in October 2003 grants municipalities the right to manage water distribution themselves, and, if they wish, to grant concessions to private enterprises. The law establishes a transition period of five years from its date of publication, after which the current national water service SANAA will be disbanded and exist only to provide technical assistance to the new service providers. As of February 2005, however, little progress has been made in the implementation of the new law.

The 1992 Investment Law guarantees foreign investors access to foreign currency needed to transfer funds associated with their investments in Honduras. This includes:

- Imports of goods and services necessary to operate,
- Payment of royalty fees, rents, annuities and technical assistance, and
- Remittance of dividends and capital repatriation.

The Central Bank uses an auction system to regulate the allocation of foreign exchange. According to auction system regulations, dollar purchases are conducted within a band ranging from 7 percent above to 7 percent below the base price established every 5 days. All individuals, foreign residents or national, can participate in auction system dollar purchases with a minimum investment of \$5,000 and a maximum of \$300,000. In 2004 the Honduran currency, the Lempira, depreciated by 4.7 percent against the dollar.

Expropriation and Compensation

[Return to top](#)

The Honduran government has the authority to expropriate property for purposes of land reform (usually related to a land invasion by farmer groups) or for public use. Disputes related to actions by the Honduran National Agrarian Institute (INA) are common for both Honduran and foreign landowners. According to the National Agrarian Reform Law, idle land fit for farming can be expropriated and awarded to landless poor. Generally, an INA expropriation case begins after squatters target and invade unprotected property. The squatters then file for the land with the INA under the Agrarian Reform Law. In most cases, claimants have found that pursuing the subsequent legal avenues is costly and time consuming, and rarely leads to positive results. Compensation for land expropriated under the Agrarian Reform Law, when awarded, is paid in 20-year government bonds.

Dispute Settlement

[Return to top](#)

The Honduran government has a poor record of handling investment disputes, due to the outdated commercial code and the weak judicial system.

The Honduran Commercial Code is the main legislation that regulates the operations of businesses in the country. This code, however, was written in 1950 and needs to be updated. The application of the Commercial Code and its regulations falls under the jurisdiction of the Honduran civil court system.

Most investment and property disputes are long lasting and arduous. U.S. claimants frequently complain about the lack of transparency and the slow administration of justice in the courts. There are also complaints that the Honduran judicial system caters to favoritism, external pressure and bribes. While some U.S. firms have satisfactorily resolved their cases through the courts, the majority have difficulty navigating the legal system. Many U.S. citizens have also complained about the quality of legal representation they receive from Honduran attorneys.

Land title disputes are extremely common in Honduras, due to the problems with the Honduran judicial system and the lack of a clear land tenure system: see Land Rights in section A.7, below.

Arbitration:

Between 1997 and 2001, the Inter-American Development Bank worked with the Chamber of Commerce and Industry to establish the framework for commercial arbitration. Honduras' Conciliation and Arbitration Law (Decree 161-2000), which seeks to encourage arbitration and clarify the procedures under which arbitration takes place, entered into force in March 2001. In September 2001, Centers for Conciliation and Arbitration were established within the Chambers of Commerce and Industry in Tegucigalpa and San Pedro Sula. Arbitration and conciliation are generally considered swifter and more cost-effective means of resolving disputes between commercial entities, and there may be the additional advantage that the arbitrator or mediator may have specialized expertise in the technical area involved in the dispute. However to date, U.S. companies and U.S. citizens who have gone through an arbitration process have expressed disappointment with both the slow pace and lack of transparency of the procedure.

Honduras is not a member of the ICSID (International Center for the Settlement of Investment Disputes).

Performance Requirements and Incentives

[Return to top](#)

There are relatively few performance requirements in Honduras. The 1992 Investment Law guarantees freedom to export and import to all foreign investors, and eliminates the requirement of prior administrative permits and licenses, except for statistical registries and customs procedures.

Application procedures for service suppliers in all sectors are generally simple, clear and non-discriminatory. Honduras' service sector is widely accessible to foreign companies, including current U.S. participation in the Honduran banking, insurance and accounting markets. In both the banking and insurance sectors, the general rule is that foreign companies operate on an equal footing with local companies, so long as the foreign company establishes a branch or subsidiary in Honduras. However, there are restrictions on cross-border services and offshore operations. Insurance may not be offered on a cross-border basis, and a foreign bank wishing to operate offshore must establish a representative office in Honduras, which entails reporting requirements and other procedures which are very cumbersome. Furthermore, a Honduran branch of a foreign bank may only operate based on its capital in Honduras, not on its global or regional capital.

Honduran law prohibits discriminatory or preferential export and import policies affecting foreign investors. In practice, however, the Honduran government has at times used phyto-sanitary and zoosanitary requirements to prevent imports of U.S. poultry, milk products, pork, feed grains and rice to Honduras. Changes in sanitary and phyto-sanitary requirements are not always reported to the WTO as required, which creates uncertainty among U.S. suppliers and Honduran importers. Under CAFTA-DR, Honduras has agreed to apply the science-based disciplines of the WTO Agreement on

Sanitary and Phyto-sanitary Measures, and will move towards recognizing export eligibility for all plants inspected under the U.S. food safety and inspection system.

The Honduran government requires that sanitary permits be obtained from the Ministry of Health for all imported foodstuffs, and that all processed food products be labeled in Spanish and registered with the Division of Food Control (DFC) of the Ministry of Health. Some U.S. businesses have complained that delays in the process of granting these permits hamper their ability to import products into Honduras. U.S. companies have also reported that these regulations are not always strictly enforced for Honduran companies. If true, this lack of enforcement on the part of the Honduran government places any U.S. company that does comply with the regulations at a disadvantage.

Additional import restrictions, based mainly on public health, public morality, and national security grounds, remain in place. For example, restrictions are imposed on the importations of firearms and ammunitions, toxic chemicals and pornographic material.

U.S. citizens wishing to travel to Honduras do not need a visa prior to arrival. Foreigners interested in working in the country must obtain a resident visa from the Honduran Ministry of Government and a work permit from the Ministry of Labor. To process a request for a resident visa and work permit may take up to three months.

Incentives:

In 1999, the Honduran National Congress passed a Tourism Incentives Law, which offers tax exemptions for national and international investment in tourism development projects in Honduras. The law provides income tax exemptions for the first ten years of the project and permits the duty-free import of goods needed for the project, including publicity materials. In June 2002 a reformed law was passed, offering the same basic incentives, but with a narrower definition of who may qualify for the incentives. For example, restaurants were included as a duty-free tourist activity in the 1999 law, but removed in the 2002 law. This change is due in large part to the current saturation of the fast food and restaurant market, since many franchises established locations in Honduras under the duty-free incentives of the 1999 law. Other enterprises now excluded from the law's benefits are casinos, night clubs and movie theaters. In addition, a requirement was added that a business must be located in a designated tourism zone in order to qualify for tax exemptions and duty-free status.

For information on investment incentives offered in Free Trade Zones, see Section E, Foreign Trade Zones/Free Ports, below.

Right to Private Ownership and Establishment

[Return to top](#)

The 1992 Investment Law guarantees both local and foreign investors the right to own property, subject to certain restrictions established by the Honduran Constitution and several laws relating to property rights. This guarantee includes the right to free acquisition, profit, use, disposition and any other right attributable to property ownership. The major exception is the constitutional prohibition of foreign ownership of land within 40 kilometers of international borders and shorelines, although Honduran law now permits foreign individuals to purchase properties in designated "tourism zones" (see section A.7, Land Rights, below.)

Investors have the right to freely establish, acquire and dispose of interests in business enterprises at market prices, under freely negotiated conditions and without government intervention. Private enterprises compete on an equal basis with public enterprises with respect to access to markets, credit and other business operations.

Protection of Property Rights

[Return to top](#)

Intellectual Property Rights:

Although Honduras has yet to experience large-scale in-country optical pirating, pirated goods are imported from neighboring countries, and the piracy of books, sound and video recordings, compact discs and computer software is widespread. Confiscation has been erratic, and usually involves minor seizures of compact discs. The illegitimate registration of well-known trademarks has also been a problem. Success in protecting intellectual property rights (IPR) rests primarily on the GOH's ability to effectively implement its current laws, rather than a need for further legislation. Protection of intellectual property rights is handled by the Intellectual Property Division of the Ministry of Industry and Trade.

Honduras largely complied with the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement by the January 1, 2000, deadline. In December 1999, the Honduran Congress passed two laws to correct deficiencies in previous legislation concerning copyrights, patents and trademarks. The Copyright Law added more than 20 different criminal offenses related to copyright infringement and establishes fines and suspension of services that can be levied against offenders. The Law of Intellectual Property, which covers both trademarks and patents, included modifications on patent protection for pharmaceuticals, extending the term from seventeen to twenty years to meet international standards. As soon as two new laws governing the designs of integrated circuits and plant variety protection are approved by the National Congress, Honduras will be in complete TRIPS compliance. Current expectations are that no action will be taken on these two laws until after the ratification of CAFTA-DR.

Honduras and the U.S. initialed a bilateral IPR agreement in March 1999, but substantive issues arose during the language conformity process. Instead, recent efforts to push the GOH for additional IPR commitments were pursued as part of the CAFTA-DR negotiations. If ratified, CAFTA-DR should significantly improve the level of IPR protection in the region. Approval of CAFTA-DR by the Honduran Congress in 2005 is considered very likely.

Honduras became a member of the World Intellectual Property Organization (WIPO) in 1983, and became party to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonogram Treaty (WPPT) in May 2002. Honduran law protects data exclusivity for a period of five years, and protects process patents, but does not recognize second-use patents.

Land Rights:

Honduran laws and practices regarding real estate differ substantially from those in the United States, and there are many cases of disputed or fraudulent deeds and titles. Even areas which have been subjected to a cadastral survey have not been free of land disputes, as the lack of a single unified land registry makes adjudication of land tenure

difficult. In addition, the Honduran judicial system is weak and inefficient, often prolonging disputed cases for many years before resolution. There have been claims of widespread corruption in land sales and the registry and dispute resolution process, including claims against attorneys, real estate companies, judges and local officials. Property registration often is not up to date, nor can the results of title searches be relied upon. There is no title insurance in Honduras. U.S. citizens have spent thousands of dollars in legal fees and years of frustration in trying to resolve property disputes.

A new property law passed in July 2004 should improve land registration procedures and allow for more security in land titling, and thus a reduction in land disputes. By providing clearer land title, it should also allow more people to apply for mortgages and increase land-related investments. However, the purchase of land in Honduras by foreigners should still be undertaken only with great caution.

Article 107 of the Honduran Constitution prohibits foreign ownership of property in Honduras that lies within 40 kilometers (25 miles) of the Caribbean Sea, the Gulf of Fonseca, international borders, or on any of the islands and cays belonging to Honduras. However, recognizing that the constitutional prohibition of foreign property ownership in Honduras was a barrier to development of tourism and the economic potential of Honduras' coastal and island areas, the Honduran National Congress passed a law in 1990 to allow foreigners to purchase properties in designated tourism zones established by the Ministry of Tourism in order to construct permanent or vacation homes. This law was challenged as unconstitutional in 2004, but in January 2005 the Supreme Court upheld the new law, thus permitting foreigners to continue to own littoral and frontier property.

Foreigners or foreign companies seeking to purchase property in designated tourism zones exceeding 3,000 square meters in size or for tourism or other development projects must present an application to the Honduran Tourism Institute at the Ministry of Tourism. In addition to providing the requested personal information, the potential buyer must also prove that a contract to buy a specific property exists and that it is registered with the Honduran Tourism Institute. The buyer must also present feasibility studies and plans about the proposed tourism or economic development project.

Transparency of Regulatory System

[Return to top](#)

The Honduran government does not publish regulations before they enter into force and there is no formal mechanism for providing proposed regulations to the public for comment. Regulations must be published in the official government publication "The Gazette" in order to enter into force. Honduras lacks an indexed legal code and lawyers and judges must maintain and index the publication of laws on their own. Procedural red tape to obtain government approval for investment activities is very common.

Foreign market participants who are represented locally and are members of connected private sector groups essentially have access to the same information as their Honduran counterparts. The lack of a formal notification process excludes most non-governmental groups, including foreign companies, from commenting on regulations.

The Honduran legal system is not efficient or transparent: many U.S. claimants frequently complain about the lack of transparency and the slow administration of justice in the courts. There are also complaints that the Honduran judicial system caters to

favoritism, external pressure and bribes. While some U.S. firms have satisfactorily resolved their cases through the courts, the majority have difficulty navigating the legal system. Many U.S. citizens have also complained about the quality of legal representation they receive from Honduran attorneys.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

There are no government restrictions on foreign investors' access to local credit markets. However, the local banking system is conservative and generally extends only limited amounts of credit. Interest rates have been steadily declining for several years, but remain high. As of November 2004, the average lending rate for a loan in Lempiras as was 19.67 percent, down slightly from 20.05 percent a year earlier, and for a loan in dollars was 8.47 percent, down from 9.20 percent a year earlier. Local banks should not be considered a significant source of start-up capital for new foreign ventures, unless they use specific business development credit lines made available by bilateral or multilateral financial institutions, such as the Central American Bank for Economic Integration. Loans from banks tend to be short-term, with substantial collateral and/or guarantee requirements.

There is a limited number of credit instruments available in the local market. The only security exchange operating in the country is the Central American Securities Exchange (BCV) in Tegucigalpa (www.bcv.hn). (Another securities exchange, the Honduran Securities Exchange (BHV) in San Pedro Sula, ceased operations in 2004.) The Central American Securities Exchange is supervised by the National Banking and Insurance Commission. Instruments that can be traded theoretically include bankers' acceptances, repossession agreements, short-term promissory notes, Honduran government private debt conversion bonds and land reform repayment bonds. However, in practice, the market is nearly 100% composed of short-term government securities. No private firms currently sell commercial paper or corporate stock on the exchange. Any private business is eligible to trade its financial instruments on the exchange, and firms that participate are subject to a rigorous screening process. Historically, traded firms generally have had economic ties to the different business/financial groups represented as shareholders of the exchange, which has in the past led to lax risk management practices and an enduring loss of public confidence in the institution. Supervision of the exchange has traditionally been inadequate, even though a new law regulating security exchanges was passed in 2001. Investors should exercise caution before putting money into the BCV.

There is no regulatory body for the accounting profession in Honduras. The Association of Public Accountants is responsible for certifying practicing professionals. In general, Honduran businesses adhere to international Generally Accepted Accounting Principles (GAAP). These principles are normally applied per guidelines from the Ministry of Finance's General Directorate for Taxation.

The Honduran financial system is comprised of commercial banks, state-owned banks, savings and loans and finance companies. There are currently 16 commercial banks operating in Honduras, which account for roughly 90 percent of the assets in the financial system. Of these 16 banks, 7 have majority foreign ownership, accounting for 31 percent of total bank capital (as of September 2004). There is limited off-shore banking in Honduras.

The Honduran banking sector is considered fragile and in need of consolidation. Between 1999 and 2002, four Honduran banks either collapsed or were liquidated. Bancorp collapsed in 1999 and Banhcreser in 2001; in each case allegations of corruption and wrongdoing emerged from the investigations into the causes of the bank's failures. In 2002, the National Banking and Insurance Commission announced the forced liquidation of Banco Capital, and placed another bank, Banco Sogerin, under the supervision of the national Deposit Insurance Fund. With both Banco Sogerin and Banco Capital failing at the same time, the CNBS delayed the initial sale of Banco Sogerin for several months to prevent wider damage to the banking system. The sale of Banco Sogerin was finally announced in July 2003.

In September 2004, at the insistence of the IMF, the Honduran Congress passed a set of four financial sector reform laws that should lead to improved supervision of the banking system. The four laws reformed the Deposit Insurance Fund, the Central Bank, the National Banking and Insurance Commission, and the general system of financial supervision. A fifth law, passed in December 2004, establishes new and stronger penalties for financial crimes including bank fraud.

Political Violence

[Return to top](#)

Honduras has not experienced major problems with domestic political violence. Political demonstrations do occur sporadically, and they can disrupt traffic, but they are generally announced in advance and are usually peaceful. Most major demonstrations occur in downtown Tegucigalpa. Travelers should avoid areas where demonstrations are taking place, and they should keep informed by following the local news and consulting hotel personnel and tour guides.

However, while political violence is not a major concern, levels of crime and violence are high, and do represent a major constraint on investment. In a World Bank survey conducted in 2002 of both Honduran and foreign firms operating in Honduras, one in three firms surveyed reported having suffered a criminal attack in the previous year. These attacks led to a loss of 0.9 percent of annual sales, and expenses devoted to security measures (hiring security guards, installing alarms, etc.) represented another 3.6 percent of annual sales. Total losses due to a lack of security therefore added up to 4.5 percent of sales - a significant proportion, second in the region only to Guatemala.

Corruption

[Return to top](#)

Two codes regulate justice and provide for penalties against corruption: the Criminal Procedures Code (CPC) and the Penal Code (PC). In 2002, a reform of the CPC entered into force, changing the criminal judicial system from a traditional written inquisitorial trial system to an adversarial, oral, and public trial system. The new CPC is improving justice and accountability in a number of ways, including increased transparency in the criminal process.

The main responsibility for fighting corruption lies with the Public Ministry, under the direction of the Attorney General (Fiscal General). In 2002, the Government created a new control entity, the Supreme Court of Accounts (TSC) which brought together the Comptroller General of the Republic (CGR), the Directorate of Administrative Probity (Ethics office) and the Office of State Assets under one roof and under the direction of

three members selected by Congress. While the TSC has undertaken numerous investigations, it has had no noticeable effect in limiting or reducing corruption in Honduras.

Historically, many U.S. firms and citizens operating in Honduras have found corruption to be a serious problem and a constraint to successful investment. In a World Bank survey conducted in 2002 of both Honduran and foreign firms operating in Honduras, corruption was identified as the single largest constraint to economic growth. In its 2004 perception survey of business persons, Transparency International named Honduras as one of the five most corrupt countries in the Western Hemisphere. Corruption appears to be most pervasive in government procurement, government permits, and in the buying and selling of real estate (land titling). With considerable U.S. help, the government is reforming Honduras' judicial system and reducing elite immunity and corruption, though serious problems remain in these areas. Bribery is a criminal act in Honduras and, depending on the degree of the offense, is subject to fines or incarceration. A bribe to a foreign official is also a criminal act under U.S. law (the Foreign Corrupt Practices Act).

Bilateral Investment Agreements

[Return to top](#)

On July 12, 2001, a Bilateral Investment Treaty (BIT) between the U.S. and Honduras entered into force. The Treaty provides for equal protection under the law for U.S. investors in Honduras and permits expropriation only in accordance with international law standards and accompanied by adequate compensation. U.S. investors in Honduras also have the right to submit an investment dispute to binding international arbitration. The U.S.-Honduras Treaty of Friendship, Commerce and Consular Rights (1928) provides for Most Favored Nation treatment for investors of either country. The U.S. and Honduras also signed an agreement for the guarantee of private investments in 1955 and an agreement on investment guarantees in 1966. Honduras signed a Tax Information Exchange Agreement with the U.S. in 1992.

Provisions for investment are included in bilateral commercial treaties between Honduras and Costa Rica, El Salvador, Guatemala, Panama and the Dominican Republic. Honduras also has bilateral investment agreements with the United Kingdom and Spain.

In August 2004, Honduras signed the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), a multilateral trade agreement with the United States, Guatemala, El Salvador, Nicaragua, Costa Rica and the Dominican Republic. The Honduran Congress is expected to ratify the agreement in the spring of 2005; however, the agreement will not enter force until the U.S. Congress also ratifies the agreement.

When implemented, CAFTA-DR will not only liberalize bilateral trade between the United States and the region, but will also further integration efforts among the countries of Central America, removing barriers to trade and investment in the region by U.S. companies. CAFTA-DR will also require the countries of Central America to undertake needed reforms to alleviate many of the systemic problems noted above, in areas including protection of intellectual property rights, openness of government procurement, financial services market access and protection, alleviation of sanitary and phyto-sanitary barriers, and others.

OPIC and Other Investment Insurance Programs

[Return to top](#)

The U.S. Overseas Private Investment Corporation (OPIC) provides loan guarantees, which are typically used for larger projects, and direct loans, which are reserved for projects sponsored by or substantially involving U.S. small businesses and cooperatives. OPIC can normally guarantee or lend from \$100,000 to \$250 million per project. OPIC also offers insurance against risks of currency inconvertibility, expropriation and political violence. In July 2004, OPIC concluded a new bilateral investment treaty with Honduras. The agreement updates one signed in 1966, and should streamline OPIC support for U.S. investment in Honduras.

Other countries, including Germany, the United Kingdom, Taiwan, Spain, Italy, Switzerland and Japan provide insurance and guarantees for their companies doing business in Honduras. In addition, Honduras is a party to the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

Honduras has a significant availability of labor for industries with a demand for relatively low skilled workers, given the low average education level of its population. There is a limited supply of skilled workers in all technological fields, as well as in medical and high technology industries.

Union officials remain critical of what they perceive as inadequate enforcement by the Ministry of Labor (MOL) of workers' rights, particularly the right to form a union and bargain collectively, and the reinstatement of workers unjustly fired for union organizing activities. Through cooperation within the bipartite and tripartite commissions (unions, MOL, private sector) and other venues, MOL inspectors' access to maquila plants to enforce the labor code has improved, and MOL has continued to work to increase its effectiveness in enforcing worker rights and child labor laws.

The labor law prescribes a maximum 8-hour workday and 44-hour week. There is a requirement for at least one 24-hour rest period every week. The Labor Code provides for a paid vacation of 10 workdays after one year, and of 20 workdays after four years. The Constitution and Labor Code prohibit the employment of persons under the age of 16, except that a 15-year old may be permitted to work with the written permission of parents and the MOL. All persons under 18 years of age are prohibited from night work, dangerous work and full time work.

The Children's Code (September 10, 1996) prohibits a person of 14 years of age or less from working, even with parental permission, and establishes prison sentences of 3 to 5 years for individuals who allow children to work illegally. An employer who legally hires a 15-year-old must certify that the young person has finished or is finishing compulsory schooling. The MOL grants a number of work permits to 15-year-olds each year. Document fraud is prevalent among minors interested in working.

Additional information about Honduran labor legislation, including copies of the laws themselves, can be found (in Spanish only) at www.leylaboral.com.

Foreign-Trade Zones/Free Ports

[Return to top](#)

There are no known export subsidies provided by the Honduran government. The Temporary Import Law (RIT) allows exporters to introduce raw materials, parts and capital equipment (except vehicles) into Honduras exempt from surcharges and customs duties if the input is to be incorporated into a product for export (up to five percent can be sold locally). Export processing zones can be established anywhere in the country, and companies operating in export processing zones are exempt from paying import duties and other charges on goods and capital equipment. In addition, the production and sale of goods within export processing zones are exempt from state and municipal income taxes for the first ten years of operation. Companies operating in an export processing zone are permitted unrestricted repatriation of profits and capital and have access to onsite customs facilities. However, companies are required to purchase the Lempiras needed for their local operations from Honduran commercial banks or from foreign exchange trading houses registered with the Central Bank.

Most industrial parks and export processing zones are located in the northern Department of Cortés, with close access to Puerto Cortés, Honduras' major Caribbean port, and San Pedro Sula, Honduras' major commercial city and a transportation crossroads. Industrial parks and export processing zones are treated as offshore operations. Subsequently, customs duties must be paid on products manufactured in the parks and sold in Honduras. In addition, if Honduran inputs are used in production, they are treated as exports and must be paid for in U.S. dollars. While most companies that operate in these parks are involved in apparel assembly, the government and park operators are beginning to diversify into other types of light industry, including automotive parts and electronics assembly.

Privately-owned tourism zones may be established to promote the development of the tourism industry in Honduras. The law allows the free importation of equipment, supplies, and vehicles to businesses operating in designated tourism zones, with certain restrictions (see the description of the tourism law in section A.5, above).

Foreign Direct Investment Statistics

[Return to top](#)

According to Central Bank data, FDI flows to Honduras in 2003 totaled \$198 million, a 13 percent increase over 2002, though still well off the historical high of \$282 million reached in 2000. The U.S. continues to be the dominant source of FDI in Honduras: from 1993-2002, 44 percent of all FDI to Honduras came from the United States, and in 2002, the last year for which a country breakdown is yet available, nearly 83 percent of all direct foreign investment flows to Honduras were from the United States.

**Table 1: Honduras - Foreign Investment
by Country of Origin**
in US\$ million

	2000	2001	2002
United States	50.7	60.5	144.6
Canada	18.1	18.7	21.8
Mexico	0.2	6.6	1.2
El Salvador	9.7	-1.2	15.0
Guatemala	11.4	6.3	9.7
Nicaragua	3.2	19.5	8.3
Costa Rica	13.7	5.2	4.5
Dominican Republic	0.1	0.1	0.1
Spain	8.7	11.0	9.0
Japan	0.5	5.3	5.3
Others	165.7	61.1	-44.3
Total	282.0	193.1	175.2

Source: Central Bank of Honduras. Country breakdown for 2003 and 2004 not yet available as of February 2005.

**Table 2: Honduras - GDP and
Foreign Investment Flows**

	2000	2001	2002	2003
GDP in US\$m	5,952	6,247	6,405	6,709
FDI Flows in US\$m	282.0	193.1	175.7	198.0
FDI Flows as % of GDP	4.7%	3.1%	2.7%	3.0%

Source: Central Bank of Honduras. Figures for 2003 and 2004 are not yet released as of February 2005.

Table 3: Selected Foreign Investments in Honduras

The following is a partial list of foreign firms and franchises of foreign firms operating in Honduras, with a description of the type of investment and country of origin.

Investor	Country	Type of Investment
Agro Internacional de Honduras	U.S.	Agricultural products
Alpha-Graphics	U.S.	Printing services
Alberti Food Co.	U.S.	Food products
Alimentos Concentrados Nacionales	U.S.	Veterinary food
American Airlines	U.S.	Air services
Americar	U.S.	Car distributors
America's Favorite Chicken	U.S.	Fast food
American Home Assurance Co.	U.S.	Insurance services

American International Group	U.S.	Insurance services
Americatel	U.S.	Telecommunications
Applewoods	U.K.	Cosmetics
Applebee's	U.S.	Restaurant
Arthur Andersen Consulting	U.S.	General business services
Astaldi	ITA	Engineering
Azucarera "La Grecia"	Guatemala	Sugar
BAC (Banco de América Central Honduras)	Nicaragua	Banking services
Banco Futuro	Nicaragua	Banking services
Banco Uno	Nicaragua	Banking services
Baskin-Robbins	U.S.	Ice Cream
BAT Industries PLC	U.K.	Tobacco products
Bay Island Fish Co.	U.S.	Seafood
Bayer	Germany	Pharmaceutical products
Benneton	ITA	Casual clothing
Best Western	U.S.	Hotel
BGA (Banco Grupo el Ahorro Hondureño)	Panama	Banking services
Bojangles	U.S.	Restaurant
Breakwater Resources Corp.	CAN/U.S.	Mining
Bristol Myers Squibb	U.S.	Beauty products
Budget Rent a Car	U.S.	Car rental
Burger King Inc.	U.S.	Fast food
Candy Bouquet	U.S.	Candy Store
Cargill, Inc.	U.S.	Animal feed, poultry & meat processing
Castle & Cooke, Inc.	U.S.	Bananas and other agricultural products; bottling and brewing
Caterpillar Tractors	U.S.	Spare parts, accessories
Cerveceria Hondurena, S.A.	U.S.	Soft drinks and beers
Chestnut Hill Farms	U.S.	Agricultural products
Chiquita Brands International	U.S.	Bananas and other agricultural products
Church's Chicken	U.S.	Fast food
Cinemark	U.S.	Entertainment
Cinnabon	U.S.	Fast food
Citigroup	U.S.	Banking and financial services
Citrus Development Corp.	U.S.	Citrus production and processing
Colgate-Palmolive	U.S.	Personal care products
Congelados Holanda	Mexico	Ice cream
Continental Airlines	U.S.	Air services
CPC International	U.S.	Corn starch
Crowley American Transport	U.S.	Ocean freight services
Cultivos Marinos	U.S.	Shrimp farm
Cybex	U.S.	Health & fitness
Daimler Chrysler Corporation	U.S.	Cars
Demahsa	Mexico	Corn flour
DHL	U.S.	Air freight services
Dickies	U.S.	Textiles and apparel
Domino's Pizza	U.S.	Fast food

Dos Pinos	Costa Rica	Ice cream and milk products
Dry Cleaning USA	U.S.	Dry cleaning services
Dunkin' Donuts	U.S.	Fast food
Empacadora Cortes, S.A.	U.S.	Meat production; packing
Elektra	Mexico	Household goods/appliances
Ernst & Young International	U.S.	Accounting & auditing services
Exxon	U.S.	Petroleum products marketing
Federal Express	U.S.	Air freight services
Five Star Mining	U.S.	Mining exploration
From the Ground Up/Tippman	U.S.	Trading and consulting
G.B.M. de Honduras	U.S.	Computer services
Glamis Gold, Ltd.	U.S./Canada	Gold mining
Global One Communication	U.S.	Telecommunications
Gold's Gym	U.S.	Health & fitness
Grey Advertising Inc.	U.S.	Advertising services
Grupo Granjas Marinas	U.S.	Shrimp farms
H.B. Fuller	U.S.	Adhesives; paints
Hertz Rent a Car	U.S.	Car rental
Holiday Inn Hotel	U.S.	Hotel
Hotel intercontinental/Camino	El Salvador	Hotel
Real (Grupo Roble)		
Hotel Princess	Guatemala	Hotel
House of Windsor	U.S.	Tobacco
IBM	U.S.	Business machines; computer software
Industrial Engineers, Inc.	U.S.	Repair & construction, naval vessels
Kentucky Fried Chicken	U.S.	Fast food
Kimberly-Clark	U.S.	Paper products; Pharmaceutical products
KPMG Peat Marwick	U.S.	General business consultants
La Costena	Mexico	Canned foods
Little Caesar's Pizza	U.S.	Fast food
Lloyds TSB (Cuscatlan)	El Salvador	Banking services
Lucent Technologies	U.S.	Telecommunications
Maersk Sealand	Denmark	Shipping
Mail Boxes, etc.	U.S.	Courier services and copy center
Marriott	U.S.	Hotel
Martinizing	U.S.	Dry cleaning services
Mayan Gold, Inc.	U.S.	Mining
McDonald's	U.S.	Fast food
McCann Erickson	U.S.	Advertising; publicity
Midas International	U.S.	Automotive parts & Services
Motorola	U.S.	Telecommunications
Moore Business Forms	U.S.	Business forms
Multiplaza Malls (Grupo Roble)	El Salvador	Shopping center chain
Nestle Products	Switzerland	Food products
Oracle	U.S.	Software
Pakmail	U.S.	Packaging and Courier Services
Pan Bimbo	Mexico	Bread products
Pan American Life Ins. Co.	U.S.	Life insurance

Parker Tobacco	U.S.	Cigars
Payless	U.S.	Footwear
Paysen	Germany	Pharmaceutical products
Peat, Marwick, & Mitchell	U.S.	Accounting and auditing services
Phelps-Dodge	U.S.	Electric wire & Cable manufacturing
Pizza Hut International	U.S.	Fast food
Pollo Campero	Guatemala	Fast food; animal feed; poultry processing
Popeye's	U.S.	Fast food
Price Smart	U.S.	Warehouse stores
Price Waterhouse	U.S.	Accounting & auditing services
Quick Internet	U.S.	Telecommunications, internet services
Quizno's	U.S.	Fast food
Radio Shack	U.S.	Electrical Appliances
RJR-Nabisco	U.S.	Food products
Rochez Brothers Entertainment	U.S.	Entertainment
Ruby Tuesday's	U.S.	Restaurant
Russell Corporation	U.S.	Textiles and apparel
Sabritas	Mexico	Snacks
Scott Paper, Inc.	U.S.	Paper products
Seaboard Marine Corp.	U.S.	Winter fruits & vegetables; aquaculture; ocean freight services
Sears	U.S.	Household goods
Select	U.K.	Convenience store
Shell	U.K.	Petroleum products marketing
Siemens	/Netherlands	Telecommunications
Smith-Kline Beecham	Germany	Pharmaceutical
Sprint	U.K.	Pharmaceutical
Standard Fruit (Dole)	U.S.	Telecommunications products
Star Mart	U.S.	Tropical fruits
Stewart & Stevenson	U.S.	Convenience store
Subway	U.S.	Electricity generation
TAHSA	U.S.	Fast food
TACA	U.K.	Tobacco
TCBY	El Salvador	Air services
Technology Research Corp.	U.S.	Fast food
Texaco	U.S.	Electrical supplies
TGI Friday's	U.S.	Petroleum products marketing
3M	U.S.	Restaurant
Tony Roma's	U.S.	Office supplies
Tropical Gas Company	U.S.	Restaurant
Unilever	U.S.	Appliance and other equipment
United Marketing (Unimerc)	U.K./Holland	Cleaning Products, Beverages, Food
United Parcel Services (UPS)	U.S.	Marketing services
United Technologies Automotive	U.S.	International Courier
U.S. Tobacco	U.S.	Automobile electronics assembly Cigars

Van Ommeren-Ceteco	Netherlands	Trading/retailing
Wellington Hall Caribbean, Inc.	U.S.	Furniture
Wendy's	U.S.	Fast food
Witten International	U.S.	Apparel
Xerox	U.S.	Business machine sales & services

Web Resources

[Return to top](#)

(Insert text here)

[Return to table of contents](#)

[Return to table of contents](#)

4/8/2005

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Cash in advance and irrevocable letters of credit, confirmed by U.S. banks, are the most appropriate methods of payment for U.S. exporters selling to Honduran firms.

How Does the Banking System Operate

[Return to top](#)

The Honduran banking system, currently comprised of 16 private banks, is considered weak and in need of further consolidation. The Honduran financial system also includes financial intermediaries, one securities exchange, brokerages, credit operators, and foreign exchange houses. Most of the commercial banks were originally founded to service the financing needs of family-run business conglomerates, rather than provide full banking services to the public in a transparent manner. The system has been criticized for permitting excessive amounts of unsecured lending to major stockholders or bank principals.

Total assets in the Honduran financial system in 2001 were \$4.2 billion or 74 percent% of GDP. Banks account for 90% of total assets in the financial system. The minimal capital requirement to operate a bank is Lempiras 100 million (\$6.1 million). Liquidity in the system increased by 12.65% in 2001. Average interest rates in the banking system decreased from 29 % in 1999 to 23 % in 2001.

In September 2004, at IMF insistence, the GOH passed four banking reform laws aimed at strengthening the nation's financial system. The Central Bank reform law, which took effect on September 22, 2004, changes the structure of the Central Bank's Board of Directors, provides greater flexibility in the areas of exchange rate policy, monetary policy, and liquidity management, and provides for a stronger capitalization of the Central Bank from the central government. The Banking Commission reform law and the FOSEDE reform law transfer the responsibility for the restitution of troubled banks from FOSEDE to the Banking Commission. The Financial System law (Decree No. 129-2004) delineates the responsibilities of the Banking Commission and the Central Bank to supervise and regulate the country's financial sector. The overriding objective of the law is to bring Honduran financial sector regulation into compliance with the internationally recognized Basel core principles for effective banking supervision. The law also strengthens the previously ineffective national credit bureau and imposes new restrictions on bank ownership and management.

In June 2001, Banhceser was forcibly liquidated after failing to meet the minimum capital requirements and missing targets in the binding action plan required under a special supervision program. In May 2002, the National Commission on Banking and

Insurance (CNBS) intervened two banks, Sogerin and Capital, and placed them under the supervision of FOSEDE, Honduras' deposit insurance institution.

There are few legal barriers to entry in the banking sector, but the small size of the market and weak financial situation have discouraged greater foreign investment. Seven banks had majority foreign ownership in 2004 (Cuscatlan, Banco de Honduras, Citi Group, BGA/Banitsmo, BAC/Credomatic, Banco Uno, LAFISE, and Promerica) accounting for 5.7 % of bank capital.

There are no government restrictions on foreign investors' access to local credit markets. However, the local banking system is conservative and generally extends only limited amounts of credit. Interest rates declined slightly 2004, but at over 19% remain high. Local banks should not be considered a significant source of start-up capital for new foreign ventures, unless they use specific business development credit lines made available by bilateral or multilateral financial institutions, such as the Central American Bank for Economic Integration. Loans from banks tend to be short-term, with substantial collateral and/or guarantee requirements. The legal reserve requirement on commercial bank deposits is 14 % for local currency deposits and 50 % on foreign exchange deposits.

Foreign-Exchange Controls

[Return to top](#)

Until early 1990, Honduras maintained a fixed official exchange rate of 2 lempiras (LPS) to the U.S. dollar. In March 1990, with the passage of a sweeping economic reform package, the Central Bank of Honduras devalued the lempira vis-a-vis the dollar, and later permitted it to float within a managed band devaluating at approximately 4% per year. The rate of exchange as of December 2004 was LPS 18.70/USD 1.

In 1994, the Central Bank established an auction system to regulate the allocation of foreign exchange more tightly and improve transparency of foreign exchange transactions. Commercial banks are now required to sell 100 % of repatriated foreign exchange earnings to the Central Bank each night.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

Banco Atlantida, S.A.

Guillermo Bueso, Executive President

P.O. Box 3164

Tegucigalpa M.D.C., Honduras

Tel: (504) 232-1050

Fax: (504) 232-7860

[Http://www.bancatlan.hn](http://www.bancatlan.hn)

E-mail: info@bancatlan.hn

Banco Grupo El Ahorro Hondureño (BGA)

José Pastor, President

P.O. Box 344 and 3185

Tegucigalpa M.D.C., Honduras

Tel: (504) 232-0909; 800-222-2020

Fax: (504) 232-6229; 232-6230
E-mail: <http://www.bancobga.com/contenido/contactenos/default.asp>
Web: [Http://www.bancobga.com](http://www.bancobga.com)

Banco Mercantil, S.A. (BAMER)

Jacobo Atala, President
P.O. Box 116
Tegucigalpa M.D.C., Honduras
Tel: (504) 232-0006
Fax: (504) 232-3137
E-mail: <http://www.bamernet.hn/Contacte.htm>
Web: [Http://www.bamernet.hn](http://www.bamernet.hn)

Banco Financiera Comercial Hondureña, S.A. (FICOHSA)

Camilo Atala, Executive President
Javier Atala, General Manager
P.O. Box 3858
Tegucigalpa M.D.C., Honduras
Tel: (504) 239-6410
Fax: (504) 239-8785
E-mail: ficobanc@fichosa.hn
[Http://www.fichosa.hn](http://www.fichosa.hn)

Banco de Occidente, S.A.

Jorge Bueso Arias, President
Manuel Bueso, General Manager
P.O. Box 3284
Tegucigalpa M.D.C., Honduras
Tel: (504) 237-0310
Fax: (504) 237-0486
E-mail: bancococi@gbm.hn

Banco de Honduras, S.A. (CITIBANK)

Maximo Vidal, President
P.O. Box 3434
Tegucigalpa M.D.C., Honduras
Tel: (504) 232-6122
Fax: (504) 232-6167
[Http://www.citibank.com](http://www.citibank.com)
E-mail: Leticia.ochoa@citicorp.com

Banco del País, S.A.

Roberto Bueso, President
Ernesto Emilio Carias, Executive Vice-President
P.O. Box 1075
Tegucigalpa M.D.C., Honduras
Tel: (504) 239-0460
Fax: (504) 239-5707
Web: <http://www.banpais.hn>
E-mail: Alexm@banpais.hn

Banco Financiera Centroamericana, S.A. (FICENSA)

Roque Rivera, Executive Vice President
P.O. Box 1432
Tegucigalpa M.D.C., Honduras
Tel: (504) 221-3870
Fax: (504) 221-3855
Web: [Http://www.ficensa.com](http://www.ficensa.com)
E-mail: webmaster@ficensa.com

Banco Hondureño del Café (BANHCAFE)

Rene Ardón Matute, General Manager
P.O. Box 583
Tegucigalpa M.D.C., Honduras
Tel: (504) 232-8191, 232-8306
Fax: (504) 232-8782
Web: <http://www.banhcafe.com>
E-mail: banhcafe@banhcafe.com

Banco de los Trabajadores, S.A.

Manuel Pineda Funez, President
P.O. Box 3246
Tegucigalpa M.D.C., Honduras
Tel: (504) 238-0017, 238-0140
Fax: (504) 238-0077
Web: www.bancotrab.hn

Banco LAFISE

Manuel Gutierrez, Executive President
P.O. Box 3325
Tegucigalpa M.D.C., Honduras
Tel: (504) 237-4000
Fax: (504) 237-1835

Banco UNO

René Morales, President
P.O. Box 3988
Tegucigalpa M.D.C., Honduras
Tel: (504) 216-0101
Fax: (504) 239-4265
Web: www.bancouno.hn
E-mail: <http://www.bancouno.hn/contacto.php>

Banco Continental, S.A.

Jaime Rosenthal, President
P.O. Box 390
San Pedro Sula, Cortés, Honduras
Tel: (504) 550-0880
Fax: (504) 550-2750
Web: www.bancon.hn
E-mail: <http://www.bancon.hn/contactos.htm>

Banco Cuscatlán

Gustavo Eisman, Executive President
P.O. Box 3136
Tegucigalpa M.D.C., Honduras
Tel: (504) 236-6864
Fax: (504) 236-9211
Web: www.bancocuscatlan.com

Banco Credomatic

Carlos Porta, President
P.O. Box 3725
Tegucigalpa M.D.C., Honduras
Tel: (504) 238-7200
Fax: (504) 238-7218
Web: www.credomatic.com
E-mail: https://www.baconline.com/forms/hon/fnhon_honcontactus.jsp

Banco Promérica

Arturo Arana, President
Colonia Palmira, Ave. Rep. De Chile # 804
Tel: (504) 216-2000, 216-2179
Fax: (504) 216-4644
Web: www.bancopromerica.com
Email: consultas@bancopromerica.com

Project Financing[Return to top](#)

The United States Export-Import Bank (Ex-Im Bank) provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans, or makes loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. Ex-Im Bank does not compete with commercial lenders but assumes the risks they cannot accept. It must always conclude that there is reasonable assurance of repayment on every transaction financed.

At present, no local bank has direct access to Ex-Im Bank's credit lines. These lines, however, are available through U.S. commercial banks. Ex-Im Bank's credit facilities available to Honduras include the Working Capital Guarantee Program, Exporter Insurance Program, Bank Letter of Credit Policies and Financial Institution Facilities. In February 1999, Ex-Im Bank signed a \$50 million export facilitation facility for Central America with the Central American Bank for Economic Integration (CABEI). Also in February 1999, OPIC and Citibank signed an agreement to establish a \$200 million investment facility for Central America and the Caribbean that will help meet the need for medium and long-term capital in the region. This facility will be in place until 2009.

Long-term financing is generally available only through special lines of credit that selected commercial banks have with Central American Bank for Economic Integration. The programs that are available from this institution concentrate on export projects, including export processing zones and industrial parks.

The U.S. Department of Agriculture (USDA) provides credit guarantees for a wide range of agricultural and products exported from the United States, as well as export bonuses for selected products under the Export Enhancement Program and the Dairy Export Incentive Program. The USDA financing programs are aimed at encouraging U.S. agricultural exports.

The U.S. Small Business Administration (SBA) provides financial and business development assistance to encourage and help small business develop export markets. SBA offers both loans and loan guarantees.

The U.S. Trade Development Agency (TDA) provides grant loans for pre-feasibility studies overseas on projects with high U.S. products and services export potential.

Assistance from the Overseas Private Investment Corporation (OPIC) is available for new investments, privatization, and for expansions and modernization of existing plants sponsored by U.S. investors. The investors must contribute additional capital for modernization and/or expansion to be eligible. Financing is not available for projects that can secure adequate financing from commercial sources.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

(Insert a link to the applicable Multilateral Development Bank here and any other pertinent web resources.)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

In Honduras, written contracts are used as a means to formalize verbal agreements between trusted colleagues. Unlike the United States, personal relationships are important in creating and maintaining business ties and avoiding possible disputes. As a result, Honduran business people build lifetime relationships and establish close links with clients or customers, creating a reciprocal feeling of obligation and a mutual desire of assistance.

Since Hondurans are hospitable and gracious hosts, the closing of a business deal is similar to a social activity. As a result, many Americans find that going straight to the point when negotiating with Hondurans is not well - received. When meeting with Honduran counterparts, it is often best to move into business matters gradually. After the courtesy formalities have been taken care of, meetings generally turn to a more concrete discussion of business. Hence, unlike the United States, business negotiations tend to be slower and more drawn out in Honduras, placing more emphasis on relationships than conducting a business transaction.

As far as punctuality is concerned, Hondurans tend to be more relaxed than Americans. Waiting to be received for meetings is not unusual. While Americans take pride on timeliness, keeping a schedule is not as important in Honduras. Hence, it is necessary to understand that this approach to scheduling and punctuality is a cultural aspect of Honduras, and should not be taken as discourtesy or disinterest.

Travel Advisory

[Return to top](#)

One important issue to keep in mind when visiting Honduras is security. Street crime is a principal concern, with theft, pick pockets, and armed robberies in urban areas on the rise. In addition, armed car and home robberies have been a problem. As a precaution, one should avoid wearing excessive jewelry and carrying valuables or large sums of money when walking in downtown areas. In the event that one's passport should be stolen or lost, or should one experience a threatening situation, it should be reported

immediately to the local police and the US Embassy's security office. For more information, please visit <http://honduras.usembassy.gov>.

One of the main requirements for United States citizens when entering Honduras is a valid, passport. It is not required that bearers of U.S. diplomatic, official, or regular passports possess a visa as long as the visit will not exceed a period of 30 days. For additional information regarding travel to Honduras, please contact the Honduran Embassy in Washington D.C. located at 3007 Tilden Street N.W., Washington D.C. 20008, tel. (202) 966-7702. In addition, Honduran Consulates are located in the following cities: Atlanta, Chicago, Houston, Los Angeles, Miami, New York, New Orleans, San Francisco, San Juan, and Tampa. For additional inquires, please contact the Honduran Embassy's email address: embhondur@aol.com.

Visa Requirements

[Return to top](#)

1. Visas for Investors

Individuals interested in investing in Honduras should approach the nearest Honduran consulate or the Honduran Embassy in Washington. If already in Honduras, one may apply to the General Immigration Directorate for a residence visa.

According to Executive Order No. 8, the following procedures have been developed to facilitate the entrance into Honduras for foreigners who wish to invest in agricultural, agribusiness, industrial, tourism and export projects, in accordance with government promotion and investment policies and the Export Processing Zone Law:

Art. 3: All citizens of countries with whom the Government of Honduras has established diplomatic relations are eligible for investors' visas. Others may also be eligible if they are involved in an investment initiative proposed by one of the following local institutions: Honduran Private Enterprise Council (COHEP), Foundation for Investment and Development of Exports (FIDE), National Industry Association (ANDI), and National Chambers of Commerce and Industry.

Art. 4: The classification of the "Visa for Investors" is as follows:

- a) Investor's Type 1 Visa: issued to the investors and their dependents.
- b) Investor's Type 2 Visa: issued to technicians and specialized workers, their spouses and their economic dependents.

Art. 6: The application for the visa must be submitted personally or by a legal representative, and must contain the following specific information:

- a) Complete name of the applicant.
- b) Nationality and permanent residence.
- c) Purpose of the visit.

The following documents must be included in the application:

- a) Current passport.
- b) Bank or Commercial references.
- c) Evidence or proof of the investor's intentions.

Art. 8: The bearer of a Type 1 visa will be granted a three-month visa to remain in the country. This visa may be extended up to a maximum period of one year. Those with a Type 2 visa will be authorized an initial period of one month, which can be extended up to a maximum of six months.

Art. 12: Bearers of such visas will be able to receive all the benefits established under the Export Processing Zone Law.

2. Residence

The application for residence may be done outside of Honduras through a Honduran consulate, or through the Ministry of Government and Justice. The residence registration process takes about three to four months. Among the documents required to apply for Honduran residence are:

- a) Health Certificate (original and copy).
- b) Police Department Certificate (original and copy).
- c) Letter of Employment (original and copy).
- d) Two Photos.

The residence card must be renewed every year.

3. Work Permit

The following procedures are required in order to obtain a work permit in Honduras:

- a) Obtain Honduran residence. While the application for residence is in process, a temporary work permit can be requested through the Ministry of Labor.
- b) Provide the following information to the Ministry of Labor:
 - 1) A list of names of all the employees working for the company and their corresponding nationalities.
 - 2) A letter of employment and the type of job offered.
 - 3) A work contract stating the position the foreign employee will execute.

A new Central American Visa is expected for May of 2005. Anyone visiting Guatemala, El Salvador, Honduras and/or Nicaragua will be issued a unique visa, valid to travel through these four countries.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular section, US Embassy Tegucigalpa:
<http://honduras.usembassy.gov/english/mission/sections/consular.htm>

Telecommunications

[Return to top](#)

Telephone service is adequate. Direct-dial, long-distance calling within Honduras and to the U.S. and several other countries is available. Costs are based on the destination, and rates are available through operator assistance. Night rates are charged from 10 p.m. to 7 a.m. daily. Direct-dial calls placed from the continental U.S. to Honduras are considerably cheaper. In May 2001, Hondutel introduced a \$.50 temporary promotional rate to the U.S. By comparison, a \$.24 connection charge on incoming U.S. calls results in U.S.- Honduras rates of \$0-.45-\$0-.65 per minute. The company plans to lower international rates permanently this year.

On the other hand, MCI and Sprint credit card holders may also use the less costly "USA-Direct" service. Multimedia and data transmission services, such as fax, electronic mail, internet, and cellular telephones, are also available in the country.

Radio reception is satisfactory. U.S.-style music is featured on several stations, but news is exclusively in Spanish. A good short-wave radio is necessary to receive American stations and international broadcasts, including the Voice of America (VOA). The Embassy's Public Affairs Section has schedules and program information.

Twelve local TV stations can be seen in Honduras, all with Spanish-language programming. Some local companies offer cable service with a wide range of stations, including major U.S. networks, CNN and entertainment-oriented stations.

Four daily and one weekly Spanish-language newspapers, along with one weekly English newspaper are published in Tegucigalpa and San Pedro Sula. Major sources of English-language news are the Latin American air express editions of the Miami Herald, the New York Times, the Wall Street Journal, the Washington Post, and USA Today which arrive the day of, or day after, publication. Overseas editions of Time and Newsweek are available at several newsstands or by subscription.

Transportation

[Return to top](#)

Passenger and air - freight services are generally reliable. Three gateway cities (Houston, Miami, and New Orleans) are only 2 ½ hours flying time from Honduras. Direct flights between Honduras and cities in North and Central America are provided by the following international airlines: American Airlines, Continental Airlines, Sol Air, COPA, and TACA Airlines (including LACSA and AVIATECA). Iseña Airlines, which belongs to Grupo TACA, connects Tegucigalpa, San Pedro Sula, and La Ceiba with the north coast and the Bay Islands. Other domestic commercial airlines are Atlantic Airlines and Aerolineas Sosa. Charter service and aircraft rentals (small single- and twin-engine equipment) are available from private flying services operating out of Tegucigalpa, San Pedro Sula, and La Ceiba. Among the airlines having local representation and offering connections to various destinations worldwide are Lufthansa, KLM, Air France, Varig, British Airways, Alitalia, and Japan Airlines (JAL). In addition, Línea Aérea de España (Iberia) provides connecting flights to Europe. Air travelers leaving Honduras are required to pay \$25.00 and \$2.00 departure and airport taxes, respectively.

Passenger ground transportation, including comfortable bus service, is also available to various cities in the country, as well as to some Central American destinations. Although the cabs are often run-down, taxi service is available in the downtown areas of Tegucigalpa and San Pedro Sula and can be hired on an hourly basis. One of the best options for foreign visitors is calling a Radio Taxi (225-5563), a reliable cab service available in the cities of Tegucigalpa and San Pedro Sula. Major hotels and airports in Tegucigalpa and San Pedro Sula offer shuttle service for two to three times the normal rates. Taxis are not metered, so negotiation of the fare before entering is strongly advised. In addition, several car rental companies are also available.

Language

[Return to top](#)

Spanish is the official language of Honduras. A substantial number of Honduran professionals and business executives speak English, and many high government officials and private sector leaders were educated in the United States.

Health

[Return to top](#)

Drinking water must be boiled and filtered. Purified water can be purchased in major cities and smaller towns. Fruits and vegetables must be cleaned carefully and meats cooked well. The main health hazards include AIDS, malaria, dengue fever, dysentery, parasites, hepatitis A and B, typhoid, and rabies. There have been reports of cholera as well, although not in epidemic proportions. A malaria suppressant should be taken if traveling to coastal regions or rural areas for extended stays. Heat and sun exposure are also hazards. Take care to use sunscreen and avoid dehydration. Essential medical care service is available in Tegucigalpa, San Pedro Sula, La Ceiba, and Choluteca. In the countryside, medical care in many cases is very limited and often inaccessible.

Doctors and hospitals often expect immediate cash payment for health services. U.S. medical insurance is not accepted for hospital admission, physician service, or medical testing in Honduras. The Medicare/Medicaid program doesn't provide for payment of medical services outside of the United States. Check with your own insurance company to confirm whether your policy applies overseas, including provision for medical evacuation.

The "Foreign Service Posts: Guide for Business Representatives" is available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel (202) 512-1800; fax (202) 512-2250. Business travelers to Honduras seeking appointments with U.S. Embassy Tegucigalpa officials should contact the Commercial Section in advance by telephone at (504) 238-5114, or by fax (504) 238-2888.

Local Time, Business Hours, and Holidays

[Return to top](#)

Local Time: Honduras does not switch to Daylight Savings Time. Therefore, for six months out of the year, Honduras is 2 hours behind Eastern Standard Time. For the rest of the year, Honduras is only 1 hour behind Eastern Standard Time.

Business Hours: Business hours for commercial and industrial offices is between 08:00 and 18:00, Monday through Friday. Manufacturing plants and construction sites start at 07:00 and close between 16:00 and 17:00. Banks are open to the public at 09:00 and close at 18:00. Auto banking closes at 8 p.m. Some banks have automatic teller, that are open all night.

The following list of Honduran and American holidays will be observed as a day of leave for all Embassy employees during 2005:

Date	Day of the Week	Holiday
January 1	Saturday	New Year's Day
January 17	Monday	Martin Luther King's
February 21	Monday	President's day
March 24	Thursday	Holy Thursday
March 25	Friday	Good Friday
March 26	Saturday	Easter Saturday
April 18	Monday	Day of the Americas
May 30	Monday	Memorial Day
July 4	Monday	Independence Day
September 5	Monday	Labor Day
September 15	Thursday	Central American Independence Day
October 3	Monday	Francisco Morazan's Birthday
October 10	Monday	Columbus Day
October 17	Monday	Discovery of America
October 24	Monday	Honduran Armed Forces Day
November 11	Friday	Veterans Day
November 24	Thursday	Thanksgiving Day
December 25	Sunday	Christmas Day
<i>(Embassy will be closed Monday, December 26)</i>		

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product which is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions. Interested parties may obtain authorization for this program through the Ministry of Industry and Trade. Amendments made to the RIT law in 1997 allow manufacturers to export their products into other Central American countries. These amendments also enable local importers to resell the machinery and equipment no longer needed, by paying an import duty based on its C.I.F. value.

Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law. At present, over 500 companies are incorporated into the RIT program.

Temporary entry requirements for goods such as commercial samples, sales displays and other items for use at exhibits and trade shows are established under Article 73 of the Honduran Customs Law, Decree 212-87. Customs legislation allows duty free admission of such products, as well as for items to be used for scientific and entertainment purposes, for up to 3 months. This temporary entry authorization can also be extended for the same period of time, if necessary. Temporary import requirements also apply under Article 74 of the Honduran Customs Law for a period of up to 6 months, such as in the case of products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works. Temporary entry is granted upon making a deposit equivalent to the import duty applicable to the specific product. The guarantee is refunded at the time of re-exporting the product.

Web Resources

[Return to top](#)

(Insert text here)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

A. Honduran Government Agencies

Presidential Palace

Lic. Ricardo Maduro Joest, President of the Republic of Honduras
Palacio José Cecilio del Valle
Bldv. Juan Pablo II
Tegucigalpa, M.D.C.
Tel. (504) 221-4545
Fax. (504) 221-4552

Central Bank of Honduras

Maria Elena Mondragon de Villar, President
Edif. Banco Central
Apdo. Postal 3165
Tegucigalpa, M.D.C.
Tel: (504) 237-1677, 237-1668
Fax: (504) 237-6261

Ministry of Industries and Trade

Norman García, Minister
Dominique Villeda, Director
Edif. Fenaduana, 4to Piso, Blvd Quawait
Tegucigalpa, M.D.C.
Tel: (504) 235-3699, 235-4089
Fax: (504) 235-3686

Ministry of Finance

Lic. William Chong Wong, Minister
Secretaria de Finanzas
Tegucigalpa, M.D.C.
Tel: (504) 222-8701, 222-1211/78
Fax: (504) 238-2309

Ministry of Foreign Affairs

Abg. Leonidas Rosa Bautista, Minister
Antigua Casa Presidencial, ½ cuadra al norte
de la Corte Suprema de Justicia
Tegucigalpa, M.D.C.
Tel: (504) 234-3297
Fax: (504) 234-1922

Ministry of Public Works, Transportation and Housing

Ing. Jorge Carranza, Minister
Bo. La Bolsa, Comayaguela, M.D.C.
Tel: (504) 225-3614/0691
Fax: (504) 225-5003

Ministry of Agriculture and Livestock

Ing. Mariano Jiménez Talavera, Minister
Col. Loma Linda Norte
Blvd. Centro America
Tegucigalpa, M.D.C.
Tel: (504) 239-8394, 231-1921
Fax: (504) 232-5375

Ministry of Natural Resources and Environment

Ing. Patricia Panting Galo, Minister
Frente al Birichiche,
100 metros al Sur del Estadio Nacional
Tegucigalpa, Honduras
Tel: (504) 235-7833
Fax: (504) 232-6250

Ministry of Labor and Social Security

Abg. German Leitzelar, Minister
Colonia Puerta del Sol, Intersección Boulevard La Hacienda y Villa Olímpica
Tegucigalpa, Honduras
Tel: (504) 235-3455
Fax: (504) 235-3455

Ministry of Tourism

Lic. Thierry Pierrefeu Midence, Minister
Col. San Carlos, 5 Piso, Edif. Europa
Tegucigalpa, Honduras
Tel (504) 222-4002
Fax (504) 222-6642

Ministry of Health

Lic. Elias Lizardo, Minister
3 Calle, 4 Ave, Contiguo Correo al Nacional
Tegucigalpa, Honduras
Tel. (504) 222-8518, 222-5771 Ext. 1055
Fax: (504) 222-5226

Technical Ministry of International Cooperation

Lic. Brenie Liliana Matute Alas, Minister
Blvd. San Juan Bosco dos cuadras despues del Centro
Financiero Banexpo
Apdo. Postal 1327
Tegucigalpa, Honduras
Tel. (504) 239-5269
Fax. (504) 239-5277

Empresa Hondureña de Telecomunicaciones (HONDUTEL)

Ing. Alonso Victor Valenzuela Soto, General Manager
Final Blvd. Morazan, atrás de Bigos, Edif. Los Almendros
P.O. Box 1794
Tegucigalpa, M.D.C.
Tel. (504) 237-9802, 238-3131
Fax. (504) 238-5614

Servicio Autónomo Nacional de Acueductos y Alcantarillados (SANAA)

Ing. Lino Ramón Murillo, General Manager
1 Ave., 13 Calle, Comayagua
P.O. Box 437
Tegucigalpa, M.D.C.
Tel. (504) 237-8551
Fax. (504) 237-8552

Empresa Nacional de Energía Eléctrica (ENEE)

Ing. Angelo Bottazzi, General Manager
Calle Real, Edif. Banco Atlántida, 4 Piso
Comayagua, M.D.C.
Tel: (504) 237-8466, 238-0809
Fax: (504) 237-8473

Honduran Council for Science and Technology (COHCIT)

Ing. Vicente Williams, Minister
P.O. Box 4458
Tegucigalpa, M.D.C.
Tel. (504) 239-2217 / 239-2497
Fax: (504) 239-2220

Presidential Program for Investment

Roger Marin Neda, Executive Director
Edif. Banco del Pais, 6 Piso, Blvd. Suyapa
Tegucigalpa, M.D.C.
Tel. (504) 239-7903, 239-8613
Fax: (504) 235-7752
E-mail: roger_marin@hondurasri.com, Romar2711@yahoo.com

Municipality of Tegucigalpa

Lic. Miguel Rodrigo Pastor, Mayor
Frente al Parque Central
Tegucigalpa, M.D.C.
Tel. (504) 238-3319, 238-3351
Fax: (504) 222-0242
E-mail: alcalde@amdc.hn

Municipality of San Pedro Sula

Oscar Kilgore, Mayor
P.O. Box 663
San Pedro Sula, Honduras

Tel. (504) 557-3556, 558-1995
Fax: (504) 557-2844
E-mail: Alcaldia@Netsys.hn

Honduran Fund for Social Investment (FHIS)

Lic. Leoncio Yu Way, Minister and Executive Director
Edificio IPM
Apartado Postal 3581
Tegucigalpa, M.D.C.
Tel: (504) 233-1730, 234-5231-37
Fax: (504) 234-5255
Email: lyuway@fhis.hn

B. Country Trade Associations /Chambers of Commerce

Honduran American Chamber of Commerce (AMCHAM)

Roberto Alvarez, President
Lic. Patricia Lopez, Executive Director
P.O. Box # 1838
Tegucigalpa M.D.C.
Tel: (504) 235-9959, 231-1379, 232-6035
Fax: (504) 232-2031
E-mail: amchamtegucigalpa@hotmail.com

Foundation for Investment and Development of Exports (FIDE)

Lic. Vilma Sierra Executive President
Antonio Young, Vice President
P.O. Box # 2029
Tegucigalpa M.D.C.
Tel: (504) 235-3471, 235-3472
Fax: (504) 235-7484
E-mail: fide@hondutel.hn
[Http://www.hondurasinfo.hn](http://www.hondurasinfo.hn)

Federation of Agricultural Producers and Exporters (FPX)

Sergio Raudales, President
Medardo Galindo, General Manager
P.O. Box # 236
San Pedro Sula, Cortés
Tel: (504) 566-3794, 566-0795
Fax: (504) 566-3852
E-mail: fpx.honduras@spxhn.com

Honduran Council for Private Enterprise (COHEP)

Lic. José María Agurcia, President
Benjamin Bogran, Executive Director
P.O. Box 3240
Tegucigalpa M.D.C.
Tel: (504) 235-3336
Fax: (504) 235-3345/44
E-mail: cohep@consejo.com

National Honduran Association of Exporters (ANEXHON)

Lic. Roberto Panayotti, President
Local de la C.C.I.C.
San Pedro Sula, Cortes
Tel: (504) 553-3626
Fax: (504) 553-3777

Construction Industry Association (CHICO)

Ing. Elvin Ernesto Santos, President
Mario Sandoval, General Manager
P.O. Box # 905
Tegucigalpa M.D.C.
Tel: (504) 232-0183, 232-1756
Fax: (504) 239-0973
E-mail: chico@david.intertel.hn

International Chamber of Commerce (INTERCHAM)

Hector Diaz, President
Ave Circunvalación, 17 Ave., 9-10 Calle, S.O. Edificio CCIC
P.O. Box # 4548
San Pedro Sula, Cortés
Tel: (504) 557-4994
Fax: (504) 557-4994
E-mail: intcham@simon.intertel.hn

Honduran Federation of Chambers of Commerce (FEDECAMARA)

Lic. Jose Nolasco, President
Ing. Manuel Moya, Executive Director
P.O. Box # 3393
Tegucigalpa M.D.C.
Tel: (504) 232-6083
Telefax: (504) 232-1870

Chamber of Commerce and Industry of Tegucigalpa (C.C.I.T.)

Lic. Amilcar Bulnes, President
Lic. Maria Margarita Quiñonez General Manager
P.O. Box # 3444
Tegucigalpa M.D.C.
Tel: (504) 232-4200,
Fax: (504) 232-0159
E-mail: ccit@hondutel.hn

Chamber of Commerce and Industry of Cortes (C.C.I.C.)

Ing. Oscar Caceres, President
Thomas Vaquero, Executive Director
P.O. Box # 14
San Pedro Sula, Cortés
Tel: (504) 553-0761, 553-2490
Fax: (504) 553-3777
E-mail: ccic@ccichonduras.org

National Industry Association (ANDI)

Ing. Adolfo Facussé, President
Guermo Matamoros, Executive Director
Tel: (504) 232-2221, 239-1239
Fax: (504) 221-5199
P.O. Box # 3447
Tegucigalpa M.D.C.
E-mail: andi@andi.hn

Honduran Apparel Manufacturers Association

Jesus Canahuati, President
Henry Fransen, Executive Director
P.O. Box # 2658
San Pedro Sula, Cortés
Tel: (504) 556-5526
Fax: (504) 556-5525
E-mail: director@ahm-honduras.com; www.ahm-honduras.com

Honduran Association of Banking Institutions (AHIBA)

Maria Lidia Solano, President
P.O. Box #1344
Tegucigalpa, M.D.C.
Tel: (504) 235-6770
Fax: (504) 239-0191
E-mail: ahiba@ahiba.hn

Honduran Mining Association (ANAMINH)

Miriam Bueso, President
Edif. Plaza Millennium 2ndo Nivel Cubi B Guel 3
Comaguela, Honduras
Tel: (504) 225-3733
Fax: (504) 225-3733
Email: anaminh@yahoo.com

Honduran Association of Importers and Distributors of Land and Cattle Products (ADIVEPAH)

Ing. Mario Valladares, President
P.O. Box # 3642
Tegucigalpa, M.D.C.
Tel: (504) 239-1382
Fax: (504) 239-1382, 221-4201
E-mail: adivepah@itsnetworks.net

Association of Meat Importers (AIMCA)

Asociacion de Importadores de Carnicos
Roberto Prego, President
Barrio Buenos Aires, 1era y 2nda Ave. 10 Calle, NO, casa No. 109
San Pedro Sula, Cortes
Tel: (504) 551-2468
Fax: (504) 551-2468

E-mail: r.prego@edured.net

Honduran Association of Importers and Distributors of Vehicles (AHDIVA)

Federico Quiros, President
Centro Commercial Lomas Blvd. Local 37
Tegucigalpa, Honduras
Tel: (504) 239-9088 / 221-0559
Fax: (504) 221-0559
E-mail: ahdiva@multivisionhn.net

Honduran Association of Importers and Distributors of Petroleum Products (AHDIPPE)

Harry Panting, President
P.O. Box #1392
Tegucigalpa, M.D.C.
Tel: (504) 234-2343
Fax: (504) 234-2345

Honduran Association of Shipping Companies and Representatives (AHCORENA)

Holger Peters, President
Edif. Plaza Local 19A
1-2 Calle, 1-2 Ave, N.E.
San Pedro Sula, Cortés
Tel: (504) 552-4412
Fax: (504) 552-4412
E-mail: ahcorena@sigmanet.hn

National Aquaculture Association (ANDAH)

Ing. Alberto Zelaya Girón, General Manager
P.O. Box # 229
Choluteca, Choluteca
Tel: (504) 882-0986, 224-0577
Fax: (504) 882-3848

Honduran Chamber of Insurance Companies (CAHDA)

Lic. José Luis Moncada, President
P.O. Box # 3290
Tegucigalpa, M.D.C.
Tel: (504) 221-5354
Fax: (504) 221-5356

Honduran Chamber of Tourism (CAMTURH)

Raul Welches, President
Lourds Benedett, Director
Col Los Girasoles, Hotel Escuela Madrid 4to Piso
P.O. Box # 5804
Tegucigalpa, M.D.C.
Tel: (504) 236-8836
Fax: (504) 236-9702
E-mail: canaturh@123.hn

National Federation of Agricultural Producers (FENAGH)

Jacobo Regalado W., Presidente
P.O. Box # 3209
Tegucigalpa, M.D.C.
Tel: (504) 239-1303
Fax: (504) 231-1392
E-mail: fenagh@sigmanet.hn

Honduran Entrepreneurship Association (GEMAH)

Lic. Juan Roman Ponce
P.O. Box # 1170
San Pedro Sula, Cortés
Tel: (504) 239-2217 / 239-2497
Fax: (504) 239-2220

National Hotel Association (AHAH)

Anastassios Anastassiou, President
Col. Los Girasoles, Escuela Hotel Madrid
P.O. Box # 3574
Tegucigalpa, M.D.C.
Tel: (504) 221-5805
Fax: (504) 221-4789

C. Country Market Research Firms

KMPG Peat, Marwick y Asociados

Armando Barnica, General Manager
P.O. Box # 3398
Tegucigalpa M.D.C.
Tel: (504) 232-5907; Fax: (504) 232-5925
E-mail: kpmgtgu@david.intertel.hn

Morales Group

(Representative of Arthur Andersen)
Roberto Morales Executive
P.O. Box 2232
San Pedro Sula, Cortés, Honduras
Tel: (504) 553-1176; Fax: (504) 557-6722; 553-3723

Mercaplan

Jorge Martin Frech, General Manager
Col. Moderna 20 y 21 Ave Blvd Los Proceres
San Pedro Sula, Cortés
Tel: (504) 550-1992, 550-1092 Fax: (504) 550-1996
<http://www.mercaplan.hn>
E-mail: jorge@mercaplan.hn

C.I.D.

Consultoría Interdisciplinaria en Desarrollo, S.A.
(Gallup de Centroamérica)
Xiomara Muñoz Deras, General Manager
P.O. Box # 3390
Tegucigalpa M.D.C.
Tel: (504) 232-0637, 239-0993; Fax: (504) 239-0899
E-mail: cidhon@cidgallup.com

Martinez Calvo

Ricardo Martinez, General Manager
Hotel Clarion, Edificio Corporativo
Tegucigalpa M.D.C.
Tel: (504) 232-3951, Fax: (504) 232-5005
E-mail: martinezcalvo@hondutel.hn

D. U.S. Embassy Economic Personnel

Economic Section

Patrick Dunn
Economic & Commercial Counselor
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320, ext. 4178
Fax: (504) 236-6836

Holly Kirking
Economic Officer
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320, Ext. 4634
Fax: (504) 236-6836
Email: UrdanetaNM@state.gov

Thomas Hastings
Economic Officer
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320, Ext. 4060
Fax: (504) 236-6836
Email: HastingsTR@state.gov

Carlos Diaz
Legal Advisor
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.

Tel: (504) 236-9320, ext. 4311
Fax: (504) 236-6836
Email: diazcd@state.gov

Lila Roman
Economic Specialist
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320, ext. 4675
Fax: (504) 236-6836
Email: romanll@state.gov

U.S. & Foreign Commercial Service

Mitch Larsen
Senior Commercial Counselor
U.S. Embassy
Ave. La Reforma 7-01, Zona 10
Guatemala City, Guatemala
Tel: (502) 2326-4000. ext. 4261
Fax: (502) 2331-7373
Email: mitch.Larsen@mail.doc.gov

Rossana Lobo
Senior Commercial Specialist
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320, ext. 4842
Fax: (504) 238-2888
Email: rossana.lobo@mail.doc.gov

Roy Alonzo
Commercial Assistant
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320, ext. 4092
Fax: (504) 238-2888
Email: roy.alonzo@mail.doc.gov

Foreign Agricultural Service

Steven A. Huete
Agricultural Counselor
U.S. Embassy
Ave. La Reforma 7-01, zona 10
Guatemala City, Guatemala
Tel: (502) 331-1541, ext. 4301
Fax: (502) 331-8293

4/8/2005

Email: steve.huete@usda.gov

Ana Gomez
Agricultural Specialist
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D. C.
Tel: (504) 236-9320. ext. 4354
Fax: (504) 236-8342
Email: Ana.Gomez@usda.gov

Tania Koritza David
Administrative Assistant
U.S. Embassy
Avenida La Paz
Tegucigalpa, M.D.C.
Tel: (504) 236-9320 ext. 4354
Fax: (504) 236-8342
Email: Tania.David@usda.gov

NOTE: The U.S. and Foreign Commercial office can provide you with better assistance if an appointment is scheduled prior to departure from the U.S.

E. Washington - Based U.S. Government, Country Contacts

U.S. Department of State

Desk Officer for Honduras – Thomas Kelly
Room 4915
2201 C Street, N.W.
Washington, DC 20520
Tel: (202) 647-0087
Fax: (202) 647-0377
Email: langsa@state.gov

U.S. Department of Commerce

Office of Latin America and the Caribbean
Mark Siegelman
Desk Officer
14th St. and Constitution Ave., N.W.
Washington, D.C. 20230
Tel: (202) 482-0704
Fax: (202) 482-0464
Email: mark_siegelman@ita.doc.gov

Office of the U.S. Trade Representative

Andrea Gash-Durkin
Director for Central America and the Caribbean
600 17th Street, NW
Washington, DC 20508
Tel: (202) 395-5190
Fax: (202) 395-9675
Email: cwilson@ustr.gov

4/8/2005

Overseas Private Investment Corporation (OPIC)

Pamela Bracey
Senior Investment Officer
1100 New York Avenue, NW
Washington, DC 20527
Tel: (202) 336-8584
Fax: (202) 408-5142
Email: pbrac@opic.gov

U.S. Trade Development Agency

Kenny Miller
Country Manager for Honduras
1000 Wilson Blvd.
Suit 1600, N. Kent St.
Arlington, VA 22209
Tel: (703) 875-4357
Fax: (703) 875-4009
Email: kmiller@tda.gov

Export-Import Bank of the United States

811 Vermont Avenue, NW
Washington, DC 20571
Tel: (202) 565-3946
Fax: (202) 565-3380
Website: www.exim.gov

Katherine Janik
Loan Officer for Central America (Medium Term loans)
Email: katherine.janik@exim.gov
Tel. (202) 565-3946 x3457

David Carter
Risk Manager (for insurance terms of less than one year)
Tel. (202) 565-3946 x3667
Fax (202) 565-3678
Email: david.carter@exim.gov

U.S. Agency for International Development

Aler Grubbs
Desk Officer for Honduras
1300 Pennsylvania Ave., NW
Washington, DC 20523-5800
Tel: (202) 712-0319
Fax: (202) 216-3402
Email: agrubbs@usaid.gov

U.S. Department of Agriculture

Charles Marston
Central American Desk Officer
International Trade Policy

Foreign Agricultural Service
1400 Independence Ave. SW
Washington D.C. 20250
Tel: (202) 720-4376
Fax: (202) 690-1093
Email: marstonc@fas.usda.gov
www.fas.usda.gov

U.S. Department of Commerce Liaison to the Inter-American Development Bank

Gene Harris
Ms. Barbara White, Commercial Liaison
Commercial Liaison to the IDB
Office of the Executive Director
1300 New York Ave., NW
Mail Stop E209
Washington, DC 20577
Tel: (202) 623-3821/3822; Fax: (202) 623-2039
E-mail: Barbara.White@mail.doc.gov

U.S. Department of Commerce Liaison to the World Bank

Bill Craford
Commercial Liason
1818 H Street, NW
Room MC-13-525
Washington, DC 20433
Tel: (202) 458-0118
Fax: (202) 477-2967
Email: ehenderson@worldbank.org

F. Other U.S.-Based Offices

Embassy of Honduras

Emb. Mario Canahuati
3007 Tilden Street, NW
Washington, DC 20008
Tel: (202) 966-7702
Fax: (202) 966-9751
Email: embhondu@aol.com

Foundation for Investment and Development of Exports (FIDE)

Miami Office
2100 Ponce de Leon Blvd.
Suite 1175
Coral Gables, FL 33134
Tel: (305) 441-7700
Fax: (305) 444-1010
Email: dghonduras@aol.com

Honduras Institute of Tourism

299 Alhambra Circle Suite 226
Coral Gables, FL 33134
P.O.Box 140458
Coral Gables, FL 33114-0458
Toll Free:1-800-410-9608
Tel (305) 461-0600
Fax (305) 461-0602
Email: hondurastourism@aol.com

OAS Permanent Mission

5100 Wisconsin Ave.
NW Suite 403
Washington, DC 20016
Tel. (202) 362-9656
Fax. (202) 537-7170
Email: Honduras.oes@verison.net

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

In Honduras:

www.buyusa.gov/honduras

Please also see Chapter 3, section on "Trade Promotion and Advertising."

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

www.buyusa.gov/honduras/en

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.