



## **Doing Business in HONDURAS:**

### **2013 Country Commercial Guide for U.S. Companies**

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# Chapter 1: Doing Business in HONDURAS

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## Market Overview

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- **Bilateral Trade:** The United States is Honduras' largest trade and economic partner. U.S. exports to Honduras were \$5.7 billion in 2012 and are on pace to double by 2014 as targeted in the National Export Initiative. The entry into force of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) in 2006 boosted U.S. export opportunities and diversified the composition of bilateral trade. CAFTA-DR also put in place important disciplines related to investment, customs administration and trade facilitation, technical barriers to trade, government procurement, intellectual property rights, transparency, and labor and environmental protection. About 80 percent of U.S. goods now enter the region duty-free, with tariffs on the remaining 20 percent to be phased out by 2016.
- **Key Economic Indicators:** Honduras, with an estimated per capita GDP of \$2,192 in 2012, is one of the poorest countries in the Western Hemisphere. Over 66 percent of the population lives in poverty. Moderate economic growth returned in 2010-2012 after a sharp decline in 2009 that had occurred due to the effects of the global economic downturn and Honduras' domestic political crisis. GDP increased by 3.3 percent in 2012 and the rate of inflation was 5.7 percent. The Honduran currency, the lempira, has floated since 2011; it depreciated by 4.8 percent against the U.S. dollar in 2012. Foreign direct investment and domestic investment declined in 2009 but has recovered. The stock of U.S. foreign direct investment in Honduras was \$930 million in 2011, concentrated in the manufacturing sector. More than 150 American companies are currently operating in Honduras.
- **Political Climate:** Honduras is scheduled to hold national elections in November 2013. The current President, Porfirio Lobo, is limited to one four-year term and cannot run for reelection. Voters will select a new president and all 128 members (diputados) of a unicameral Congress, which will take office in January 2014.

## Market Challenges

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- **Lengthy Due Process and Inefficient Institutions** – While open to foreign investment, with limited restrictions and performance requirements, some U.S. investors have experienced long waiting periods for environmental permits and other regulatory and legislative approvals. Honduras' business climate is

hampered by a weak judicial system, low education levels and poor transportation and other infrastructure. The World Bank ranked Honduras 125<sup>th</sup> of 185 countries in its 2013 Doing Business report.

- **Corruption** – U.S. firms and citizens have found corruption to be a constraint to successful commercial activities in Honduras. Honduras' judicial system is perceived to be subject to outside influence, and the resolution of investment and business disputes involving foreigners is largely nontransparent. In its 2012 Corruptions Perceptions Index, Transparency International ranked Honduras 133 out of 176 countries (with #1 indicating the least corrupt).
- **Security** – Personal security is a major concern in Honduras. The murder rate is the highest in the world, though Americans have not been targeted because of their nationality. Theft, pick pocketing, and armed robberies occur frequently in urban areas.

### Market Opportunities

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- **Location** – Honduras is located in the center of Latin America. It is only a 2-hour flight from several U.S. gateway cities, and 48 to 72 hours away by sea. Honduras also serves as a distribution platform for the rest of Central America due to some of the lowest logistical costs in the region. Puerto Cortés, the largest deep-water port in the region, is the first port in Latin America to qualify under both the Megaports and Container Security Initiatives (CSI).
- **Primary Export Sectors** -- Leading U.S. exports to Honduras in 2012 included petroleum products, textiles and fabrics, cotton yarn, electrical equipment, chemicals, manmade staple fibers, computer and electronic products, machinery, food products and cereals (corn, wheat, rice). CAFTA-DR's rules of origin promote the use of U.S. fiber, yarn, and fabric.
- **Best Prospect Sectors:** The most promising growth sectors for U.S. business are automotive parts; electrical power systems/renewable energy equipment; food processing and packaging equipment; processed foods; franchising; safety and security equipment; and travel and tourism services.

### Market Entry Strategy

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- **Two Regions** – For marketing purposes, Honduras can be divided into two regions: the Northern Coast, including the country's commercial and industrial capital city of San Pedro Sula; and the Central region, where the political capital and largest city of Tegucigalpa, is located. Both are major distribution centers for imported goods. A single distributor or representative is usually sufficient to cover all of Honduras.
- **Starting a Business** – According to the 2013 World Bank Doing Business Index, the time required for establishing an enterprise in Honduras is an average of 14 days, significantly less than the average of 53 days in the Latin America and Caribbean. 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. Prior to entering into a commercial relationship, U.S. companies should visit potential partners or agents in Honduras.

- **Price and Credit** - 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 are sufficiently advantageous. The local banking system is traditionally conservative and generally extends only limited amounts of credit, though looser monetary policies and increased competition from regional and international banks have led to some expansions of consumer credit. U.S. exporters that offer attractive financing terms on sales to Honduran traders have the best chance of gaining market share.

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## COUNTRY FACT SHEET: HONDURAS

### PROFILE

Population in 2011 (Millions): 8  
 Capital: Tegucigalpa  
 Government: Republic

### ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	14.1	15.3	17.4
Nominal GDP Per Capita (Current \$US)	1,833	1,950	2,162
Real GDP Growth Rate (% change)	-2.1	2.8	3.6
Real GDP Growth Rate Per Capita (% change)	-4.1	0.67	1.5
Consumer Prices (% change)	5.5	4.7	6.8
Unemployment (% of labor force)	4.4	4.6	4.4
Economic Mix in 2011: 26.4% All Industries; 18.2% Manufactures; 61.2% Services; 12.4% Agriculture			

### FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Honduras Exports to World	2,628	0	0
Honduras Imports from World	5,954	0	0
U.S. Exports to Honduras	3,368	4,606	6,144
U.S. Imports from Honduras	3,319	3,932	4,501
U.S. Trade Balance with Honduras	48.3	674	1,643
<b>Position in U.S. Trade:</b>			
Rank of Honduras in U.S. Exports	44	42	40
Rank of Honduras in U.S. Imports	51	48	50
Honduras Share (%) of U.S. Exports	0.32	0.36	0.42
Honduras Share (%) of U.S. Imports	0.21	0.21	0.20

#### Principal U.S. Exports to Honduras in 2011:

1. Textiles & Fabrics (26.7%)
2. Petroleum & Coal Products (21.5%)
3. Special Classification Provisions, Nesoi (6.9%)
4. Chemicals (5.3%)
5. Food & Kindred Products (5.1%)

#### Principal U.S. Imports from Honduras in 2011:

1. Apparel & Accessories (59.9%)
2. Transportation Equipment (11.1%)
3. Agricultural Products (10.5%)
4. Fish, Fresh/Chilled/Frozen & Other Marine Products (4.1%)
5. Waste And Scrap (3%)

### FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Honduras (US \$Millions)	865	999	930
FDI in U.S. by Honduras (US \$Millions)		7.0	

### DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 125 of 185  
 Heritage/WSJ 2012 Index of Freedom Rank: 92 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Honduras Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

## **Chapter 2: Political and Economic Environment**

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

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

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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The civil and commercial code, Decree Law No. 549, Official Register (La Gaceta) No. 22366, of December 7, 1977, governs the principal-agent relationship in Honduras. This law, entitled "Law on Agents, Distributors and Representatives of Domestic and Foreign Companies," includes a provision for penalties for wrongful termination that discourages exclusive distribution agreements. For new-to-market or new-to-export companies, authorized distributorship arrangements or renewable periods of representation are recommended over exclusivity contracts, unless the relationship has proven to be stable and profitable for both parties.

For contractual relations entered into after the date of entry into force of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which came into force in 2006, the following special regime obligations apply:

- Honduras may not require that a representative, agent, or distributor be a national of Honduras or an enterprise controlled by Honduras nationals;
- Honduras may not require a goods or service supplier of another Party to supply such goods or services in Honduras by means of a representative, agent, or distributor, except as otherwise provided by law for reasons of health, safety, or consumer protection;
- Honduras shall provide that: the fact that a contract of representation, distribution, or agency has reached its termination date shall be considered just cause for goods or service supplier of another Party to terminate the contract or allow the contract to expire without renewal; and any damages or indemnity for terminating a contract of representation, distribution, or agency, or allowing it to

expire without renewal, without just cause shall be based on the general law of contracts;

- Honduras shall provide that: if the amount and form of any indemnification payment is not established in a contract of representation, distribution, or agency and a party wishes to terminate the contract: the parties may agree to resolve any dispute regarding such payment in the Center for Conciliation and Arbitration of Honduras, or if the parties agree otherwise, to another arbitration center; and in such proceeding general principles of contract law will be applied; in any decision awarding an indemnity calculated under Article 14 of Decree Law No. 549, the amount shall be calculated as of the date of entry into force of the CAFTA-DR Agreement, expressed in terms of Honduran Lempiras as of that date, and converted into U.S. dollars at the exchange rate in effect on the date of the decision. Decree Law No. 549 applies to a contract only if the representative, distributor, or agent has registered with the Ministry of Industry & Trade (SIC).

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. Prior to entering into a commercial relationship, U.S. companies should visit potential partners or agents in Honduras.

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 key issues such as contract arrangements, taxation, residence permits, and advice on protection of intellectual property. The Embassy Commercial, Economic, and Consular Sections can provide a list of attorneys (see web resources section). A written agreement often avoids later disputes and misunderstandings between the U.S. firm and the local partner. Both of the country's largest chambers of commerce, the Chamber of Commerce and Industry of Tegucigalpa (CCIT) and the Chamber of Commerce and Industry of Cortés (CCIC), have established International Arbitration Centers for alternative dispute resolution.

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 Environment and Natural Resources.

In compliance with the CAFTA-DR agreement, U.S. firms are no longer required to participate in public tenders through a local authorized agent or 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 time frame 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.

Selection of the appropriate agent or distributor in Honduras requires time and effort. 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 U.S. Embassy Tegucigalpa can help 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](http://www.export.gov) or call 1-800-USA-TRADE.

## **Establishing an Office**

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Efforts are underway in Honduras to further streamline registration requirements for establishing an office. An important step in this regard has been enactment of a law on simplification of administrative procedures in setting up a company (Article 308 of the Commercial Code, Decree No. 255-2002), as well as the establishment for a ‘Single Window’ for Investors’ (Investment Protection & Promotion Law 2011). Significant improvements have been made in eliminating a series of long and costly administrative obstacles. Through efforts which have been led by the Foundation for Investment and Exports (through the former National Competitiveness Program), in collaboration with the Chamber of Commerce of Tegucigalpa (CCIT) and, most recently, by the Ministry of the Presidency, the steps for launching a business in Honduras have been reduced from 62 days in 2005 to an average of 14 days in 2012.

In recent years, Honduras has reformed and improved its position of “ease of doing business,” particularly in the following major areas: starting a business, dealing with licenses, getting credit, trading across borders, compliance with tax payments, and registering property. One area which still needs further improvements is the efficiency of contract enforcement in Honduras (which is measured by the time, cost, and number of procedures involved in the resolution of trade disputes). In the World Bank’s Doing Business Report 2013, Honduras’ global rating position improved by 4 positions, moving from 129 to 125 (among 185 countries): <http://doingbusiness.org/data/exploreconomies/honduras>

As part of an initiative supported by the United Nations Conference on Trade and Development (UNCTAD), Honduras is developing a web-based eGovernment System to assist towards business facilitation through transparency, simplification and automation of rules and procedures relating to enterprise creation and operation. The new portal

(under construction as of July 2013), will provide important information on relevant procedures to establish and operate a business in Honduras: <http://honduras.eregulations.org>

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 (LLC), corporation and Joint Stock Company. The most common and economically significant legal entities are corporations (*sociedad anónima, or SA*) and Limited Liability Companies (*sociedad de responsabilidad limitada, or SRL*). Starting capital for a limited liability company should be no less than 5,000 lempiras (approximately \$246) and include at least two partners at all times. Required starting capital for a stock company or corporation is 25,000 lempiras (approximately \$1,231) and include at least five partners at all times.

An Environmental Impact Assessment, obtained through the Honduran Ministry of Natural Resources and the Environment (SERNA), is an important requirement for any project, industrial facility, or other public or private activity that could generate potential harm to the environment, natural resources, or national cultural and historical sites. Additional information for doing business in Honduras, as it pertains to the specific requirements for different sectors of investment, is available through the Ministry of Industry and Trade (SIC) at <http://www.sic.gob.hn>.

The following information prepared by the World Bank summarizes the steps involved in setting up a business in Honduras (based on a Limited Liability Company). Thanks to an innovative partnership with the Government of Honduras, some of these 13 steps can be handled by the Chamber of Commerce of Tegucigalpa, slightly reducing the time and effort required to establish a business:

1. Procure a certificate of deposit at a local bank; pay the registry fee. Time to complete: 1 day; Cost to complete: no charge.
2. Establish the company before a Notary Public, who will draw up the instrument of organization. Time to complete: 2 days; Cost to complete: notary fees of 5 percent for up to Lps.25,000 and 3 percent over Lps.25,000 of starting capital.

*Comment: The process is known as Simultaneous Organization ("Fundación Simultánea"). The company may be established as: a) Simultaneous Organization or b) Public Subscription. The constitution instrument should be written in a special paper called stamped paper ("Papel Sellado"). The sealed paper has a value of Lps. 5. It is used by the Notary Public for its protocol, which entails the collection of original signed documents in notary custody, as well as the "Testimonio," or the copy that will be filed with the civil judge for Commercial Registry.*

3. Request an authorization to conduct commercial activities in Honduras from the Ministry of Industry and Trade (SIC). Publish the registration notice in "La Gaceta", the official legal journal, or a widely circulated daily newspaper. Time to complete: 1 day; Cost to complete: \$35 for advertising in "La Gaceta;" \$15 for a local newspaper.

4. Purchase the contract and bar stamps from commercial banks. Time to complete: 1 day; Cost to complete: provided below.

*Comment: Registry Stamps and Contract Stamps are printed in the same paper and design. They can be bought at the Honduran Central Bank (Banco Central de Honduras) or through the national banking system. Bar Stamps (Timbres del Colegio de Abogados) have their own unique design and values and can be procured through either Banco Atlántida S.A. or Banco de Occidente.*

5. File the articles of incorporation with the Mercantile Registry. There are 24 public registry centers throughout the country. For the capital city and San Pedro Sula, this step is conducted at the Chamber of Commerce of Tegucigalpa (CCIT) and the Chamber of Commerce of Cortés (CCIC), respectively. For the rest of the country, it is conducted at the registry centers of the Property Office. Time to complete: 2 days. Cost to complete: Lps.1.50 for each Lps.1,000 of corporation capital (Derechos de registro/registration fees) plus Lps.30 for the first Lps.300,000 of capital and Lps.10 for each Lps.100,000 after Lps.300,000 thereafter (Bar stamps/Timbres del Colegio de Abogados).
6. Apply for a 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 a RTN. In order to obtain the RTN, the Notary who authorizes the incorporation deed must send a note to the administrative authority informing them of said incorporation.*

7. Acquire legal accounting and “minutes” books. Time to complete: 1 day; Cost to complete: approximately \$180

*Comment: The minute books can now be authorized as separate bound sheets.*

8. Register with local and national Chambers of Commerce. Time to complete: 1 day; Cost to complete: nominal
9. Apply for an operational permit (Permiso de Operación) from municipal authorities. This step can now be conducted directly by the company, without the services of an attorney. Time to complete: 1 day (prior to February 2007, it took 35 days); Approximate cost: Lps. 1,250 + Lps. 1,000 for professional fee.

*Comment: To obtain the operational permit, it is necessary to fulfill 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 company's articles of incorporation (Escritura de constitución de la compañía)
- d) Copy of the cadastral code (Clave cadastral) corresponding to the place in which the corporation will operate its business;
- e) Zoning record;

- f) Environmental impact assessment;
  - g) Tenancy agreement and income tax solvency record of the owner of the place in where the corporation will operate;
  - h) Cadastral inspection in the place in which the corporation will operate its business;
  - i) Payment of the following taxes (approximate total cost of Lps. 1,250): nomenclature taxes; zoning tax; inspection tax; code tax; environmental tax; annual fire department and garbage department taxes.
10. Register for sales tax and acquire authorization of the company books. Time to complete: 2 days, simultaneous with step 9. Cost to complete: nominal

*Comment: According to the Tax Code (Código Tributario), corporations are required to file their constitution instrument and operation permits with the Minister of Finance, in order to pay sales taxes imposed on the sale of goods or services.*

11. \*Register with the Social Security Institute (Instituto Hondureño de Seguridad Social, IHSS). Time to complete: 3 days (simultaneous with step 9); Cost to complete: No charge

*Comment: IHSS is the national social security hospital and patient care institution for company workers and their dependants. Corporations are required to contribute 5 percent of each employee's salary for illness and maternity (Enfermedad y Maternidad, EM), plus 2 percent for disability, old age and death (Invalidez, vejez y muerte, IVM).*

12. \*Register with the National Vocational Training Institute (Instituto Nacional de Formación Profesional (INFOP) Time to complete: 1 day (simultaneous with step 9); Cost to complete: No charge.

*Comment: Employers are required to contribute 1 percent of the company's total payroll to INFOP.*

13. \*Register with the Social Housing Fund (Régimen de Aportación, (RAP) al Fondo Social de la Vivienda (FOSOV). Time to complete: 1 day (simultaneous with step 9); Cost to complete: No charge.

*Comment: If a corporation has more than 10 employees, it is required to contribute 1.5 percent of each employee's salary.*

Note: Steps marked with an asterisk (\*) may be completed simultaneously.

#### **Additional Sources of Information:**

World Bank/Doing Business  
<http://www.doingbusiness.org>

United Nations Conference on Trade and Development  
<http://www.eregulations.org>

Establishing a Business Portal (Under Construction)

<http://honduras.eregulations.org>

Online Business Registrations

<http://honduras.eregistrations.org>

FIDE-Investment & Exports

<http://www.hondurasinfo.hn>

Ministry of Industry and Trade (SIC)

<http://www.sic.gob.hn>

Property Office (Mercantile Registry)

<http://www.ip.hn>

Chamber of Commerce and Industry of Tegucigalpa

<http://www.ccit.hn>

Chamber of Commerce and Industry of Cortés

<http://www.ccichonduras.org>

## **Franchising**

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The number of U.S. franchises operating in Honduras has grown rapidly. Over 70 foreign firms now operate in Honduras under franchising agreements. The majority are fast-food and casual restaurants, such as Denny's, Chili's, T.G.I. Friday's, Johnny Rockets, Applebee's, Tony Roma's, Ruby Tuesday, Pizza Hut, Burger King, McDonald's, Wendy's, Subway, Church's Chicken, Sbarro, Chester's, Cinnabon, Auntie Anne's Pretzels, Popeye's, Domino's Pizza, Quiznos, Dunkin Donuts/Baskin-Robbins, Little Caesar's and Kentucky Fried Chicken (KFC). Among other foreign businesses operating under franchise agreements are automotive aftermarket services, clothing, movies and entertainment, children's services, cleaning and pest control, health and fitness, electronics, cosmetics and toiletries, business services, convenience stores, dry-cleaning, specialized tutoring, car rental, mailing, and fast-printing. In addition, several major hotel chains have entered the market through either the construction of new facilities or acquisition of existing properties. These include Inter-Continental Hotels Group (InterContinental, Crowne Plaza, and Holiday Inn), Choice Hotels International (Clarion), and Marriott International. Demand in this sector has generally been spurred by local need for quick services, convenient hours and locations, quality products, and most importantly, solid customer service. Honduras has no locally developed international franchises.

Franchising in Honduras presents opportunities for growth and expansion of U.S. business. Regional stability and increased investor confidence have contributed directly to the broad availability of U.S. franchises in various economic activities. For franchisers in Honduras, positive market entry factors include availability of suppliers and personnel, absence of trade barriers, and high receptivity to U.S. goods and services (especially if no equivalent local product or service exists). In addition, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) and the Honduran Investment Protection and Promotion Law of 2011 provide for national treatment for

most foreign direct investment, guaranteeing foreigners the right 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 a franchise venture in Honduras, thus potential franchisees must be carefully selected. The most promising candidates are those with proven financial resources who have already established a successful business in the country.

## **Direct Marketing**

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Direct marketing is becoming a widely used concept in Honduras, particularly in connection to internet-based products and mobile devices. Other mail delivery infrastructures are still lagging behind. For example, obtaining reliable street addresses is problematic, as the use of “reference” addresses (and not street names and numbers) is common practice. Mail advertising of products and services is increasing, as is e-marketing and sms-advertising by credit card providers, cellular service companies, and financial institutions. Local company listings and mailing information can be obtained through chambers of commerce and industry associations.

According to the Internet Usage World Statistics, during the period 2000-2011, internet use in Honduras experienced a 2,568 percent increase. Although internet-based direct marketing solutions are rapidly evolving and the number of Hondurans who are regularly on-line is increasing, internet access in Honduras is still low, with approximately 22 percent of the population (over 1 million users) having direct access. Among the most popular forms of internal direct marketing in Honduras are CPM (Cost per Thousand Impressions); PPC (Pay per Click); CPA (Cost per Action); and Social Media.

Overall growth in cable TV and internet subscriber markets is creating increased opportunities for direct TV sales and e-mail-based promotional campaigns. TV Offer, Ofertel (direct response TV), Avon Oriflame and Rommanel (catalog and door-to-door sales) are among the companies that currently utilize non-conventional distribution channels). Mobile operators are also utilizing direct marketing tools, such as text messaging, for advertisement purposes.

Only a relatively small percentage of Honduran businesses are currently utilizing call centers to interact with their customers. Call centers are most common for airlines customers, commercial banks and insurance companies and a majority of those services are not operated locally.

## **Joint Ventures/Licensing**

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The Honduran Investment Law (Decreets #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, and Book IV of the Commercial Code. Joint ventures are commonly established in Honduras to compete

for government contracts or in heavily regulated sectors.

Joint venture initiatives offer a wide variety of opportunities for investment and strategic alliances. The Investment Law stipulates that, with few exceptions, there are no limits on the percentage of capital that can be owned by a foreigner. Although no special policy exists to regulate joint ventures, in certain sectors majority control must be in the hands of Honduran nationals. These exceptions include companies that wish to take advantage of the Agrarian Reform Law; wish to obtain commercial fishing rights; are local transportation companies; or seek to operate radio or TV stations. The greatest opportunities for joint ventures are in the industrial, agricultural, tourism, power generation, forestry, construction, and service sectors. The Commercial Section regularly submits reports to the Department of Commerce regarding Honduran firms interested in pursuing joint ventures.

The Honduran Foundation for Investment and Development of Exports (FIDE) supports 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. Additional information on FIDE's investment promotion programs is available at <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.

Licensing of foreigners to practice law, medicine, engineering, and other professions is tightly regulated by national professional organizations. Most bodies have developed procedures for the temporary licensing for foreign professional service.

Except for foreign currency earned by companies operating in free-trade zones and industrial parks, Honduran law dictates that all export foreign exchange earnings be repatriated. The liberalization of Honduras's 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 percent tax on tourism-related services (including hotel accommodations, car rentals, and travel agents). Hotels and lodging facilities that serve low-income clientele and are designated by the Honduran Ministry of Tourism are exempt.

The corporate tax rate is 25 percent of gross taxable income. 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) each calendar year.

Non-resident aliens (and foreign companies not located in Export Processing Zones or Free Trade Zones) are only taxed on the gross income earned in Honduras. A 25 percent income tax is assessed on royalties for use of copyrights, patents, trademarks, and designs. Wages, salaries, commissions, or any other types of compensation are taxed at 35 percent. 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 percent, and insurance premiums at 15 percent. Honduras also collects excise, property, and municipal taxes based on income obtained during the previous year.

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

Public or private legal, juridical or conventional persons who make payments or grant credits to natural/individual or legal, juridical or conventional 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 percent 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 Lps. 90,000.00, are exempt.

A 1 percent tax on net assets in Honduras 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 Lps 3,000,000 (\$148,000); businesses in pre-operative stages; businesses operating in free trade zones, industrial processing zones, tourism free zones and maquilas; banks, financial and insurance companies, investments in securities and holding companies. Income tax paid during the previous year constitutes a credit in favor of the net assets tax.

Under the Security Law (Decree 199-2011), special contributions (by the financial system, mobile telephone, mining, food & beverage, casinos, and credit union sectors) are aimed to finance a Fund for Population Protection and Security and activities led by the Honduran Judicial Branch, the Public Ministry, the Ministry of Security, the Ministry of Defense and the National Electric Utility-ENEE.

The United States and Honduras signed a Tax Information Exchange Agreement (TIEA) in 1991.

## **Selling to the Government**

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Honduras is subject to all government procurement provisions contained in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-

DR). CAFTA-DR eliminated a local requirement that required foreign firms to act through a local agent partner company that was at least 51 percent Honduran-owned. CAFTA-DR requires fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures. Under CAFTA-DR, U.S. suppliers are permitted to bid on procurements covered by the agreement for most Honduran government entities, including most key ministries, on the same basis as Honduran suppliers. The anti-corruption provisions in the agreement require each government to ensure that bribery in matters affecting trade and investment, including in government procurement, is treated as a criminal offense, or is subject to comparable penalties, under local law.

Foreign companies may appoint a local representative, through a power of attorney, to help them navigate the procurement maze. 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. Honduras is not a signatory to the WTO Multilateral Agreement on Government Procurement (GPA), and as such does not necessarily use the same procedures as other signatories.

Under the Government Contracting Law, all public works contracts over one million Lempiras (approximately \$49,236) must be offered through public competitive bidding. Public works contracts between 500,000 and one million Lempiras (\$24,618 and \$49,236) can be offered through a private bid. Contracts less than Lps. 500,000 (\$24,618) are exempt from the bidding process. Government purchases and project acquisitions are generally exempted from import duties.

Winning contracts with the Honduran government can be challenging, even for large companies. Some foreign firms have complained of mismanagement, bureaucratic delays, inadequate notification procedures, excessive direct contracting on the part of the Honduran Government, and lack of transparency in the bidding process. One way in which the Honduran Government has tried to improve transparency and fairness in government procurement, however, is by contracting with the United Nations Development Program (UNDP) to manage procurement for a number of specific projects and state-owned entities. Since its creation in 2010, the government Public Private Partnership Commission (COALIANZA) manages and facilitates the PPP solicitation process.

COALIANZA as an entity is still growing and expanding its technical capacity to design and implement bids and the bidding process. Some U.S. companies have complained that COALIANZA has not provided sufficient time to submit required bidding documents and has not been transparent in its procedures. COALIANZA announces bidding opportunities on its website at <http://www.coalianza.gob.hn>. The COALIANZA website advertises large projects in energy, infrastructure, airports, terminals and ports as well as other large-public tenders for the Honduran government.

Efforts for strengthening the country's procurement systems are also underway. In order to facilitate dissemination of public bidding opportunities, the Honduran government recently established an online Contracting and Procurement Information System known as "Hondocompras", which can be accessed at [www.hondocompras.gob.hn](http://www.hondocompras.gob.hn) and is administered by the State Procurement Agency (ONCAE). As part of ONCAE's State Contracting and Procurement Efficiency Program, Honduras implemented a new national "Standard Bidding Document" that is deemed acceptable to multilateral

financing entities such as the Inter-American Development Bank (IADB) and the World Bank. It improved several aspects of the government procurement process.

Local government tender announcements and other pre-qualified trade opportunities may also be accessed through the Trade Leads Program database of the U.S. Department of Commerce at [www.export.gov](http://www.export.gov).

The U.S. Embassy in Tegucigalpa strongly encourages all U.S. firms interested in government procurement or PPP opportunities to reach out to the Economic and Commercial Sections prior to entering into any processes with the Government of Honduras.

## **Distribution and Sales Channels**

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Located in the heart of Central America, Honduras is only a 2-3 hour flight from several U.S. gateway cities, and 48 to 72 hours away by sea to ports in the southeastern United States. With the lowest logistical costs in the region, Honduras is also a distribution platform for the rest of Central America. Honduras has ports on both the Atlantic and Pacific Oceans that are served by a number of shipping companies linking the country with the U.S., Europe, Asia, and the rest of the Western Hemisphere. The northern port of Puerto Cortés, located 34 miles (55 km.) from the industrial city of San Pedro Sula, is Honduras' principal seaport and the largest deep-water port in Central America. It manages over 80 percent of the maritime traffic handled by Honduras, plus cargo from El Salvador and Nicaragua. Puerto Cortés operates 24 hours a day and is the first port in Latin America to qualify under both the Megaports and Container Security Initiatives (CSI). These initiatives allow approximately 90 percent of all transatlantic and transpacific cargo imported into the U.S. to be prescreened prior to importation.

Honduras also has a 13,603 km (8,452 miles) official road network connecting the ports and airports with the secondary cities and rural areas of the country. It has good surface connections with the rest of Central America, and the domestic road network has generally satisfied local and foreign companies' distribution and transportation needs. Honduras is also moving forward with a \$470 million "dry canal" project, a four lane superhighway that will connect Puerto Cortés on the Caribbean with the Port of La Unión in El Salvador on the Pacific.

Distribution channels in Honduras are similar to those in the U.S. Although Honduras has fewer levels of distribution and a more limited number of specialty, chain, and department stores, new investments in construction of large shopping malls and other smaller mixed-use commercial centers in strategic urban areas, as well as big retail stores such as PriceSmart and Wal-Mart, are good indicators of increasing opportunities in the retail distribution sector.

Tegucigalpa and San Pedro Sula are the major distribution centers for imported products. The coastal city of La Ceiba is one of the fastest growing regions in Honduras, attracting a significant number of commercial outlets and retail chains. The most common alternative channels include selling directly to customers, selling through intermediaries based in the United States, and selling through local distributors/representatives. Given its relatively small size, U.S. firms will find that a single distributor or representative is sufficient to cover all of Honduras. The Honduran

market has traditionally been highly receptive to U.S. products and services. To market aggressively, U.S. exporters should establish local representation or a local sales office.

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 are limited. Many local buyers make direct contact 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., primarily Miami, New Orleans and Houston.

## **Selling Factors/Techniques**

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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, which includes 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 some 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 law.

Price is among the most important selling factors in Honduras. Consumer product categories such as electronics, appliances, automobiles, and food are highly competitive. In these cases, sales promotion and customer service efforts by U.S. companies are extremely beneficial. For optimal marketing results, sales and promotional materials should be translated into Spanish. U.S. products are often preferred based on quality, technology, reliability, and availability. Adapting products and services to the local culture is also an important factor for remaining competitive.

Importers-distributors, as well as Honduran government agencies, often have problems in securing the funds to purchase imports due to high (albeit falling) local interest rates which are generally offered only for short term loans. 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. For background and credit check information on prospective Honduran partners, the U.S. Commercial Service office in Tegucigalpa offers the International Company Profile (ICP) service. For more information about the ICP and other services, U.S. exporters may visit <http://www.export.gov> or call 1-800-USA-TRADE.

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

## **Electronic Commerce**

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E-commerce is evolving as a trusted business tool for the transaction of goods and services in the Honduran market. Local internet connectivity is rapidly evolving at both private and government levels. Significant improvements have been made within the public sector, with the majority of government institutions using web-based infrastructure to facilitate information and electronic processing of documents, promote investment, and improve general services to the public. Electronic commerce is governed by the Electronic Commerce Act, enacted in August 2009, aimed at creating a more secure environment for commercial transactions over the internet.

An increasing number of private sector companies are also utilizing information and communication technologies (ICT) solutions as an alternative sales strategy. Among the sectors with the most potential for growth are e-tourism, e-commerce, e-education, and outsourcing. The most common type of e-commerce in Central America is business-to-consumer (B2C) websites. They are designed to attract purchases from the more than 2 million regional emigrants residing in the U.S., who are looking for ways to provide consumer goods to their families abroad.

The Central American commercial banking industry has also been very successful in developing user-friendly websites for B2B and B2C customer interactions. The online expansion has been accelerated by the arrival of global financial institutions such as GE Money, Citi, and HSBC to the region.

There are several consumer trade sites and gateways currently marketing products and services via the internet, especially in the areas of grocery/food, consumer household products, and tourism services. Online sales in Honduras have experienced significant growth in recent years.

## **Trade Promotion and Advertising**

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Most advertising in Honduras is conducted through newspaper, TV, and radio. Billboards are also a strong medium for reaching customers and publicity campaigns, especially as vehicle traffic increases in the main urban areas. U.S.-style unipole (advertising sign) structures are common in the local market, especially for those companies interested in increasing brand awareness or launching a new product. A number of advertising agencies are available to guide companies through the process of developing promotional activities and choosing the most appropriate media strategy. A list of broadcast media (television and radio) contacts can be provided upon request.

In addition to television and radio advertising, Honduran newspapers are considered to be one of the leading advertising instruments in the local market for products and services. Many of these media groups also circulate online and advertising via “online banners” on social media sites is becoming very popular. There are not a wide variety of specialized industry publications. Major local newspapers and business journals include:

### **Honduran Newspapers (Tegucigalpa-Based)**

#### ***Diario El Herald***

Spanish/Daily

Executive Director: Carlos Mauricio Flores

#### ***Diario La Tribuna***

Spanish/Daily

Manager: Manuel Acosta Medina

P.O. Box 1938  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2236-6000  
Fax: (504) 2221-0778  
E-mail: [Carlos.Flores@heraldo.hn](mailto:Carlos.Flores@heraldo.hn)  
[Http://www.heraldo.hn](http://www.heraldo.hn)

P.O. Box 1501  
Comayaguela, M.D.C., Honduras  
Tel: (504) 2234-3006  
Fax: (504) 2234-3050  
E-mail: [macosta@latribuna.hn](mailto:macosta@latribuna.hn)  
[Http://www.latribuna.hn](http://www.latribuna.hn)

### **San Pedro Sula Newspapers**

#### ***Diario La Prensa***

Spanish/Daily  
Director: Maria Antonia de Fuentes  
P.O. Box 143  
San Pedro Sula, Honduras  
Tel: (504) 2553-3101  
Fax: (504) 2553-0778  
E-mail: [redaccion@laprensa.hn](mailto:redaccion@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) 2553-3388  
Fax: (504) 2553-4590  
E-mail: [tiempo@continental.hn](mailto:tiempo@continental.hn)  
[Http://www.tiempo.hn](http://www.tiempo.hn)

### **Honduran Business Journals**

#### ***Hablemos Claro Financiera***

Spanish/Monthly  
Manager: Regina Wong de Eyl  
Address: Edificio Torre Libertad  
Blvd. Suyapa Col. Florencia Sur  
Tegucigalpa, Honduras  
Tel: (504) 2239-4350 / 2239-8058; Fax: (504) 2239-7008  
Email: [anuncios@hablemosclaro.com](mailto:anuncios@hablemosclaro.com)  
[Http://www.hcfinanciera.com](http://www.hcfinanciera.com)

### **Regional Business Journals**

#### ***Estrategia & Negocios***

Spanish/Monthly  
General Editor: Laura Ramos  
Address: Edif. La Prensa  
3ra Ave., 607 Calle, NO  
San Pedro Sula, Honduras  
Tel: 2269-2211  
E-mail: [laura.ramos@grupoeyn.com](mailto:laura.ramos@grupoeyn.com)  
[Http://www.estrategiaynegocios.net](http://www.estrategiaynegocios.net)

#### ***Mercados Y Tendencias***

Spanish/Monthly  
Country Manager: Ligia Illescas  
Edif. Centro de Negocios Las Lomas  
Tegucigalpa, Honduras  
Tel: (504) 2280-1177  
E-mail: [info@revistamyt.com](mailto:info@revistamyt.com)  
[Http://www.grupocerca.com](http://www.grupocerca.com)  
<http://www.revistamyt.com>

### **Honduran Online Newspapers**

#### ***Hondudiaro***

Executive Director: Arístides Aceituno

Address: Col. Palmira, Ave.  
República de México, #2449  
Tegucigalpa, Honduras  
Tel: (504) 2221-0385; (504) 2221-1039  
E-mail: [hondudiario@hondudiariohn.com](mailto:hondudiario@hondudiariohn.com)  
[Http://www.hondudiario.com](http://www.hondudiario.com)

### ***Proceso Digital***

Director: Marlen Perdomo de Zelaya  
[Http://www.procesodigital.hn](http://www.procesodigital.hn)

### **Honduras Weekly**

Chief: Nicole Muñoz  
<http://www.hondurasweekly.com>

### **Trade Promotion:**

In addition to the export promotion programs of the U.S. Department of Commerce, the Commercial Service (CS) in Tegucigalpa can assist U.S. companies through trade missions, seminars, conferences, catalog shows, on-line services, and matchmaking 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. Most local trade exhibits are organized by the Foundation for Investment and Development of Exports (FIDE), in cooperation with a specific industry sponsor, as well as by the Chambers of Commerce of Cortés (CCIC), the Chamber of Commerce of Tegucigalpa (CCIT), and local industry associations.

Located in the city of San Pedro Sula, Expocentro is the biggest local trade exhibit center. Expocentro holds approximately 12 trade shows a year. For more information on trade fairs taking place at Expocentro fair grounds please contact:

### ***Expocentro***

Contact: Mariela Guzmán, Manager  
Address: Bo. Las Brisas, 22 y 24 Calle , 1 y 4 Ave., N.E.  
P.O. Box 14, San Pedro Sula, Cortés, Honduras  
Tel: (504) 2561-6100  
E-mail: [expocentro@ccichonduras.org](mailto:expocentro@ccichonduras.org)  
[Http://www.ccichonduras.org/index.php/complejo-de-convenciones-y-eventos-expocentro.html](http://www.ccichonduras.org/index.php/complejo-de-convenciones-y-eventos-expocentro.html)

## **Pricing**

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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, the Government of Honduras pressures producers and retailers to keep prices as low as possible, thus informally controlling the prices of certain staple products, such as milk and sugar. Price-controls are also applied to cement and steel products.

The local sales tax is 12 percent for most goods. As of July 2013, products exempted from the 12 percent tax include staple foods; purified water; medicines and pharmaceuticals; agrochemicals; educational materials; electrical power generation machinery and equipment; agricultural machinery and tools; handicrafts; capital goods such as trucks, tractors, cranes, computers, and equipment used for the maquiladora industry. A 15 percent sales tax is also assessed on new cars, alcohol, cigarettes, and tobacco products. Taxes on fuels, particularly gasoline, are among the highest in the Central American region.

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 percent tax, with air transportation subject to a 10 percent tax.

## **Sales Service/Customer Support**

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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**

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### **Introduction**

Several general principles are important for the effective management of intellectual property (“IP”) rights in Honduras. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Honduras than in the United States. Third, rights must be registered and enforced in Honduras under local laws. Your U.S. trademark and patent registrations will not protect you in Honduras. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most

countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Honduran market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Honduras. It is the responsibility of the rights' holder to register, protect, and enforce his or her rights where relevant, retaining his or her own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Honduran law. The U.S. Commercial Service can provide a list of local lawyers upon request. A partial list is also available at: <http://export.gov/honduras/businessserviceproviders/index.asp>

While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Honduras require constant attention. Work with legal counsel familiar with Honduran laws to create a solid contract that includes no compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Honduras or U.S.-based. These include:

- The U.S. Chamber and local American Chamber of Commerce (AmCham)
- The Honduran Property Institute (General Directorate of Intellectual Property)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## **IPR Resources**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov)
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html).
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

The U.S. Commerce Department has positioned IP attachés in key markets around the world. Contact information for the IP attaché who covers Central America is as follows: Micahel A. Lewis (based in Mexico), E-mail: [michael.lewis@trade.gov](mailto:michael.lewis@trade.gov); <http://www.uspto.gov/ip/global/attache/index.jsp>

### **IPR Climate in Honduras**

The protection of intellectual property rights (IPR) is under the jurisdiction of the Property Institute (IP). The General Directorate of Intellectual Property division (<http://www.digepi.gob.hn>) handles the registration of patents, trademarks and copyrights, as well as any complaints regarding their infringement.

Honduras does not appear on the United States Trade Representative (USTR) Special 301 Watch List for countries that deny adequate and effective protection of intellectual property rights or deny fair and equitable market access to U.S. persons who rely on IP protection. Honduras has IPR legislation that is largely in compliance with the Trade Related Aspects of Intellectual Property Rights (TRIPS) and fully compliant with CAFTA-DR. Although the government has made steps to improve its enforcement capacity and

achieved successes in confiscations, IPR enforcement remains weak due to lack of financial and human resources dedicated to IPR enforcement efforts within the Public Ministry's IPR Prosecutor's Office. In light of these constraints, the IP and Special IPR Prosecutor coordinate to attract training, capacity building, and technical assistance support from the U.S. government and the International Intellectual Property Organization.

To be protected under Honduran law, patents and trademarks must be registered with the IP. The life of patents 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 (see Section VII. G). This regulation favors first registration over first use, and numerous cases have arisen of "squatting" on established trademarks, which the legitimate holder must then either purchase or contest in court. Data protection is provided for five years. Honduras also offers process patent protection.

A law enacted in December 2005 strengthened Honduras's IPR protection regime, conforming with -- and in many areas exceeding -- WTO norms. CAFTA-DR obligations also provide stronger deterrence to piracy and counterfeiting by criminalizing end-user piracy and requiring Honduras to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. CAFTA-DR text also mandates both statutory and actual damages for copyright and trademark infringement, which would ensure that monetary damages could be awarded even when it is difficult to assign a monetary value to the violation. Finally, under CAFTA-DR, prosecutors are able to confiscate pirated goods and file IP cases "ex-officio," or on their own initiative, without first requiring the affected company to file a criminal complaint. However, in practice a company complaint is still needed to begin legal proceedings.

## Due Diligence

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U.S. companies should conduct legal and financial due diligence before completing a commercial transaction or formalizing any agreement. 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 they rarely 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. The U.S. Department of Commerce in Honduras can assist your company in collecting information on Honduran companies through the International Company Profile (ICP) service, which can be ordered through any U.S. office of the U.S. Commercial Service (U.S. Export Assistance Centers). Find your USEAC at <http://www.export.gov>, or visit <http://www.export.gov/honduras/>.

Companies should also consult with their own U.S. banks for information on Honduran banks, most of which have correspondent banking relationships with financial institutions in the South and the East Coast.

## Local Professional Services

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Selecting a competent and reliable local attorney is an important first step to doing business in Honduras. The advice and counsel of a local attorney is essential to opening a business and to understanding Honduran judicial and administrative systems. The Economic/Commercial and Consular Sections maintain a list of attorneys that have experience assisting U.S. firms.

Information on legal firms and other local Business Service Providers in Honduras is available at: <http://export.gov/honduras/businessserviceproviders/index.asp>

The Embassy assumes no responsibility for the professional ability, reputation, or the quality of services provided by the lawyers on the list.

## Web Resources

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U.S. Commercial Service	<a href="http://www.export.gov/honduras">http://www.export.gov/honduras</a>
U.S. Embassy Consular Section	<a href="http://honduras.usembassy.gov">http://honduras.usembassy.gov</a>
FIDE	<a href="http://www.hondurasinfo.hn/">http://www.hondurasinfo.hn/</a>
World Bank	<a href="http://www.worldbank.org/DoingBusiness">http://www.worldbank.org/DoingBusiness</a>
Ministry of Industry and Trade	<a href="http://www.sic.gob.hn">http://www.sic.gob.hn</a>
Secretaria de Recursos Naturales	<a href="http://www.serna.gob.hn/">http://www.serna.gob.hn/</a>
Customs & Tax Directorate	<a href="http://www.dei.gob.hn">http://www.dei.gob.hn</a>
Social Security Institute	<a href="http://www.ihss.hn">http://www.ihss.hn</a>
National Vocational Training Institute	<a href="http://www.infop.hn">http://www.infop.hn</a>
Chamber of Commerce of Tegucigalpa	<a href="http://www.ccit.hn">http://www.ccit.hn</a>
Chamber of Commerce of Cortes	<a href="http://www.ccichonduras.org">http://www.ccichonduras.org</a>
Expocentro	<a href="http://www.ccichonduras.org">http://www.ccichonduras.org</a>
Government Procurement	<a href="http://www.honducompras.gob.hn">http://www.honducompras.gob.hn</a>
Property Institute	<a href="http://www.ip.hn">http://www.ip.hn</a>
General Directorate of IPR	<a href="http://www.digepi.gob.hn">http://www.digepi.gob.hn</a>
World Intellectual Property Org (WIPO)	<a href="http://www.wipo.org">http://www.wipo.org</a>
World Trade Organization	<a href="http://www.wto.org">http://www.wto.org</a>
Honduran Central Bank	<a href="http://www.bch.hn">http://www.bch.hn</a>
Business Software Alliance	<a href="http://www.bsa.org">http://www.bsa.org</a>
Trade & Investment Resource	<a href="http://www.freetradehonduras.org">http://www.freetradehonduras.org</a>

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

### Commercial Sectors

- [Automotive Parts / Service Equipment](#)
- [Electrical Power Systems/Renewable Energy Equipment](#)
- [Food Processing and Packaging Equipment](#)
- [Foods-Processed](#)
- [Franchising](#)
- [Safety and Security Equipment](#)
- [Travel & Tourism Services](#)

### Agricultural Sectors

- [Agricultural Sector](#)  
(Coarse Grains, Rice, Wheat, Soybean Meal, Red Meats, Processed Fruits and Vegetables, Other Consumer Oriented Products)

## Automotive Parts / Service Equipment (APS)

### Overview

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	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	435.8	479.4	526.2	578.6
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	435.8	479.4	526.2	578.6
Imports from the U.S.	132.2	145.4	159.0	174.9
Exchange Rate: 1 USD	L. 18.90	L. 19.40	L. 20.31	n/a

(Unit: USD thousands)

Market demand for U.S. products in the automotive parts and service equipment sector looks promising, with an expected growth rate of 10 percent over the next three years. An aging car population continues to fuel demand for automotive parts and accessories in Honduras. An estimated 70 percent of the total vehicle population, registered at over 1.1 million units in 2012, is at least 5 years old and in need of repair. According to industry sources, the global slowdown has reached Honduras, and is having a negative impact on domestic demand for new vehicles. The total vehicle population, however, could double in the next 5 years, and the distances traveled should also increase due to an accelerated urban expansion.

The introduction of U.S. manufactured vehicles has also increased significantly over recent years, providing 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, Korea, China, Brazil, Mexico, Germany and the U.K.

Public service transportation units represent one of the major end-users of automotive parts and accessories in Honduras. Most of the Honduran urban transportation fleets use buses of low operational quality, of which 80 percent are obsolete. The replacement needs for urban buses alone is estimated at over \$60 million. According to the National Statistics Bureau, buses and other passenger transportation vehicles report an average annual growth of 2,500 units.

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 the elimination of a disadvantage to U.S. vehicles vs. Japanese models, as Honduras rescinded the tariff based on engine size.

At present, the market for new cars is dominated by third-country suppliers, although the United States has gained market share with the elimination of import restrictions based on engine size. There are several major U.S. automotive dealers present in the Honduran market.

## Sub-Sector Best Prospects

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

- all types of engine spare parts
- chemicals and oils
- tools and equipment
- tires; wheels
- safety equipment
- car care and cleaning
- undercar & under hood products
- electrical and brake system components
- transmission and suspension parts
- bumpers; spoilers; tail lights
- mobile electronics; alarms; sound systems
- repair shop, paint, tools & equipment

## Opportunities

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U.S. exports of automotive parts, service equipment and accessories benefit from tariff reductions under the CAFTA-DR trade agreement. Used automobiles and passenger motor vehicles no more than 10 and 13 years old, respectively, may be imported.

The 2001 "Regulation of Hazardous Gas Emissions of Automotive Vehicles" is aimed at reducing the increasing air pollution levels generated by tailpipe emissions in the major cities of Honduras. According to this law, 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.

The Commercial Service Office in Tegucigalpa annually recruits and leads a delegation of Honduran automotive aftermarket leaders to the AAIW (Sema/AAPEX) show in Las Vegas, Nevada. It is the most important retail and specialty automotive aftermarket trade event in the U.S. For more information on this International Buyer Program, please visit [www.aaiwshow.com](http://www.aaiwshow.com).

## Web Resources

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Honduran Association of Automotive Dealers and  
Distributors of Automotive Parts & Accessories  
Industry & Trade Ministry  
Regional Trade Statistics  
National Statistics Institute  
CAFTA-DR Website

<http://www.ahdiva.org>

<http://www.sic.gob.hn>

<http://www.sieca.org.gt>

<http://www.ine.gob.hn>

<http://www.export.gov/cafta>

U.S. Commercial Service

<http://www.export.gov/honduras>

**Trade Events:**

Automotive Aftermarket Industry Week

<http://www.aaiwshow.com>

International Franchise Expo

<http://www.ifeinfo.com>

**Electrical Power Systems/Renewable Energy Equipment**

**Overview**

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	2010	2011	2012 (estimated)
Total Market Size	200.0	252.0	378.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	200.0	252.0	378.0
Imports from the U.S.	188.0	205.0	307.5

(The above statistics are unofficial estimates.

Sources include USDOC/OTII and SIECA. Data is USD millions).

Honduras has a current installed capacity of 1,714.1 MW. Electricity demand grows at approximately 7 percent a year, and is expected to increase at that rate for the immediate future. Demand factors include population pressure, grid expansion and economic growth, as well as subsidies, illegal hookups and non-payment of legal hookups, all of which eliminate any incentives to conserve energy.

Approximately 36 percent of total fuel imports to Honduras are used for thermoelectric generation, which has contributed to the country's internal deficit. As such, expansion of power production using renewable energy technology is considered an energy policy priority. At present, electrical power coverage in Honduras is 71.4 percent, which means that approximately 2.2 million citizens (particularly those living in rural areas) do not have access to electricity. With demand growing rapidly, especially in the residential (42 percent), industrial, and commercial sectors, the Honduran National Electrical Energy Company (ENEE) needs to conduct expansion efforts aimed at extending its transmission grid to incorporate rural communities in Honduras, as well as expanding the distribution and transmission capacity in high growth areas.

**Sub-Sector Best Prospects**

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- Turbines/Wind
- Electrical Power Generators
- Solar cells
- Parts (regulators for hydraulic turbines and water wheels)
- Heat exchange units, industrial type
- Parts of panels, boards, consoles and transformers
- AC generators (alternators)

- Circuit Breakers
- Switch Gear
- Conducting Cable

## Opportunities

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The Honduran terrain has great potential for energy generation through renewable sources, estimated at 13,268.43 MW. The most promising projects are in the areas of hydro, biomass, wind, and geothermal; solar usage is at an early stage of development. The government's stated strategy is to double the installed electrical capacity by 2024, diversify the energy matrix, and reverse the current power generation share of 70 percent from fossil fuels to 70 percent from renewable energy sources by 2017. Energy generation through renewable sources is expected to increase by 27 percent (approximately 350.4 MW of installed capacity). Local financing support in this sector is primarily led by the Central American Bank for Economic Integration (CABEI). Although there is volatility from year to year, U.S. renewable exports to Honduras grew 10,988% from \$1,849,379 (2007) to \$205,056,662 (2011).

In October 2007, the Honduran Government passed a law to promote the generation of renewable energy by private developers. The law provides significant incentives for renewable energy projects such as a tax holiday on profits for projects under 50 MW installed capacity, and tax exemptions on imported machinery for 12 or 15 years, depending on the size of the project. Multiple small-scale hydroelectric projects are in the pipeline. In February 2012, Globelec/Mesoamerica Energy inaugurated a 100 megawatt wind project, the largest wind energy farm in Central America. The project's 51' 2 MW turbines, manufactured in Pennsylvania, were financed by the Export-Import Bank (Ex-Im).

The Honduran Association of Renewable Energy Producers (AHPPER) estimates there is potential for an additional 5,000 MW of wind and hydro energy in the country, as well as opportunity to begin development of solar and geothermal capacity. Honduras also has considerable potential to produce biofuels – both ethanol from sugar cane and biodiesel from African palm, jatropha and other sources. Although there is no commercial-scale production yet, there are several small plants producing biodiesel on a trial basis or for their own vehicle fleets. Honduras has approved implementing regulations for its biofuels law.

Despite ENEE's financial woes, the increasing demand for energy, and therefore the need for additional installed capacity, is real. Estimates of the level of demand vary but average to an additional 100 MW/yr through 2015. Regardless of the manner in which such energy is produced, there will be a demand for turbines, especially those that can be available in the near term. The most likely sources of such new installed capacity seem to be coal and bagasse, with hydro and biodiesel also possible. A reform to the 2007 renewable energy law is currently being debated in the Honduran National Congress which will likely increase the financial incentives available to renewable energy producers.

Given the possibility of blackouts and brownouts, due to lack of local installed capacity and distribution problems, there is also demand for reliable, emergency power generation systems such as generators. Many maquilas (garment factories) in the North

Coast and hotels in Roatán have either purchased their own generators or are actively considering their options. Lastly, some hotels in Roatán that are not yet connected to the grid are reportedly considering solar power systems.

## Web Resources

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Ministry of Natural Resources & the Environment	<a href="http://www.serna.gob.hn">http://www.serna.gob.hn</a>
National Electric Company	<a href="http://www.enee.gob.hn">http://www.enee.gob.hn</a>
National Energy Commission	<a href="http://www.cne.gob.hn">http://www.cne.gob.hn</a>
Central American Bank for Economic Integration	<a href="http://www.bcie.org">http://www.bcie.org</a>
Inter-American Development Bank	<a href="http://www.iadb.org/ppp">http://www.iadb.org/ppp</a>
World Bank	<a href="http://www.worldbank.org">http://www.worldbank.org</a>
Regional Trade Statistics	<a href="http://www.sieca.int">http://www.sieca.int</a>
CAFTA-DR Website	<a href="http://www.export.gov/cafta">http://www.export.gov/cafta</a>
Regional Commission for Electric Interconnection	<a href="http://crie.org.gt">http://crie.org.gt</a>
Energy and Environment Partnership with C.A.	<a href="http://www.sica.int/energia/index.asp">http://www.sica.int/energia/index.asp</a>
Central American Commission for Environment And Development	<a href="http://www.ccad.ws">http://www.ccad.ws</a>
Plan Puebla Panama Initiative	<a href="http://www.sre.gob.mx">http://www.sre.gob.mx</a>
Energy Information Administration	<a href="http://www.eia.doe.gov">http://www.eia.doe.gov</a>
SIEPAC Network Company	<a href="http://www.eprsiepac.com">http://www.eprsiepac.com</a>

## US Trade Shows under the 2013 International Buyer Program Schedule of the U.S. Department of Commerce:

WindPower 2013	<a href="http://www.windpowerexpo.org">http://www.windpowerexpo.org</a>
RETECH 2013	<a href="http://www.retech2013.com">http://www.retech2013.com</a>
GridWeek 2013	<a href="http://www.gridweek.com">http://www.gridweek.com</a>
Power-GEN International	<a href="http://www.power-gen.com">http://www.power-gen.com</a>

## Packaging Equipment & Materials

### Overview

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	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	480,780,621	340,433,450	357,614,663	376,008,133
Total Local Production	90,496,238	99,545,861	109,500,447	120,450,491
Total Exports	102,870,845	103,545,901	106,652,278	109,851,846
Total Imports	493,155,228	344,433,490	354,766,494	365,409,488
Imports from the U.S.	150,585,574	104,976,593	108,125,890	111,369,666
Exchange Rate: 1 USD	LPS. 18.90	LPS. 19.40	LPS. 20.31	NA

(The above statistics are unofficial estimates. Unit: USD, Thousands)

Honduras has developed a substantial packaging manufacturing market with a dynamic mix of local and international companies fabricating their products in the interior regions of the country.

Decisive factors in the purchasing of these materials first and foremost are price, followed closely by the quality and estimated delivery times and terms of credit. However this changes with the multinational operators who prefer quality before price.

In Honduras the majority of the producers are manufacturing Polyethylene and Polypropylene containers as well as carton. Plastic Laminates are sold mostly by foreign suppliers since Honduras lacks the scale economy to ensure sustainability due to the elevated costs of the machinery involved in its manufacturing. Honduras reported exporting 8,767 metric tons of plastic to Central America and the world, an increase of 7% in the exports from the previous year and 14% from 2010.

According to a report from the Ministry of industry and Commerce of Honduras (SIC), Honduras sells over 4,000 tons of cardboard packaging, to Central America making the country one of the largest manufacturers of cardboard containers in the region. Numerous carton manufacturers established operations in Honduras due to the elevated shipping cost of this particular material. Costa Rica remains the main buyer of Honduran carton, mainly in vessels and conventional cardboard boxes, followed by Guatemala, Nicaragua, El Salvador and Panama. The SIC also reported that there are 7 enterprises engaged in the activity, located mainly in the northern sector of the country.

#### **Sub-Sector Best Prospects**

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- Sealing machines
- Container labeling machines
- Lid, seal & close machinery
- Packaging and wrapping machinery
- Parts and service
- Sanitation control equipment and materials

#### **Opportunities**

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- Close proximity to the United States. Containerized cargo from gateway cities can be transported to Honduras in two to three days.
- Importers strongly prefer U.S. equipment because of their high-quality and reliability.

#### **Web Resources**

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The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Shows:

PACKEXPO 2013  
National Plastics Showcase - NPE 2015

[www.pmmi.org](http://www.pmmi.org)  
[www.npe.org](http://www.npe.org)

## Foods-Processed

### Overview

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	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	737,272,232	962,451,518	991,325,063	1,021,064,814
Total Local Production	2,186,656,819	2,252,256,523	2,319,824,218	2,389,418,944
Total Exports	2,693,164,012	2,451,663,575	2,525,213,482	2,600,969,886
Total Imports	1,243,779,425	1,161,858,570	1,196,714,327	1,232,615,756
Imports from the U.S.	532,837,656	504,303,073	519,432,165	535,015,129
Exchange Rate: 1 USD	LPS. 18.90	LPS. 19.40	LPS. 20.31	NA

(The above statistics are unofficial estimates)

The growing restaurant and hotel industry in Honduras presents U.S. suppliers with positive potential for processed food products and raw materials. For U.S. franchises that continue to sprout in the country's main cities and are in need of raw materials, domestic products cannot always fulfill this need. There is also tremendous opportunity for U.S. food producers to invest in the emerging Honduran food processing industry. The tropical climate allows year round production of an incredible array of agricultural products including milk and derivatives, sea food, sugar and coffee, avocados to zucchini, fish and fruits, Asian vegetables, jalapeño peppers, finished edible goods, and more.

The retail food sector is by far Honduras' largest market for imported foods. Consumers shop at open-air markets, U.S.-style supermarkets, specialty shops, and convenience stores. Virtually all supermarket chains are expanding, and they are devoting increasing shelf space to U.S. products.

Promoting products during holidays is particularly effective. Easter, besides being a religious holiday, is also summer vacation for the vast majority of Hondurans, a time when they are amenable to trying new products. During Christmas, gift baskets are becoming a popular gift item and increasingly, these baskets contain U.S. products. Twice a year, in June and December, the government and private sector employers provide bonuses to their employees, sometimes the equivalent of one month's pay. Many families make special food purchases or buy higher quality products at this time and stocking up on preferred, often more expensive U.S. products is common. The two main business centers in Honduras are Tegucigalpa, the capital, and San Pedro Sula, the industrial center. Large importers and distributors usually have offices in both cities.

### Sub-Sector Best Prospects

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- Canned and frozen meats
- Cheese
- Processed fruits and vegetables
- Fresh fruits and vegetables
- Juices, wines, beer
- Pet foods, snack foods, baked goods,
- Tree nuts
- Nursery products and cut flowers
- Salmon, Ground fish, and mollusks.

## Opportunities

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Honduran importers prefer trading with U.S. exporters because of their reliability. Improved storage and distribution facilities permit the year-round availability of U.S. fruits such as apples, pears and grapes.

## Web Resources

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Foreign Agricultural Service

[www.fas.usda.gov](http://www.fas.usda.gov)

The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Shows:

- Fancy Food Show 2013  
June 30–July 2 New York, NY • <http://www.specialtyfood.com/fancy-food-show>
- International Baking Industry Exposition 2013  
October 6-9 Las Vegas, NV • [ibie2013.com](http://ibie2013.com)
- The National Restaurant Association Restaurant, Hotel-Motel Show (NRA Show)  
May 17–20, 2014 • Chicago, IL • [show.restaurant.org](http://show.restaurant.org)

## Franchising (FRA)

### Overview

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Despite several years of continuous growth, the popularity of franchise business concepts continues in Honduras, especially in the fast food, quick service and casual dining sectors. The first franchising concept starting operations in Honduras dates back to the late 1980's, with the establishment of Pizza Hut. Honduras' population is estimated at 8.2 million, with Tegucigalpa, the capital, at 1,826,534 and San Pedro Sula, the country's main business center, at 1,350,000 inhabitants. Population density in urban areas indicates that franchising will continue expanding into new business sectors. Honduras has over 75 international franchises concentrated throughout these two main cities.

No official figures on the franchise sector are available, and the industry has not formed an association. With a dominant share from U.S. franchises, the Honduran market is expected to grow 10 percent per year during the next 3 years. Prospective new franchising entrants are encouraged to pay close attention to intellectual property, financial, and taxation aspects of doing business in Honduras. Both U.S. companies and potential franchisees engaging in this type of investments should also conduct extensive market research; commit to building a sound, long-term business plan; allow enough flexibility to adjust the existing business model to accommodate local cultural differences; have a legally bound franchise agreement, detailed operations manuals, good training program; and work out a development schedule for master licenses realistic to the Honduran market.

## Sub-Sector Best Prospects

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In addition to the food/beverage and casual dining sub-sector, demand for convenience hotels/motels and resorts and entertainment services by Honduran consumers is growing rapidly. These services include dry cleaning, pest control, day care learning centers, specialized tutoring, security, advertising, real estate, discount stores, convenience store/pharmacy, personal care, cosmetics and toiletries, and casual clothing. U.S. franchises tend to have high brand recognition among the general public and may be well received.

## Opportunities

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Recent market developments involving tourism, commercial construction and social infrastructure projects should create excellent prospects for U.S. franchises interested in exploring the Honduran market. A good indicator of potential opportunities in the franchising sector is the country's emphasis on supporting tourism development as a key cluster for economic growth. As one of the fastest growing industries in Honduras, tourism is diversifying its products to attract more visitors. Future investments in large-scale projects, such as the Tela Bay tourism complex, will bring franchise concept opportunities in connection to the establishment of hotels, restaurants, and beach resorts. Other high growth tourism areas are the Bay Islands (where an important new cruise terminal project has been inaugurated) and Copan Valley. Urban modernization and a highly consumer-oriented society have encouraged investments in large shopping malls and retail outlets throughout the country's largest cities (Tegucigalpa, San Pedro Sula, and La Ceiba), providing additional opportunities for securing strategically located franchise outlets.

There is no special franchise legislation in Honduras. Franchise companies are subject to normal trade laws such as paying a 25 percent tax on royalties and a value-added tax of 12 percent. Under the CAFTA-DR trade agreement, most import duties for U.S. exports have been reduced.

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, such as fast food.

## Web Resources

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Industry & Trade Ministry  
Regional Trade Statistics  
CAFTA-DR Website  
U.S. Commercial Service

<http://www.sic.gob.hn>  
<http://www.sieca.org.gt>  
<http://www.export.gov/cafta>  
<http://www.export.gov/honduras>

**US Trade Shows under the 2013 International Buyer Program Schedule of the U.S. Department of Commerce:**

International Franchise Expo

<http://www.ifeinfo.com>

**Safety & Security Equipment**

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	52,153,722	55,035,038	59,437,841	64,192,895
Total Local Production	NA	NA	NA	NA
Total Exports	372,062	2,115,038	2,284,241	2,466,953
Total Imports	52,525,784	57,150,076	61,722,082	66,659,848
Imports from the U.S.	46,686,786	50,708,982	54,765,700	59,146,956
Exchange Rate: 1 USD	LPS. 18.90	LPS. 19.40	LPS. 20.31	NA

(The above statistics are unofficial estimates. Unit: USD, Thousands)

The demand for Safety & Security Equipment is high because crime is widespread in Honduras. Poverty and unemployment, along with street gang and drug trafficking activity, have contributed to the extremely high crime rate. Crime and violence are serious problems throughout the country and the Government of Honduras lacks sufficient resources to address these issues. Honduras has the highest murder rate in the world. Incidents can occur anywhere.

Although crime and violent crime occurs in all parts of Honduras, the north coast and central portions of the country have historically had the country's highest crime rates. Tourist destinations generally have a lower crime rate than other parts of the country.

Imports of Safety & Security products to Honduras increased from \$28,453,219 to \$52,525,784 from 2010 to 2011 and the latest import data for 2012 registers \$57,150,076 indicating a steady increase in the market. In June of 2011 the government instituted a security tax applied to financial transactions and other items, the revenue from which will fund national security projects.

Decisive factors in the purchasing of Safety & Security equipment in Honduras first and foremost are price, followed closely by the quality, estimated delivery times and terms of credit. This trend puts Asian manufactured goods at the forefront of the market. However, in recent years importers have begun looking for other supply channels in the United States and Europe, as the need for more reliable, robust and smarter systems have become a necessity. Personalized service in this respect is paramount as the evolving market demands a higher technical knowledge of the industry in order to better approach the end users in the private and public sectors alike with new technologies, smarter and more efficient products.

A significant advantage for U.S. exporters exists in the positive perception of U.S. manufactured goods and the relatively close proximity between both countries. Communication and information sharing becomes another critical factor as the Honduran business community traditionally prefers to establish a level of personal relationship with their suppliers.

It is critical for a successful U.S. supplier to familiarize themselves with the dynamics of doing business in Honduras as it will vary from the other countries in Central America. Despite its smaller economy, Honduras has two major commercial centers, Tegucigalpa the capital city and San Pedro Sula known as the industrial capital of the country. In choosing to enter this market the selection of a representative or licensed distributor with the capacity and experience to operate in both these regions is instrumental in securing a solid market share.

The security market in Honduras is highly competitive as demand for security services grows in the region. Currently there are 50 companies registered with the Security Service Providers Association employing approximately 20,000 people. The majority of providers however can be found in the informal sector and are not licensed or trained; they provide mostly residential monitoring services. Professional companies operating in Honduras provide mostly prevention, monitoring and secure transport services as well as distribute surveillance and general safety equipment. Personal security is a growing industry subset and currently the need for highly trained personnel as well as equipment is expanding. Major importers to Honduras are Israel, Mexico, Brazil and the United States. The State owned company "LA ARMERIA" is currently the only licensed distributor of commercial firearms in Honduras. A small number of retailers in Tegucigalpa and San Pedro Sula distribute tactical gear, personal defense products and accessories.

#### **Sub-Sector Best Prospects**

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- CCTV Cameras
- Metal Detectors
- Uniforms & Tactical Gear
- Biometric Products, Equipment & Software
- Access control systems
- Commercial Personal Defense Products
- Alarms

#### **Opportunities**

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- Close proximity to the United States. Containerized cargo from gateway cities can be transported to Honduras in two to three days.
- Importers strongly prefer U.S. equipment because of their high-quality and reliability.

#### **Web Resources**

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The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Show:

<http://www.iscwest.com/>

## Travel and Tourism Services (TRA)

### Overview

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#### Trends in Arrivals

	2010	2011	2012 (estimated)
Honduran Arrivals to the United States	115,616	119,671	123,860
Percent Change	.18%	3.5%	3.5%

(Source: USDOC, ITA Office of Travel & Tourism Industries).

International travel and tourism represents the largest services sector export for the United States, generating more than \$168 billion and supporting nearly 8 million jobs in 2012. Honduras is among the top 50 countries generating travel to the United States, and 17 percent of arrivals from Central America are Honduran. Despite strict visa requirements, the close proximity of the United States (only a 2.5 hour flight to U.S. main gateway cities), coupled with the high receptivity for U.S. products and services, make the United States a preferred destination for Honduran travelers, followed by South America and the Caribbean. With a population of 8.2 million, the country's economic growth in recent years has the potential to prompt more middle-class travelers to the United States. In 2011, Honduran arrivals in the United States totaled 119,671, up 3.5% from 2010. After highly challenging years resulting from both a political crisis and continued economic volatility, industry contacts foresee a recovery with upside opportunities involving leisure and business travelers for the period 2013-2014.

### Sub-Sector Best Prospects

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When Hondurans travel to the United States, these are some of the areas in which they focus their spending:

- Shopping malls and outlets/retail
- Hotels/motels/restaurants
- Transportation services (airlines, vehicle rentals, bus and rail between cities)
- Entertainment/Recreational activities/services (theme parks, museums, night clubs, sports)
- Business Conventions (conferences, seminars, trade shows)
- Hospitals/clinics/medical services

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The most popular destinations for Honduran visitors in the United States are: Miami, New York, Orlando, Los Angeles, and Las Vegas. Washington, DC, New Orleans, Chicago, Atlanta, and Houston are popular secondary destinations. Florida is the preferred choice for leisure travel by Hondurans, with over 55 percent of the market share. The top activities that Hondurans engage in while in the U.S. are shopping, dining, sightseeing, visiting historical places, amusement/theme parks, art gallery/museums, concerts/plays, night clubs/dancing, and visits to national parks.

Among the purchases of travel and tourism-related goods and services by Honduran visitors traveling to the U.S. are food, lodging, recreation, gifts, entertainment, and local transportation. The typical visitor to the U.S. has visited at least once before. The high season for Honduran travel to the U.S. is June-August, because of school holidays. Shorter trips during national holidays are also very popular.

U.S. Department of Commerce (USDOC) 2011 statistics show that 34 percent of total inbound trips from Central Americans are for leisure/recreation/holidays, followed by visits to friends and relatives (33 percent), business/professional (14 percent), study/teaching (11 percent), and convention/conference attendance (8 percent). Companies and professionals are learning new techniques and strategies to become more competitive and, therefore, professionals and businesspeople are increasingly attending U.S. trade shows, conventions and seminars. USDOC visitation estimates are 13.3 nights for the average length of stay in the U.S., and 1.2 states visited. Industry sources estimate that the greatest proportion of Honduran visitors are in the age groups of 35-44, married and professional, followed by the age groups of 25-34, and 15-24 years of age. Most frequently used information sources for trip planning are: airlines directly (33%), personal computer/internet (33%); travel agency (28%); and friends/relatives (18%).

## Web Resources

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USDOC/ITA Office of Travel & Tourism  
U.S. Travel Association

<http://www.tinet.ita.doc.gov>  
<http://www.ustravel.org>;  
<http://www.discoveramerica.com>

World Travel & Tourism Council  
Brand USA

<http://www.wttc.org>  
<http://www.thebrandusa.com>

## Trade Events

International Pow Wow 2013

<http://www.ipw.com>

## Agricultural Sectors

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## Coarse Grains

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	2011	2012	2013 (estimated)
Total Exports	2.8	1.4	1.5

Total Imports	146.2	118.3	121.8
Imports from the U.S.	146.0	93.5	96.3

(Statistics are unofficial estimates. Data in US\$ millions)

Coarse grains exports fell 36 percent in 2012 to \$93.5 million, due to declining overall demand and increased competition from Brazil and other producers. Growth potential remains positive, however, given Honduras' inability to produce sufficient grain supplies to support animal feeding, including for the expanding production of shrimp and tilapia. Honduras' proximity to major grain export terminals such as New Orleans and Houston-Galveston will continue to allow U.S. grains and other commodities to compete for increased market shares.

In coarse grains category, white corn is the grain produced on the largest scale in Honduras. It is mainly utilized for human consumption. Sorghum makes up about 10 percent of the total coarse grain production. The Government of Honduras is providing incentives to increase production of white corn and sorghum to assure food security for human consumption.

### Best Prospects/Services

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The main product imported in the coarse grain category is yellow corn. An average of 95 percent of yellow corn consumed in Honduras is imported. Corn from the U.S. is also used for animal feed production, particularly in the feed mixes used in the poultry, shrimp, tilapia, livestock and swine industries.

### Opportunities

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Increased growth is expected in the feed mixes used in the poultry, livestock, shrimp, tilapia and swine sectors. Demand for yellow corn is expected to rise because Honduras is preparing to export chicken to the United States. The Honduran government is also providing incentives to increase beef production. Honduras ranks 12th among the leading markets for U.S. coarse grain exports.

Under CAFTA-DR, Honduras did not reduce the out-of-quota duty for white corn, but liberalization will occur through a quota which will grow 2 percent per year. Honduras will have a base quota of 23,460 MT for white corn. For yellow corn, the tariff will be eliminated over 15 years and Honduras will have a quota of 254,012 MT in 2013, growing 5 percent per year. Tariff cuts will be back loaded. For white corn, Honduras will have a quota of 26,680 MT in 2013.

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- [Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 12-26-2012](#)

### Rice

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	2011	2012	2013 (estimated)
Total Market Size	80.3	84.1	86.6
Total Local Production	18.3	23.1	23.8
Total Exports	1.8	2.2	2.3
Total Imports	63.8	63.2	65.1
Imports from the U.S.	55.9	51.9	53.4

(Statistics are unofficial estimates. Data in USD millions)

Rice exports of \$51.9 million in 2012 were 7 percent lower than the previous year. An average of 70 percent of rice consumed in Honduras is imported from the United States. The quality and reliability of U.S. rice is well-known.

Rice is produced on a limited scale in Honduras. Production has increased slightly because the Honduran government is now providing credit and direct support to the local agro-industry.

## Best Prospects/Services

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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. Data estimates based on current sales indicate a stable market,

## Opportunities

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Historically, the majority of rice imports have been from the United States. Honduran import demand is expected to remain strong as it is a basic food staple. Honduras is ranked 11th among the leading 35 country markets for U.S. rice imports.

Under CAFTA-DR, rice tariffs will be eliminated over 18 years. Tariff cuts will be back-loaded, with out-of-quota imports subject to a safeguard. There will be a base quota of 91,800 MT for rough rice, growing by 2 percent per year. Imports under the quota will be subject to a performance requirement, which will be eliminated in 18 years. A base quota of 8,925 MT will be for milled rice, growing by 5 percent per year. The tariff rate quota (TRQ) for rough and milled rice in 2013 is 104,400 MT and 11,900 MT, respectively.

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## Wheat

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	2011	2012	2013 (estimated)
Total Market Size	68.4	63.8	65.7
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	68.4	63.8	65.7
Imports from the U.S.	68.4	63.8	65.7

(Statistics are unofficial estimates. Data in USD millions)

Honduras's land and climate are unsuitable for commercial wheat farming. The country depends on imports to fill its wheat demand.

Wheat exports of \$63.8 million in 2012 were 7 percent lower than the previous year. However, there is evidence that the market is recovering, and mid-year exports are considerably ahead of last year's totals for the same period.

## Best Prospects/Services

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Industry wheat needs in Honduras average 170,000 MT per year, with the vast majority coming from the United States. Data estimates based on current sales indicate a stable market,

## Opportunities

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The United States should remain Honduras's main source of wheat, both through commercial channels and donations. There are no import duties applicable to U.S. wheat exports. Honduras ranks 25<sup>th</sup> among export markets for U.S. wheat.

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## Soybean meal

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	2011	2012	2013 (estimated)
Total Market Size	67.9	76.2	78.5
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	67.9	76.2	78.5
Imports from the U.S.	67.9	76.2	78.5

(Statistics are unofficial estimates. Data in USD millions)

Traditionally, Honduras has filled virtually all of its soybean meal demand with U.S. product. Domestic production is negligible.

### **Best Prospects/Services**

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The growing poultry, shrimp, and tilapia sectors in Honduras have been responsible for increasing demand for soybean meal, as it is used in feed mixtures for those products.

### **Opportunities**

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Continued expansion in the feed industry, particularly for poultry and tilapia production, should continue to fuel the demand for U.S. soybean meal in coming years. An increasing number of food franchise outlets are also requiring more chicken. Honduras is preparing to export chicken to the U.S., where tariffs on Honduran imports are currently zero. Honduras ranks 14<sup>th</sup> among export markets for U.S. soybean meal.

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## **Red Meats**

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	2011	2012	2013 (estimated)
Total Imports	103.7	107.9	108.7
Imports from the U.S.	47.7	47.5	48.9

(Statistics are unofficial estimates. Data in USD millions)

Honduras has two meat exporting plants certified by the USDA's Food Safety Inspection Service (FSIS) to export to the United States. However, imports are needed to satisfy demand.

### **Best Products/Services**

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CAFTA-DR brought immediate tariff elimination on prime and choice pork and beef cuts. Current Honduran consumer demand is centered on beef cuts, prime pork, beef variety meats, liver, tongue, sausage, trimmings and pig's feet. Additionally, the significant decrease in cattle stocking rates in Central America is contributing to a change in consumer demand from beef to more grain dependent proteins such as pork and poultry.

## Opportunities

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The tourism sector in Honduras has witnessed substantial growth. The number of U.S. restaurants and franchises operating in Honduras has grown rapidly. The government has designated tourism as one of the priority sectors likely to create jobs and economic growth. Hotels and restaurants need a consistent supply of quality meat products such as U.S. beef and pork. The Honduran traditional cuisine uses entrails and internal organs in its dishes. The local red meat industry does not produce enough products to satisfy demand. Honduras ranks 19<sup>th</sup> among export markets for U.S. red meats.

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## Processed Fruits and Vegetables

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	2011	2012	2013 (estimated)
Total Market Size	48.4	46.9	48.3
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	48.4	46.9	48.3
Imports from the U.S.	22.3	20.4	21.0

(Statistics are unofficial estimate. Data in USD millions)

Imports of processed fruits and vegetables from the U.S. have remained steady in the past years. Brands of canned goods are well-known in the Honduran market.

## Best Products/Services

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Products that are popular with Honduran consumers and that are not subject to tariffs include canned sweet corn, tomato paste, canned pears, canned peaches and mixed canned fruit. Data estimates based on current sales indicate a stable market,

## Opportunities

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Many U.S. franchises and restaurants in Honduras currently import pre-made French fries from Canada. Honduras ranks 37<sup>th</sup> among the leading country export markets for U.S. processed food and vegetables.

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## Other Consumer Oriented Products

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	2011	2012	2013 (estimated)
Total Exports	52.1	60.0	61.8
Total Imports	343.8	389.6	401.3
Imports from the U.S.	52.6	51.4	53.0

(Statistics are unofficial estimates. Data in USD millions.)

The category of other Consumer Oriented Products comprises a wide range of products, which have witnessed significant increases in the past few years. The largest competitors for the U.S. are Guatemala and Costa Rica, followed closely by Mexico and El Salvador. The U.S. market share is 13 percent.

### Best Products/Services

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- Vegetable and animal oil/fats
- Food preparation
- Preparation for sauces
- Mixed condiments and seasonings
- Tomato ketchup and other tomato sauces
- Nonalcoholic beverages

**Foods-Processed:** Other consumer-oriented products offering good export opportunities are snack foods, packaged & canned foods, breakfast cereals, food additives, dairy products, wine, and pet foods.

### Opportunities

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Under CAFTA-DR, the tariff on a wide range of consumer-oriented products was eliminated. Market demand for U.S. products in this sector looks promising. Honduras ranks 33<sup>st</sup> among the leading 35 country export markets for U.S. "other consumer-oriented products".

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U.S. Department of Agriculture Foreign Agricultural Service in Honduras  
<http://www.fas.usda.gov>

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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Honduras is a member of the Central American Common Market (CACM), which also includes Guatemala, El Salvador, Nicaragua and Costa Rica. Honduras' tariffs on most goods from outside the CACM are currently within the zero to 15 percent range. Under CAFTA-DR, about 80 percent of U.S. industrial and commercial goods can now enter the region duty-free, with the remaining tariffs to be phased out over ten years. Nearly all textile and apparel goods that meet the agreement's rules of origin receive duty-free and quota-free treatment, providing new opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing. (The agreement's tariff treatment for textile and apparel goods was made retroactive to January 1, 2004.)

It is first necessary to determine the appropriate Harmonized System (HS) classification number to determine if a specific product can enter the CAFTA-DR region duty-free. With this number it is then possible to check the country and product-specific tariff elimination schedule.

For more information on the practical aspects of exporting under CAFTA-DR please consult the links below:

- <http://www.export.gov/fta>
- <http://www.ustr.gov>
- <http://www.sic.gob.hn>

Under CAFTA-DR, Honduras will eliminate its tariffs on yellow corn, pork and beef meat in year 2020. Import tariffs for rice and chicken leg quarters will also be eliminated, by year 2023, and for dairy products in year 2025. For the most sensitive products, tariff rate quotas permit some immediate zero-duty access for specified quantities during the tariff phase-out period, which will expand over time. Honduras will increase trade in white corn through expansion of the tariff-rate Quota (TRQ) on an annual basis. However, the TRQ should be inferior to the average of white corn imports from previous years. Accordingly, CAFTA-DR should lead to the elimination of market access barriers, including the price band and absorption agreement system, for all products other than white corn.

The tariffs on grain require further explanation. There are restrictions on imports of corn and sorghum in order to protect local production. In addition, there is a combination price band mechanism and absorption agreement. Under the price band mechanism, duties on corn and sorghum can vary from 5 to 45 percent, depending on the import price. The tariff is calculated every 15 days using international prices and adding freight and insurance to that price. The price band mechanism is mainly used as reference for end users that do not sign the corn and sorghum agreement.

Corn and sorghum producers, feed industry and food meal industry for human consumption signed a four-year agreement (2010-2014). Under the agreement the duty for corn and sorghum drops to zero when the signers of the agreement purchase a predetermined amount of these products from farmers. Thus, the feed industry is able to import four quintals of yellow corn (1 quintal = 100 kilograms) for each quintal bought from domestic production. The meal industry for human consumption is able to import three quintals of white corn for each quintal bought from domestic production. Only end-users who have signed the agreement may apply for this preferential treatment. Otherwise, the price band remains in effect.

Since Honduras' corn and sorghum production is not enough to satisfy market demand, the agro industry is able to bring in those products at zero-duty within the TRQ established under CAFTA-DR. In addition, as stated by CAFTA-DR, if the domestic production is low, a no-supply quota, that brings the tariff to zero, can be applied.

Rice producers and millers have also reached an absorption agreement, similar to the one for corn and sorghum. The agreement states that the duty for rough rice drops to zero when the signers of the agreement purchase the domestic harvest of rice. The agreement also establishes that an internal regulation will be applied every year. The regulation is the mechanism that establishes the volumes of rough rice that will be bought, the quality, payment requirements and the sale price. The regulation also includes the no-supply quota which will bring the tariff to zero to cover the demand of rice if needed. For everyone else that wants to import rough rice outside the CAFTA-DR quota, the duty is 45 percent.

A general 12 percent 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. At present, the Government of Honduras is conducting a review of all tax exonerations. However, there is not a final decision yet. A 15 percent 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 12 percent tax on carbonated beverages. A 10 percent selective consumption tax is also applied to some products considered non-essential, such as alcoholic beverages.

Complete information on import tax legislation, customs regulations, and general administrative procedures is available at <http://www.dei.gob.hn>

## **Trade Barriers**

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CAFTA-DR provides market access for U.S. consumer, industrial and agricultural products, improving U.S. competitiveness against third country suppliers and helping expand U.S. exports overall. The agreement requires important reforms of the domestic legal and business environment -which are still ongoing- as well as transparency and efficiency in administering customs procedures, including CAFTA rules of origin.

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. Importation of these two products during harvest time is not allowed. (Please see Import Tariffs section).

In addition to agricultural products, Honduras maintains some non-tariff barriers in relation to services. Currently, special government authorization must be obtained to invest in the tourism, hotel, and banking services sectors. Under CAFTA-DR, Honduras allows substantial market access in services across its entire services regime, subject to a few exceptions in the licensed professions. Honduran professional associations heavily regulate the licensing of foreigners to practice law, medicine, engineering, accounting, and other professions requiring certification and industry-specific licensing. For more information on service and investment barriers, please read the annual National Trade Estimate Report on Foreign Trade Barriers, found under the Reports and Publications section of the Press Office at: <http://www.ustr.gov>

## **Import Requirements and Documentation**

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Honduras has few import license requirements. Among the general documentation, customs requires commercial invoices, bills of lading, certificates of origin, Phyto or Zoo sanitary certificates and certificates of free sale. Import documentation may be prepared by a local customs house broker or by an experienced importer.

### **How to Declare Origination on Goods**

CAFTA-DR designates the importer with the responsibility of claiming preferential treatment under the agreement. The importer should work with the U.S. exporter to ensure that the U.S. good meets the relevant rules of origin under CAFTA-DR prior to making a claim. The assistance and cooperation of U.S. suppliers in producing accurate and well-documented claims for preferential treatment is vital.

### **Demonstrating Eligibility for Preferential Tariff Treatment**

Honduras requires a special Certificate of Origin for imports from the United States to be submitted. The main purpose of the document is to certify that the product originated in the United States, which in turn allows the product to receive the preferential tariff treatment agreed upon in CAFTA-DR. The producer, exporter, importer or Chambers of Commerce could provide the certificate with all the required information. The CAFTA-DR certificate is required by the Customs Tax Division (DEI).

A sample of this certificate can be found at:

[http://www.sic.gob.hn/Libraries/Formularios\\_de\\_Exportacion/Certificado\\_de\\_Origen\\_R-D-CAFTA\\_TLC\\_Estados\\_Unidos.sflb.ashx](http://www.sic.gob.hn/Libraries/Formularios_de_Exportacion/Certificado_de_Origen_R-D-CAFTA_TLC_Estados_Unidos.sflb.ashx).

In general, a product's eligibility for preferential tariff treatment may be demonstrated in a variety of ways provided it is in written or electronic form. One can provide a statement on company letterhead, a statement on a commercial invoice, or a certification. While no official form is required in order to demonstrate eligibility for preferential tariff treatment under CAFTA-DR, a certification should include the following information:

- a) the name of the certifying person, including, as necessary, contact or other identifying information;
- b) tariff classification under the Harmonized System and the description of the good;
- c) information demonstrating that the good is originating;
- d) date of the certification; and
- e) in the case of blanket period certification, the time period over which the certification is applicable.

In some situations, multiple shipments of identical goods are being sent to the same CAFTA-DR importer. In these cases, it is not necessary to create a new written or electronic certification for each individual shipment. The importer may maintain one "blanket" certification to be presented to the customs authority, if requested. The "blanket period" may not exceed one year.

For additional information on declaring origin and to see a sample certification for exports to Honduras, interested parties may also visit <http://www.export.gov/FTA/cafta-dr> U.S. exporters seeking information on tariffs for products imported into Honduras may also visit: <http://www.dei.gob.hn/website/index.php?lang=es&txtsrc+CAFTA&btnsrch=>

The Honduran government requires that a sanitary registration number be obtained from the Sanitary Regulation Directorate (SRD) of the Ministry of Health for all imported processed food products prior to entering the country. The registration process is relatively faster for low-risk products (group C) such as oils, margarine, non-alcoholic beverages, canned fruits and vegetables, nuts, cereals, cookies, candies, snacks and soups. The C category does not need laboratory analysis. Foodstuffs from group B, such as ice cream, mayonnaise, alcoholic beverages, sugar, salt, honey, and flour, may be subject to further analysis if necessary. Foodstuffs from group A, such as raw and processed meats of all kinds, eggs (powder and liquid) , milk (powder and liquid), cheese, cream, butter, yogurt, bottled water, ice, and raw and processed seafood of all kinds need laboratory analysis.

Imports of raw and processed agricultural products need an import permit from the Honduran 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, pesticides and inputs used in food processing must submit the following documents to SENASA:

- Phyto-or Zoo-Sanitary Certificate
- Certificate of Origin

- Photocopy of Pro-Forma Commercial Invoice

The above mentioned documents and the import request should be clear and show the same amounts, description, origin and point of departure of the products to be brought. The request of an import permit is done when the importer has already complied with the procedures of obtaining the SRN from the Ministry of Health.

SENASA requests the issuance of Phyto-or-Zoo Sanitary Certificate by a U.S. federal government authority in the plant where the food products have been processed. A Certificate of Free Sale issued by a state-level health authority or a chamber of commerce is accepted for other types of processed products. SENASA does not accept documents from commercial trading companies. Under CAFTA-DR, Honduras recognized the United States inspection services as equivalent to the one in Honduras. This equivalence eliminates the requirement of a pre-certification of the U.S. exporter's facilities.

SENASA has requested the USDA to add an Additional Declaration (AD) to the certificates for poultry imports. The AD should indicate that the specific poultry or sub-products originated in areas free of high or low pathogenic avian influenza. SENASA indicates that it is the importers' as well as the exporters' responsibility to stay abreast of outbreaks so they can assure SENASA of the health status of the area of origination. SENASA typically issues an import permit within 24 to 72 working hours when all required documents are provided.

Importers of dairy products with the Harmonized Code (HC) from 04.01 to 04.06 and 1901.10.1 and 1901.90.20 should have an import license issued by the Ministry of Industry and Trade (SIC). The HCs are for milk, cream, butter, yogurt, cheeses, baby formula and powdered milk. Importers will need to register only once. The license will have a 60-day validity and can be extended at the request of the importer. In order to issue the import license, SIC needs to have copy of the Import Permit that SENASA issues to the importer.

For detailed information on import permit requirements, please contact <http://www.fas.usda.gov>, Attaché Reports, Food and Agricultural Import Regulations and Standards – Narrative – Tegucigalpa, Honduras. Alternatively, U.S. exporters may contact the Registration Unit of the Ministry of Health by writing to [regulacionhon@yahoo.com](mailto:regulacionhon@yahoo.com) or visiting the following SENASA website: <http://www.senasa-saq.gob.hn>

### **Labeling and Marking Requirements**

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Labeling requirements for merchandise 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 apply to medicines and agricultural products under the Health Code and the Phyto-Zoo Sanitary Law, respectively.

Honduran law requires that all processed food products be labeled in Spanish and registered with the Sanitary Regulation Directorate (SRD) of the Ministry of Health. Exporters should confirm the importer's compliance with the following SRD requirements: A valid Sanitary License, Sanitary Registration number, or Sanitary

Inscription which is the authorization granted to an importer or distributor of a previously registered product.

Processed food products must have the sanitary registration number prior to entering the country (and only food samples, to be used to move forward with the registration process, will be allowed to enter the country without subject number). The sanitary registration process takes approximately 30 working days, and importers should regularly verify its status with the SRD.

Central America Customs Union (CACU) member countries harmonized the Sanitary Registration and Sanitary Inscription procedures for processed food products (Central American Technical Regulation (RTCA 67.01.31.06)). Through this procedure, products registered in one CACU country do not need to be registered again in another. Products manufactured in the U.S. are not eligible for this registration exemption. However, the product's Country of Origin is considered CACU if processed in a CACU member country, even if the raw material originates from a non-CACU country. Additional information and registration forms are available at the Central America Secretariat of Economic Integration's (SIECA) website: <http://www.sieca.int>.

In general, labels of consumer-oriented products are required to include the following basic information: product name; manufacturer's name; country of origin; lot number; dates of manufacture and expiration; net content; ingredient list and applicable health warnings. For detailed information on labeling requirements, exporters may contact <http://www.fas.usda.gov>, Attaché Reports, Food and Agricultural Import Regulations and Standards – Narrative – Tegucigalpa, Honduras or the Ministry of Public Health at: [regulacionhon@yahoo.com](mailto:regulacionhon@yahoo.com).

### **Customs and Tax Division**

(Dirección Adjunta de Rentas de Aduana)

Raúl Ardón, Technical Assistant and Chief of FTA/CAFTA-DR Division

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Tel: (504) 2238-4521; 2238-2525, 2238-1514; 2238-5444; Fax: (504) 2238-3503

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### **Product Certification**

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With CAFTA-DR and other trade agreements, Honduran manufacturers are increasingly seeking international standards certification.

Certification requirements apply to the importation of certain products to Honduras. Certificates of free sale and of origin are required for food items. Importers must provide certifications that the products will not cause damage to humans, animals or the environment. Specific certifications are also required according to the type of product to be imported. Imports of animal and plant origin require a phyto or zoo sanitary certificate. As applicable to CAFTA-DR, Honduras recognizes the United States meat and poultry inspection systems as equivalent to those held by Honduran regulatory authorities. In

the case of medical and pharmaceutical products which are not for free or over-the-counter sale, a Sanitary Registration is also required.

The Certificate of Free Sale (CFS) is issued by the appropriate state-level health authorities or the Chamber of Commerce of the United States. The certificate is requested to register the processed food product with the SRD. For registration purposes, the CFS should be accompanied by a document that provides an endorsement of the signatures that appear on the CFS. This document can be any of the following: An apostille that certifies that the CFS has been signed by a notary public of the state of origin of the CFS or by an authentication of the CFS by the Honduran Consulate. In both cases, the apostille or authentication should be provided with an official translation from the Ministry of Foreign Affairs in Honduras.

## **Labeling and Marking**

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

Products are required to provide the following label information in Spanish:

- Product definition/description
- Name of the product (the official name as noted on the U.S. Certificate of Free Sale)
- Manufacturer's name
- Name, address and telephone number of Honduran distributor/representative
- Country of Origin
- Physical characteristics, including ingredients (must be qualitative composition, translated literally from English)
- List of ingredients and additives and the content per serving or consumption unit / Net weight/volume
- Lot number
- Sanitary registration number from the Ministry of Health
- Dates of manufacture and expiration

Imported sample-sized products must comply with Honduran labeling laws. Bulk-packed food products do not require labeling unless they will be sold at the retail level as an individual unit. Honduras uses the guidelines stated in the Codex Alimentarius and the Central American Custom Union Regulation on Nutritional Labeling of Pre-Packed Foods for Human Consumption of Population over Three Years . Labels should not indicate that the product has therapeutic, healing, or any other attributes not normally associated with the product.

By law, sugar for human consumption must be fortified with vitamin A. Salt must be fortified with iodine, and wheat flour with iron, folic acid, vitamins B1 and B2, and niacin. The SRD oversees that these products are properly labeled as fortified. The "Recommended Daily Allowance" (RDA) of certain additives may be included on the label. RDA standards may vary from those in the United States since Honduras follows those of Codex.

The declared net content must be expressed in International System (SI) 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 sold in Honduras need to have active ingredients listed, and include a sell-by date. Cigarettes and alcoholic beverages must contain a warning label that complies with the IHADFA (Honduran Institute for the Prevention of Alcoholism, Drug Addiction and Narcotics Dependencies). Pharmaceutical products and pesticides must be labeled in Spanish if possible. The Ministry of Public Health enforces product labeling requirements for food and pharmaceutical products, while the Ministry of Agriculture enforces labeling requirements for pesticides.

Personal Hygiene, Homecare and Cosmetic Products do not require legal registry like pharmaceutical products, but, depending on the product, may require a registration process if requested by the Honduran Ministry of Health.

### **Prohibited and Restricted Imports**

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Under the Financial Balance and Social Protection Act, imports of motor vehicles over ten years old, except classic collectible cars, and passenger buses over thirteen years old are prohibited. 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 based on phytosanitary, public health, and national security factors.

### **Customs Contact Information**

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Questions pertaining to customs issues may be addressed to:

#### **Customs and Tax Division**

(Dirección Adjunta de Rentas de Aduana)

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Raúl Ardón, Technical Assistant

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Customs Hotline Email: [gestion.aduanera@dei.gob.hn](mailto:gestion.aduanera@dei.gob.hn)

<http://www.dei.gob.hn>

### **Standards**

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## Overview

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Standardization efforts began in 1998, upon establishment of the Inter-Institutional Standardization Commission of the Ministry of Industry and Trade (SIC). The Commission includes representatives from the Ministry of Agriculture, Natural Resources & the Environment, Health, and Finance, as well as several other key organizations from the private sector. Standards-related duties and activities are the responsibility of the National Standards Body (Organismo Hondureño de Normalización, OHN) under the National Quality System, a decentralized agency of the Technical Ministry of Planning and International Cooperation (SEPLAN), (created under Decree 29-2011). The main objectives of the standards governmental body are to:

- a) Formulate and coordinate the execution of normalization and quality control programs adequate to country needs;
- b) Integrate technical committees for individual normalization projects and;
- c) Promote the use of standards in technical regulations.

In general, standards issues and related technical obstacles do not pose a major hurdle for U.S. exporters looking to do business in Honduras. At present, work is being done in connection to defining the limits of the procedures described in Executive Decree 29-2011, particularly regarding voluntary compliance terms, in order to allow a practical development of the national standardization program. Honduras currently has one-hundred and ten (110) national standards, issued by the National Standards Body (OHN). Through CAFTA-DR and implementation of other trade agreements, signatories are expected to intensify their joint work in the field of standards, technical regulations, and conformity assessment procedures with a view to facilitating regional trade.

## Standards Organizations

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The following sectors have been identified as some of the main productive areas for the potential development of standards in Honduras:

- Agro-industrial production
- Tourism
- Small Hotels
- Wood - Furniture
- Industrial Production
- Energy Efficiency

Honduras is also a subscriber member of the International Standards Organization (ISO) since January 2000. With CAFTA-DR implementation and other trade agreements, Honduran manufacturers are increasingly seeking international standards certification. The implementation of ISO certification for local companies is conducted by legally credited international standards institutions. There are over 120 local companies currently certified under ISO 9001 and ISO 14001, and several others are also in the process of obtaining certification.

## **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus>

## **Conformity Assessment**

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Among the most relevant national testing and conformity assessment bodies are:

- Ministry of Industry and Trade: Consumer Protection and Legal Metrology Division  
<http://www.sic.gob.hn>
- Ministry of Agriculture: National Plant and National Health Service (SENASA/SAG)  
<http://www.senasa-sag.gob.hn>
- National Laboratory of Residues (LANAR)/SAG;  
Quality Control Lab for Veterinary Products/SAG;  
<http://www.salud.gob.hn>
- Ministry of Health: General Directorate of Sanitary and Environmental Regulation  
Food Control Lab  
<http://www.salud.gob.hn>
- Ministry of Natural Resources and the Environment  
CESCO (Pollution Control Research Center)  
DECA (Environmental Control and Evaluation Directorate)  
Mining Executive Directorate (DEFOMIN Laboratory)  
<http://www.serna.gob.hn>
- Ministry of Finance: Customs and Tax Division  
National Customs Laboratory  
<http://www.dei.gob.hn>
- Official Laboratory of Honduran Chemical and Pharmaceutical Professional Association (Laboratorio del Colegio Químico Farmacéutico de Honduras)
- Other private laboratories such as Jordanlab, MQ, and the Honduran Foundation for Agricultural Research (FHIA).

## **Product Certification**

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With CAFTA-DR and other trade agreements, Honduran manufacturers are increasingly seeking international standards certification.

Certification requirements apply to the importation of very specific products. Certificates of free sale and of origin are required for food items. Importers must provide certifications which demonstrate that the products will not cause damage to humans, animals or the environment. Specific certifications are also required according to the type of product to be imported. Imports of animal and plant origin require a phyto or zoo sanitary certificate.

As part of CAFTA-DR, Honduras and the U.S. recognize each other's inspection systems in the manufacturing and processing of animals and products of animal origin as equivalent. In the case of medical and pharmaceutical products which are not for free or over-the-counter sale, a Sanitary Registration from the Ministry of Public Health is required. In the case of raw materials for the foods and pharmaceutical industries, a sanitary registration is also required.

The certificate of Free Sale (CFS) is issued by the appropriate state-level health authorities or the Chamber of Commerce of the United States. The certificate is requested to register the processed food product with the SRD. For registration purposes, the CFS should be accompanied by a document that provides an endorsement of the signatures that appear on the CFS. This document can be any of the following: An apostille that certifies that the CFS has been signed by a notary public of the state of origin of the CFS or by an authentication of the CFS by the Honduran Consulate. In both cases, the apostille or authentication should be provided with an official translation from the Ministry of Foreign Affairs in Honduras.

## **Accreditation**

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The National Accreditation Body of Honduras is the "Organismo Hondureño de Acreditación (OHA)," which operates under the umbrella of the Technical Ministry of Planning and International Cooperation (SEPLAN), is the official accreditation body in Honduras. More information on OHA is available at:

<http://www.hondurascalidad.org/acreditacion.htm>

## **Publication of Technical Regulations**

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Final technical regulations are published in the local government newspaper "La Gaceta". Honduras' national gazette is available only through printed copies purchased from the National Graphic Arts Company, Tel. (504) 2230-3026. New laws and regulations approved by the government's executive branch become effective on the date of publication.

## **Labeling and Marking**

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

Products are required to provide the following label information in Spanish:

- 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 total percentage for each
- Name, address and telephone number of Honduran distributor/representative
- Sanitary License registration number from the Ministry of Health
- Expiration date

Imported sample-sized products must comply with Honduran labeling laws. Bulk-packed food products do not require labeling unless they will be sold at the retail level as an individual unit. Honduras has no requirements regarding nutritional labeling, and it uses the Codex Alimentarius as a guideline. Labels should not indicate that the product has therapeutic, healing, or any other attributes not normally associated with the product.

The declared net content must be expressed in International System (SI) 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 have active ingredients listed, and include a sell-by date. Cigarettes and alcoholic beverages must contain a warning label that complies with the IHADFA labeling requirements. Pharmaceutical products and pesticides must be labeled in Spanish if possible. The Honduran Ministry of Public Health enforces product labeling requirements for food and pharmaceutical products, while the Ministry of Agriculture enforces labeling requirements for pesticides.

Personal Hygiene, Homecare and Cosmetic Products do not require legal registry like pharmaceutical products, but, depending on the product, may require a registration process if requested by the Ministry of Health.

## **Trade Agreements**

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CAFTA-DR supplanted the earlier Caribbean Basin Initiative and later Caribbean Basin Economic Recovery Act trade benefits. CAFTA-DR liberalized bilateral trade between the United States and the region and also furthered integration efforts among the countries of Central America, removing barriers to trade and investment in the region by U.S. companies. CAFTA-DR requires 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.

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. Since 1961, Honduras has also been a member of the Central American

Common Market (CACM), which includes Costa Rica, El Salvador, Nicaragua, and Guatemala. Panama, although not a full member of the CACM, has participated in CACM activities. The harmonized tariff level, as the common external tariff between CACM countries, is 94 percent of the entire customs duty schedule.

Members of the Northern Triangle CA-3 (Honduras, Guatemala, and El Salvador) enjoy a free trade agreement (FTA) with Mexico. Honduras has signed free trade agreements with Colombia, Panama, Chile, and Taiwan. At the regional level, Honduras participates in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The Government of Honduras concluded FTA negotiations with Canada in August 2011, which is not yet in force and is pending approval by the Honduran and Canadian legislative bodies. The Association Agreement between Central American countries (Nicaragua, Honduras, Panama, Costa Rica, Guatemala and El Salvador) and the European Union will enter into force in August 2013. Other trade agreements currently under negotiation include FTAs between Central American countries and the EFTA (Switzerland, Island, Liechtenstein, and Norway), Peru, and Korea.

The “CA-3” (Honduras, Guatemala, and El Salvador) have moved the most rapidly to eliminate trade barriers among themselves and is in the process of eliminating customs inspections at their common borders, relying instead on electronic documentation filed in advance. Central America established a common external tariff schedule in 1998. Six 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.

Additional information on Honduras’s bilateral and multilateral trade agreements is available at: [http://www.sic.gob.hn/tratados\\_suscritos/](http://www.sic.gob.hn/tratados_suscritos/)

## Contact Information

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### National Quality System

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<http://www.hondurascalidad.org>

### National Standards Body

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### National Accreditation Body

Oficina Hondureña de Acreditación (OHA)  
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<http://www.hondurascalidad.org>

National Metrology Institute  
Centro Hondureño de Metrología (CEHM)  
National Quality System, SEPLAN  
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<http://www.hondurascalidad.org>

Post Standards Contact  
U.S. Embassy - U.S. Commercial Service  
Rossana Lobo  
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Tel: (504) 2236-9320; Fax: (504) 238-2888  
E-mail: [Rossana.Lobo@trade.gov](mailto:Rossana.Lobo@trade.gov)  
<http://www.export.gov/honduras>

#### **Web Resources**

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- Honduran Ministry of Industry & Trade: <http://www.sic.gob.hn>
- National Directorate for Competitiveness & Innovation: <http://www.seplan.gob.hn>
- National Quality System: <http://www.hondurascalidad.org>
- Secretariat for Central American Economic Integration <http://www.sieca.org.gt>
- Honduran Private Enterprise Council: <http://www.cohep.com>
- Chamber of Commerce of Tegucigalpa: [www.ccit.hn](http://www.ccit.hn)
- Chamber of Commerce of Cortés: [www.ccichonduras.org](http://www.ccichonduras.org)
- Honduran Customs Office: <http://www.dei.gob.hn>
- U.S. Department of Commerce: <http://www.export.gov/FTA/cafta-dr>
- USDOC Bureau of Industry & Security: <http://www.bis.gov>
- Foreign Agricultural Service: <http://www.fas.usda.gov>
- National Institute of Standards & Technology: <http://www.nist.gov/notifyus>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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The United States is Honduras' largest trade and economic partner. U.S. exports to Honduras in 2012 were \$5.7 billion. Exports levels are expected to achieve the National Export Initiative goal of doubling in value, using 2009 as a base year, by the end of the year 2014. The entry into force of the [Dominican Republic - Central America - United States Free Trade Agreement](#) (CAFTA-DR) in 2006 boosted U.S. export opportunities and diversified the composition of bilateral trade. Substantial intra-industry trade now occurs in textiles and electrical machinery, alongside continued trade in traditional Honduran exports such as coffee and bananas. In addition to liberalizing trade in goods and services, CAFTA-DR includes important disciplines relating to investment, customs administration and trade facilitation, technical barriers to trade, government procurement, telecommunications, electronic commerce, intellectual property rights, transparency, and labor and environmental protection.

Moderate economic growth returned to Honduras in 2010-2012 after a sharp downturn in 2009 due to the effects of the international financial crisis and a domestic political crisis. In 2012, GDP rose to 3.3% and the rate of inflation was 5.7%. Foreign direct investment and domestic investment declined in 2009 but has recovered. The stock of U.S. foreign direct investment (FDI) in Honduras was \$930 million in 2011. U.S. FDI in Honduras is mostly in the manufacturing sector.

The Honduran government is generally open to foreign investment, with limited restrictions and performance requirements. Low labor costs, proximity to the U.S.

market, and the Caribbean port of Puerto Cortés make Honduras attractive to investors. At the same time, however, Honduras' investment climate is hampered by high levels of crime, a weak judicial system, corruption, low educational levels, and poor transportation and other infrastructure.

The Constitution of Honduras requires that all foreign investment complement, but not substitute for, national investment. The legal framework for investment in Honduras is provided by the Honduran Constitution, [the investment chapter of CAFTA-DR](#), a self-executing international agreement that takes precedence over most domestic law, and by the portions of the Law for the Promotion and Protection of Investments passed in 2011 that are not covered by CAFTA-DR. Combined, Honduras' legal obligations guarantee national treatment and most favored nation treatment for U.S. investments in most sectors of the Honduran economy and, compared to earlier legislation, include enhanced benefits in the areas of insurance and arbitration for domestic and foreign investors. CAFTA-DR has equal status in Honduras with the Constitution, in most sectors of the Honduran economy. Several sections of the 2011 Investment Law, including the creation of an Investment Council, have not been implemented or remain stalled because governing regulations have not been approved by the Honduran Congress.

The 2011 Investment Law requires that all local and foreign direct investment be registered with the Investment Office in the Honduran Secretariat of Industry and Commerce. Upon registration, an investor is issued investment certificates, which provides investment protection under the law and guarantees investors' international arbitration rights, further provided for under CAFTA-DR. CAFTA-DR establishes a dispute settlement mechanism, as detailed in the [Investment Chapter](#). An investor who believes the government has not honored a substantive obligation under CAFTA-DR may request binding international arbitration. Proceedings and documents submitted to substantiate the claim are generally open to the public.

The 2011 Investment Law does not limit foreign ownership of businesses, except for those specifically reserved for Honduran investors, e.g., small firms with capital less than 150,000 lempiras (about \$7538). 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. Majority ownership by Honduran citizens is required for 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.

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

- Basic health services,
- Telecommunications,
- Generation, transmission, and distribution of electricity,
- Air transport,
- Fishing, hunting and aquaculture,
- Exploitation of forestry resources,
- 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,
- Private education services, and
- Investigation, exploration, and exploitation of mines, quarries, petroleum and related substances.

The Honduran mining sector has been closed to new investment since 2005, following a Supreme Court decision striking down portions of a 1999 mining law. The Honduran Congress passed a new mining law in January 2013 which should allow the issuance of new mining concessions as soon as the Honduran Presidency adopts recommended regulations for implementation.

Below are several international rankings that directly affect competition, as provided by the Millennium Challenge Corporation (MCC), Transparency International (TI), the Heritage Economic Freedom index and the World Bank's annual Doing Business report.

#### Honduras' Rankings on Select Competition Indicators

Measure	Year	Index/Ranking
TI Corruption Index	2012	28.0/133 of 176
Heritage Economic Freedom	2013	58.4 /96 of 177
World Bank Doing Business	2013	125 /185
MCC Government Effectiveness	FY 2013	-0.13 (44%)
MCC Rule of Law	FY 2013	-0.44 (16%)
MCC Control of Corruption	FY 2013	-0.28 (16%)
MCC Fiscal Policy	FY 2013	-3.5 (50%)
MCC Trade Policy	FY 2013	77.1 (62%)
MCC Regulatory Quality	FY 2013	0.23 (75%)
MCC Business Start Up	FY 2013	0.911 (28%)
MCC Land Rights Access	FY 2013	0.61 (32%)
MCC Natural Resource Prot	FY 2013	94.8 (78%)
MCC Access to Credit	FY 2013	54 (94%)
MCC Inflation	FY 2013	6.8 (<15%)

\* MCC indicators measure Honduras's performance compared to other countries in the Lower Middle Income Country category. For most of the indicators, a country must perform better than the majority of its peers in order to receive a passing score. For those indicators, a number greater than 50 percent in the parentheses represents a passing score. For other indicators, such as inflation, countries must achieve a specified level of performance.

#### Conversion and Transfer Policies

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Article 10.8 of CAFTA-DR ensures the free transfer of funds related to a covered investment. Local financial institutions freely exchange U.S. dollars and other foreign currencies. Foreigners with a valid passport find that opening bank accounts is straightforward, if cumbersome. For deposits exceeding the maximum deposits specified for different account types (corporate or small-medium enterprises), documentation verifying the fund's origin is required.

The 2011 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.

In 2011, the Central Bank of Honduras (BCH) replaced the de facto fixed exchange rate that had been in place since 2005 with a crawling peg that allows the lempira to fluctuate by 7 percent against the U.S. dollar in either direction. The BCH mandated that the crawling peg is subject to the further restriction that any daily price be no greater than 100.075 percent of the average for the prior 7 daily auctions. This secondary restriction limits devaluation to a maximum of approximately 4.8 percent annually (assuming the maximum devaluation daily). As of January 2013, the exchange rate is 20.03 lempiras to the U.S. dollar, according to data from the Central Bank of Honduras.

The Central Bank uses an auction system to regulate the allocation of foreign exchange. Regulations published in 2007 governing the auction system established the following:

- The base price is established every five auctions according to the differential between the domestic inflation rate and the inflation rate of the main commercial partners of Honduras;
- The procedure to determine the base price is set by the Central Bank's Board of Directors;
- The Board of Directors establishes through resolutions the exchange commission to be charged by the Central Bank and the exchange agencies in their foreign exchange transactions;
- Individuals and corporate bodies can participate in the auction system for dollar purchases, either by themselves or through an exchange agency expressing the offered price in lempiras with a maximum of four decimals. The offers can be no less than \$10,000, not more than \$300,000 for individuals, and cannot be more than \$1.2 million for corporations.

Additional information on the Central Bank's exchange system is available at <http://www.bch.hn>. To date, the U.S. Embassy in Honduras has not received complaints from individuals with regard to converting or transferring funds associated with investments.

## **Expropriation and Compensation**

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The Honduran government has the authority to expropriate property for purposes of land reform or public use. The National Agrarian Reform Law provides that idle land fit for farming can be expropriated and awarded to indigent and landless persons. The government authorized several new expropriation cases in 2012.

Impoverished farmer groups often invade or illegally occupy land owned by private companies and then file for the land under the Agrarian Reform Law with the Honduran National Agrarian Institute (INA). If the land is idle and fit for farming, the government

can declare it “expropriated.” As of July 2013, new legislation was passed regarding recovery and reassignment of concessions on underutilized government assets. The law not been published and is not enforce at this time.

While government expropriation of land owned by U.S. companies is not common, disputes related to land seizure actions are relatively common for both Honduran and non-U.S. foreign landowners, most notably those in the agricultural sector. These occupations have sometimes turned violent, especially in the Bajo Aguan region in the department of Colón. Although several cases were resolved in 2012 with the help of Honduran government-brokered negotiations, many landowners have found pursuing legal avenues to be costly, time consuming, and legally inconclusive. The CAFTA-DR agreement contains [provisions in the Investment Chapter designed to protect foreign investors and their investments](#). Section 10.7 states that no party may expropriate or nationalize a covered investment either directly or indirectly. There are limited public purpose exceptions and the treaty provisions require the expropriating government to pay prompt and adequate compensation.

Compensation for land expropriated under the Agrarian Reform Law, when awarded, can be paid partly in cash and partly in 15-, 20- or 25-year Honduran government bonds. The portion to be paid in cash cannot exceed \$1000 if the expropriated land has at least one building; it cannot exceed \$500 if the land is in use but has no buildings; if the land is not in use, compensation will be paid entirely in 25-year government bonds.

## **Dispute Settlement**

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CAFTA-DR provides dispute settlement procedures between the United States and Honduras. Honduras has been a member of the ICSID (International Center for the Settlement of Investment Disputes) since March 1989. CAFTA-DR establishes a dispute settlement mechanism, as detailed in the [Investment Chapter](#). An investor who believes the government has not honored a substantive obligation under CAFTA-DR may request binding international arbitration. Proceedings and documents submitted to substantiate the claim are generally open to the public. The agreement provides basic protections, such as nondiscriminatory treatment, limits on performance requirements, the free transfer of funds related to an investment, protection from expropriation other than in conformity with customary international law, a minimum standard of treatment, and the ability to hire key managerial personnel regardless of nationality.

In practice, the Honduran government has a poor record of handling investment disputes, due primarily to an outdated commercial code and a weak judicial system. The Honduran Commercial Code, which was enacted in 1950, is the main legislation that regulates the operations of businesses in the country. The application of the Commercial Code and its regulations falls under the jurisdiction of the Honduran civil court system.

The Civil Procedures Code (CPC), which entered into force in 2010, introduced the use of open, oral arguments for adversarial procedures. The CPC provides for more effective protection of commercial transactions, property rights, and land tenure, as well as a more efficient process for the enforcement of rulings issued by foreign courts.

Despite these codes, U.S. claimants complain about the lack of transparency and the slow administration of justice in the courts. There are also complaints of favoritism,

external pressure and bribes within the judicial system. U.S. firms have had difficulty navigating the legal system. Many U.S. citizens also have complained about the quality of legal representation they receive from Honduran attorneys.

Honduras' Conciliation and Arbitration Law (Decree 161-2000) which entered into force in 2001, encourages arbitration and clarifies the procedures under which it takes place. In that same year, Centers for Conciliation and Arbitration were established within the Chambers of Commerce and Industry in Tegucigalpa and San Pedro Sula. The 2011 Investment Law permits investors to request arbitration directly, eliminating the previous requirement to include an arbitration clause in investment contracts. 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.

## **Performance Requirements and Incentives**

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There are relatively few performance requirements in Honduras. The 2011 Investment Law guarantees to all foreign investors the freedom to export and import, and eliminates the requirement of prior administrative permits and licenses, except for statistical registries and customs procedures.

Under CAFTA-DR, Honduras granted U.S. service suppliers substantial access to its services market, including financial services. Application procedures for service suppliers in all sectors are generally simple, clear and non-discriminatory. Honduras' service sector is widely accessible to foreign companies as evidenced by U.S. companies' participation in the Honduran banking, insurance, and accounting markets. In both the banking and insurance sectors, foreign companies generally operate on equal footing with local companies as 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 cumbersome reporting requirements and procedures. Furthermore, a Honduran branch of a foreign bank may only operate based on its capital in Honduras, not on its global or regional capital.

The Tourism Incentives Law (as revised in 2002) offers tax exemptions for national and international investment in tourism development projects. The law provides income tax exemptions for the first 10 years of the project and permits the duty-free import of goods needed for the project, including publicity materials. To receive benefits, a business must be located in a designated tourism zone to qualify for tax exemptions and duty-free status. Restaurants, casinos, nightclubs and movie theaters and certain other businesses are not eligible for incentives under this law. Foreigners or foreign companies seeking to purchase property exceeding 3,000 square meters in size for tourism or other development projects in designated tourism zones must present an application to the Honduran Tourism Institute at the Ministry of Tourism. In addition to providing the required personal information, the potential buyer must also prove that a contract to buy a specific property exists and that the project is registered with the Honduran Ministry of Tourism. The buyer must also present feasibility studies and plans about the proposed tourism or economic development project.

## **Right to Private Ownership and Establishment**

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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.

Foreign investors have 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 permits foreign individuals to purchase properties close to shorelines in designated “tourism zones.”

The Government of Honduras has simplified administrative procedures for establishing a company in recent years. According to the 2013 World Bank Doing Business Report, the average time required for starting a business in Honduras is 14 days and requires 13 procedures.

## **Protection of Property Rights**

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Secured interests in property, both movable and real, are recognized under Honduran law. Since 2006, the Chamber of Commerce and Industry of Tegucigalpa (CCIT) has managed the national mercantile registry. In 2010, secured transaction reform legislation came into effect, creating the legislative framework for movable assets to be used as collateral. Honduras’ secured transactions law gives a concession to the CCIT to administer the registry, which began operating in January 2011. As of December 2012, CCIT reported 4396 registered assets.

Inadequate land title procedures have led to numerous investment disputes involving U.S. nationals who are landowners. Title insurance is not widely available in Honduras and approximately 80 percent of the privately-held land in the country is either untitled or improperly titled. Resolution of disputes in court often takes years. There have been claims of widespread corruption in land sales, deed filing, and dispute resolution, including claims against attorneys, real estate companies, judges, and local officials. Although some progress has been achieved, particularly in the Bay Islands, the property registration system remains unreliable and represents a major constraint on investment. In addition, a lack of implementing regulations leads to long delays in the awarding of titles in some regions.

The legislative framework for protection of intellectual property rights (IPR), which includes the Honduran copyright law and its industrial property law, is generally adequate, but laws are not always effectively implemented. In these areas, Honduras largely complies with the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the World Trade Organization (WTO). However, the illegitimate registration of well-known trademarks has been a problem. Honduran law protects data exclusivity for a period of five years, and protects process patents, but it does not

recognize second-use patents. The Property Institute (IP) and Public Ministry handle protection and enforcement of intellectual property rights.

CAFTA-DR [Chapter 15 on Intellectual Property Rights](#) further provides for the protection and enforcement of a range of intellectual property rights, which are consistent with U.S. and international standards as well as with emerging international standards of IPR protection and enforcement. There are also provisions on deterrence of piracy and counterfeiting. Additionally, CAFTA-DR provides authorities the ability to confiscate pirated goods and investigate intellectual property cases on their own initiative.

The Honduran legal framework provides deterrence against piracy and counterfeiting by, for example, requiring the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. The law also provided for statutory damages for copyright and trademark infringement, to ensure that monetary damages can be awarded even when losses associated with an infringement are difficult to assign.

The Honduran government lacks the necessary personnel and resources to wage a truly effective campaign against IPR infringement. Although prosecutors have the authority to seize pirated and counterfeit goods when found, they do not have the ability to prosecute cases without a formal written complaint from an injured party. This complicates and prolongs an already lengthy judicial process. Further exacerbating the process is a lack of transparency.

Honduras is a member of the World Intellectual Property Organization (WIPO), and is a party to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonogram Treaty (WPPT). Honduras signed the World Trade Organization's (WTO) intellectual property (TRIPS) agreement in 2011.

## **Transparency of Regulatory System**

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CAFTA-DR requires that proposed regulations that could impact businesses or investments be published for public comment prior to passage. The Secretariat of Industry and Commerce sometimes publishes draft regulations on its website. However, the Honduran government does not routinely publish regulations before they enter into force and there is no formal mechanism for providing proposed regulations to the public for comment. The lack of a formal notification process prevents most non-governmental groups, including foreign companies, from commenting on proposed regulations.

Regulations must be published in the official government 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 major business organizations essentially have access to the same information as their Honduran counterparts.

Some U.S. investors have experienced long waiting periods for environmental permits and other regulatory and legislative approvals. Sectors in which U.S. companies frequently encounter problems include infrastructure, telecoms, and energy. Generally,

the regulatory requirements are complex and lengthy, and may be influenced by political factors, in addition to potentially requiring Congressional approvals if the time duration exceeds the Presidential term of four years.

## **Efficient Capital Markets and Portfolio Investment**

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There are no government restrictions on foreign investors' access to local credit markets. However, the local banking system generally extends only limited amounts of credit. Local banks should not be considered a significant source for 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.

There are 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 (<http://www.bcv.hn>), but investors should exercise caution before buying securities listed on the BCV. The Central American Securities Exchange is supervised by the National Banking and Insurance Commission (CNBS). Instruments that theoretically can be traded include bankers' acceptances, repurchase agreements, short-term promissory notes, Honduran government private debt conversion bonds and land reform repayment bonds. However, in practice, the market is almost completely composed of short- and medium-term government securities, and no formal secondary market for these bonds exists. A few banks have placed fixed rate and floating rate notes which have extended out to 3 years in maturity, but outside of the banks' issuances the private sector does not sell debt 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, including public disclosure and ratings by a recognized rating agency. Historically, traded firms generally have had economic ties to the different business/financial groups represented as shareholders of the exchange, which has led to lax risk management practices and an enduring loss of public confidence in the institution.

The Honduran financial system is comprised of commercial banks, state-owned banks, savings and loans institutions, and financial companies. There are currently 17 commercial banks operating in Honduras of which 10 have majority foreign ownership. There is no off-shore banking in Honduras.

## **Competition from State Owned Enterprises**

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Most state-owned enterprises are public utilities, including telephone, electricity, and water as well as commercial ports.

In 2003, the Honduran government opened the telecommunications market for sub-operators to provide services under contract with Hondutel, Honduras's state-owned telephone company. Under this program, foreign and domestic carriers register with Honduras's regulatory body, Conatel, as sub-contractors for Hondutel fixed telephony services. Hondutel officially lost its monopoly on fixed-line telephony services in 2005. Approximately 40 foreign and domestic firms have entered into "sub-operator" contracts with Hondutel. Although the elimination of Hondutel's legal monopoly was a positive

step towards liberalization of the telecom sector, a legal framework through which foreign companies can obtain licenses and concessions to provide long distance and international dialing has not yet been established. Investors remain unsure of whether they may legally establish themselves as fully independent telecommunication service providers. Currently, all sub-operators must obtain approval from Congress. Cellular telephone services are open to full private ownership. Hondutel explored the partial privatization of its mobile business in December 2012 but did not complete the process. As of June 2013, a special oversight commission is seeking a strategic partner to facilitate Hondutel's restructuring.

Although most electricity generation in Honduras is in private hands, the state-owned National Electric Energy Company (ENEE) retains a monopoly over transmission and distribution and is primarily responsible for managing systems operation, commercialization and generation. ENEE controls most hydroelectric generation, which accounts for about one-third of total capacity. The remaining power generation comes from diesel and fuel oil plants. ENEE has been losing money for years and needs additional investment in transmission lines and other infrastructure as well as improvements to its collection and internal controls. ENEE is criticized for failing to properly manage Honduras' chronic electricity shortages, make timely investments in infrastructure, especially in the outdated power grid, and address technical losses and theft accounting for almost 30% of power generation, twice the power industry standard for a developing country and the highest rate in Central America. The government has sought to bring additional renewable power onto the grid, mainly from new hydroelectric projects, and it has incentives to encourage renewable energy development. In 2010, the National Congress approved more than 50 contracts between ENEE and private producers for almost 700 MW of new clean energy, but completion of the majority of those mostly hydroelectric projects is not expected before 2017 and many of these projects remain stalled awaiting administrative approval. Many businesses are opting to install their own on-site power generation systems to supplement or substitute for power from ENEE.

A 2003 law grants municipalities the right to manage water distribution themselves and to grant concessions to private enterprises. The law, as amended provides for a transition period until 2013, after which the current national water service, SANAA, is to be disbanded as a utility and exist only to provide technical assistance to the new service providers. Work is ongoing. San Pedro Sula has granted a 30-year concession to a private company. The municipalities of Puerto Cortés and Choloma have also created public-private partnerships.

A special Intervention Commission was created in December 2011 to replace the National Port Company (ENP), the government body that oversees port management, as the authority over operations at Puerto Cortes, Honduras' primary port. The Commission was charged with developing a plan for improving the port's efficiency, taking any necessary measures to attract both public and private investment, addressing environmental issues, and modifying tariffs, as appropriate. Concurrently, the government plans to expand Puerto Cortes through dredging and constructing new terminal facilities using funds it secured from the Inter-American Development Bank (IDB) and the Central American Bank for Economic Integration. All improvements to the port are expected to be executed taking into consideration the work of the Intervention Commission and the IDB-funded modernization project.

## Corporate Social Responsibility

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Awareness of corporate social responsibility (CSR) is growing among both producers and consumers in Honduras. An increasing number of local and foreign companies operating in Honduras include CSR practices into their business strategies.

The Honduran Corporate Social Responsibility Foundation (FUNDAHRSE) was established in 2003 and is successfully leading efforts to promote transparency in the business climate and to provide the Honduran private sector, particularly small- and medium-sized businesses, with the skills to engage in responsible business practices. FUNDAHRSE's members can apply for the foundation's "CSR Enterprise" seal for exemplary responsible business conduct involving activities in health, education, environmental, codes of ethics, employment relations, and responsible marketing. Ten U.S. companies were recognized by FUNDAHRSE for their CSR efforts in 2012.

## Political Violence

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In the country as a whole, levels of crime and violence are high. Crime and violence represent an added cost and constraint on investment. In a World Bank survey conducted in 2006 of both Honduran and foreign firms operating in Honduras, the combined costs of expenses devoted to security measures (hiring security guards, installing alarms, etc.) and loss of annual sales due to security incidents totaled 4.5 percent of sales and rising. The security situation has worsened since 2006 and consequently current security-related costs to business are higher. Please read the latest travel warning, located on the State Department website: [http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_6007.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_6007.html)

## Corruption

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Corruption plays a role in many business dealings in Honduras. U.S. businesses and citizens have found corruption in the public sector and the judiciary to be a significant constraint to successful investment in Honduras. Corruption is pervasive in government procurement, issuance of government permits, real estate transactions (particularly land title transfers), performance requirements, and the regulatory system. The telecommunications and energy sectors have proven particularly problematic.

Both the Millennium Challenge Corporation (MCC) and Transparency International ranked Honduras' control of corruption as poor. For the indicators below, a country must perform better than the majority of its peers in order to receive a passing score (a number greater than 50 percent in the parentheses represents a passing score).

Honduras's Rankings on Key Corruption Indicators

Measure	Year	Index/Ranking
TI Corruption Index	2012	28.0/133 of 176
World Bank Doing Business	2013	125 /185
MCC Government Effectiveness	FY 2013	-0.13 (44%)
MCC Rule of Law	FY 2013	-0.44 (16%)

MCC Control of Corruption	FY 2013	-0.28 (16%)
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U.S. individuals and firms operating or investing in Honduras should take the time to become familiar with the relevant anticorruption laws of both Honduras and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The United States Foreign Corrupt Practices Act (FCPA) makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

**UN Convention:** Honduras is a member of the UN Anticorruption Convention, which entered into force on December 14, 2005. The UN Convention is the first global comprehensive international anticorruption agreement and requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

**OAS Convention:** Honduras is a member of the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation.

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. Honduras has a free trade agreement in place with the United States, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which came into force in 2006. The most recent free trade agreements (FTAs) negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

**Local Laws:** U.S. firms should familiarize themselves with local Honduran anticorruption laws, and, where appropriate, seek in-country legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel. It is illegal to bribe a Honduran public official. Bribery is a criminal act and depending on the degree of the offense, is subject to fines or incarceration. Honduran regulations also prohibit government and public officials from soliciting bribes.

Two codes establish penalties for corruption in Honduras: the Penal Procedures Code (PPC) and the Penal Code (PC), which allows for an adversarial-style, oral, and public trial system. The PPC aims to improve the administration of justice and accountability in a number of ways, including increased transparency in the criminal justice system.

Multiple Honduran government entities share responsibility for fighting corruption: the Public Ministry, under the direction of the Attorney General (Fiscal General); the Superior Accounting Tribunal (TSC), which brings together the Comptroller General of the Republic (CGR), the Directorate of Administrative Probity (ethics office) and the Office of State Assets led by three members selected by Congress.

In 2011, the Honduran government introduced a 4-year inter-institutional transparency and anti-corruption plan (2011-2014). Implementation is overseen by the Office of the Presidency, which seeks to reform government hiring and procurement, increase civil society’s participation in budget processes and institutional mechanisms, and promote social awareness of the impact that corruption has on the country’s development. In 2012, the government announced it would seek to send the country’s first-ever anticorruption law to Congress for approval in the first quarter of 2013.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues in Honduras. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents locally in Honduras.

The U.S. Foreign and Commercial Service in Honduras can be reached directly through its offices in Tegucigalpa, Honduras (<http://export.gov/honduras/ContactUs/index.asp>).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs.

Problems, including alleged corruption by the Honduran government or competitors encountered by U.S. companies, can be brought to the attention of appropriate U.S. government officials at the embassy:

U.S. Embassy Tegucigalpa, Honduras  
Avenida La Paz  
Tegucigalpa M.D.C. Honduras  
Telephone Numbers: (504) 2236-9320, 2238-5114  
Fax Number: (504) 2236-9037

Companies can also report through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at:

[http://tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice's (DOJ) Foreign Corrupt Practices Act (FCPA) Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at <http://www.justice.gov/criminal/fraud/fcpa>.

Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- U.S. Foreign Corrupt Practices Act (FCPA), including a "**Lay-Person's Guide to the FCPA**" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>
- See also new **Antibribery Recommendation and Good Practice Guidance Annex** for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- Transparency International (TI) publishes an annual **Corruption Perceptions Index** (CPI), which measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009)

- Transparency International also publishes an annual **Global Corruption Report** which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>
- The World Bank Institute publishes **Worldwide Governance Indicators** (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>.
- The World Bank **Business Environment and Enterprise Performance Surveys** may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the **Global Enabling Trade Report**, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual **Human Rights Report** available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual **Global Integrity Report**, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html)

## Bilateral Investment Agreements

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A Bilateral Investment Treaty (BIT) between the United States and Honduras entered into force in 2001. 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. Most provisions of these agreements have been superseded by CAFTA-DR. 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, the Dominican Republic, Canada, and the European Union. Honduras also has bilateral investment agreements with the United Kingdom and Spain.

## **OPIC and Other Investment Insurance Programs**

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The U.S. Overseas Private Investment Corporation (OPIC) provides loan guarantees, which are typically used for large 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 2004, OPIC concluded a bilateral investment incentive agreement between the governments of the United States and Honduras.

The Export-Import Bank of the U.S. also provides project financing in Honduras.

Honduras is a party to the World Bank's Multilateral Investment Guarantee Agency (MIGA).

## **Labor**

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Honduras has significant labor available for industries requiring relatively low-skilled workers. Given the low average education level, there is a limited supply of skilled workers in all technological fields, including medical and high technology industries. In 2011, unemployment was at 4.3% and underemployment was at 36.5%.

In general, Honduran labor laws closely mirror International Labor Organization standards. However, the laws are not effectively implemented or enforced. In 2012, 26 Honduran unions in conjunction with the AFL-CIO filed a petition to the U.S. Department of Labor that charged that the government of Honduras was in violation of Chapter 16 (labor code enforcement) of the CAFTA-DR. The petition cites examples of the Ministry of Labor (STSS) allegedly failing to enforce labor laws, such as the right to form a union, bargain collectively and be reinstated when unjustly fired for union organization activities. STSS inspectors' access to maquila plants to enforce the labor code subsequently has improved, and STSS has continued to work to increase its effectiveness in enforcing worker rights and child labor laws. As of 2013, this petition is under review.

The Honduran 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 20 workdays after four years. The Constitution and Labor Code prohibit the employment of persons under the age of 16; with the exception that children aged 14 to 15 may be permitted to work with written parental consent and permission from the Ministry of Labor. All persons under 18 years of age are prohibited from night work, dangerous work and full-time work.

The Honduran Children's Code 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 14 or 15-year-old must certify that the young person has finished or is finishing compulsory schooling. The majority of the violations of the children's code occur in the agricultural sector and informal economy.

In 2010, the Honduran National Congress passed a Temporary Employment Law, which established the country's first legal basis for hiring employees on a temporary basis under a 36-month pilot program. In 2012, Congress amended to law to remove the expiration date and made the Temporary Employment Law permanent.

## **Foreign-Trade Zones/Free Ports**

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There are no known export subsidies provided by the Honduran government, but it provides tax exemptions to firms in free trade zone (although all tax exemptions were temporarily suspended in January 2013). 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 10 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. Therefore, 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 have begun 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 for 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, above). Additional information on Honduran free trade zones and export processing zones is available from the Honduran Manufacturers Association at <http://www.ahm-honduras.com>.

## **Foreign Direct Investment Statistics**

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Table 1: Foreign Direct Investment Flows by Country of Origin

(Millions of U.S. Dollars)

Country	Years		
	2010p	2011p	2012p
<b>WESTERN HEMISPHERE</b>	<b>436.2</b>	<b>580.1</b>	<b>706.2</b>
<b>NORTH AMERICA</b>	<b>343.5</b>	<b>456.4</b>	<b>447.1</b>
UNITED STATES OF AMERICA	135.5	199.0	232.8
CANADA	119.2	147.9	121.6
MEXICO	88.8	109.5	92.7
<b>LATIN AMERICA</b>	<b>92.8</b>	<b>123.7</b>	<b>259.1</b>
<b>CENTRAL AMERICA</b>	<b>70.0</b>	<b>85.1</b>	<b>85.2</b>
GUATEMALA	43.2	31.0	46.4
EL SALVADOR	12.4	11.5	19.9
NICARAGUA	2.6	6.3	8.3
COSTA RICA	11.8	36.2	10.6
PANAMA	10.1	11.9	129.7
COLOMBIA	0.0	13.4	22.1
<b>CARRIBEAN</b>	<b>12.7</b>	<b>13.3</b>	<b>22.1</b>
BERMUDA	8.0	7.6	11.8
BAHAMAS	5.0	5.6	10.3
BRITISH VIRGIN ISLANDS	-0.3	-	-
DOMINCAN REPUBLIC	0.0	0.1	0.0
<b>EUROPE</b>	<b>241.1</b>	<b>155.6</b>	<b>4.8</b>
IRELAND	15.8	11.6	-
GERMANY	13.5	22.3	-104.8
ITALY	11.2	3.2	5.3
HOLLAND	2.0	4.3	3.3
SWITZERLAND	18.2	48.7	5.9
FRANCE	8.9	8.6	13.7
UNITED KINGDOM	77.7	55.6	79.1
SPAIN	-0.5	1.2	2.3
LUXEMBOURGH	94.3	-	-
<b>ASIA</b>	<b>10.2</b>	<b>-17.4</b>	<b>4.0</b>
REPUBLIC OF KOREA	2.4	-17.4	4.0
TAIWAN	6.9	-	-
CHINA	0.9	-	-
<b>OTHER COUNTRIES</b>	<b>16.0</b>	<b>0.5</b>	<b>0.1</b>
<b>TOTAL</b>	<b>703.5</b>	<b>718.9</b>	<b>715.0</b>

Source: Central Bank of Honduras, p/Preliminary

Table 2: Foreign Direct Investment Flows by Industry Sector Destination  
(Millions of U.S. Dollars)

Industry Sector	Years		
	2010p	2011p	2012p
Transport, Warehousing and Communications	185.0	207.4	198.9
Manufacturing Industry	90.2	170.9	29.8

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Maquila	166.2	119.8	115.4
Commerce	96.9	78.1	111.1
Services	96.8	58.6	223.5
Mining and Quarries	44.4	34.6	49.5
Electricity, Gas and Water	9.0	35.2	7.2
Agriculture, Forestry, Hunting and Fishing	15.0	11.0	-24.5
Construction	-0.1	3.3	4.0
<b>TOTAL</b>	<b>703.5</b>	<b>718.9</b>	<b>715.0</b>

Source: Central Bank of Honduras, p/Preliminary

## Web Resources

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Central Bank of Honduras - <http://www.bch.hn/>

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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Among the payment methods commonly used for international trade transactions are open accounts, commercial letters of credit, cash against documents, factoring, and cash in advance. Factoring, cash in advance and irrevocable payment undertakings, such as letters of credit confirmed by U.S. banks, are the most frequently used methods of payment for U.S. exporters selling to Honduran firms (particularly in transactions of significant value). A third party, such as the Export-Import Bank of the United States, should insure open account transactions. It is highly discouraged to sending shipments without agreeing to payment terms in advance and receiving proper bank documents.

### How Does the Banking System Operate

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The Honduran banking system, currently comprised of 8 financial groups and 17 private banks authorized by the National Banking and Insurance Commission (CNBS), includes financial intermediaries, one securities exchange, brokerages, credit operators, and foreign exchange houses. In recent years, it has experienced significant growth, consolidation, and regional expansion. CAFTA-DR implementation has encouraged U.S. corporate groups such as GE Finance and Citigroup to finalize important acquisitions as part of their investment and expansion strategies for emerging markets.

Total assets in the Honduran financial system in 2012 were USD 15,083 billion. Banks account for 98 percent of total assets in the financial system. The minimal capital requirement to operate a bank is Lps. 300 million (\$14.8 million) per resolution 633/12-05-2009. Average interest rates for local currency in the banking system were 16.70 percent for 2012. Average interest rates in US dollars were 7.45 percent in 2012.

Bank operations are governed by a Central Bank reform law revised in 2004. The law also provides for stronger capitalization of the Central Bank by 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.

There are few legal barriers to entry in the banking sector, but the small size of the market has meant that most foreign investment has been in regional, rather than Honduran-only, banks. Several banks have majority foreign ownership including Banco Citibank de Honduras, S.A., HSBC (acquired in 2012 by the Colombian bank Davivienda Bank S.A.), BAC/Credomatic, LAFISE, Azteca, Promerica, ProCredit, and BanPais.

## Foreign-Exchange Controls

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Honduras uses a crawling peg exchange rate that allows the Lempira to fluctuate by 7 percent against the U.S. dollar in either direction (Resolution No. 284-7/2011). The peg is subject to the further restriction that any daily price be no greater than 100.075 percent of the average for the prior 7 daily auctions. This secondary restriction limits devaluation to a maximum of approximately 4.8 percent annually (assuming the maximum devaluation daily). The Central Bank uses an auction system to regulate the allocation of foreign exchange. Commercial banks are required to sell 50 percent of repatriated foreign exchange earnings to the Central Bank each night.

## U.S. Banks and Local Correspondent Banks

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### **Banco Atlantida, S.A.**

Guillermo Bueso Anduray, Executive President  
P.O. Box 3164  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2231-1878, 2232-4047; Fax: (504) 2231-1974  
[Http://www.bancatlan.hn](http://www.bancatlan.hn); E-mail: [info@bancatlan.hn](mailto:info@bancatlan.hn)

### **Banco Davivienda Honduras, S.A.**

Alvaro Morales Patiño, Executive President  
P.O. Box 344 and 3185  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2240-0909; 800-2222-2020; Fax: (504) 2240-4873  
Web: [Http://www.davivienda.com.hn](http://www.davivienda.com.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) 2239-6410; Fax: (504) 2239-8785  
E-mail: [bancoficohsa@grupoficohsa.hn](mailto:bancoficohsa@grupoficohsa.hn); [Http://www.ficohsa.com](http://www.ficohsa.com)

### **Banco de Occidente, S.A.**

Jorge Bueso Arias, President  
Emilio Medina, Vice President  
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Tel: (504) 2237-0310; Fax: (504) 2237-0486  
E-mail: [info@bancocci.hn](mailto:info@bancocci.hn); <http://www.bancocci.hn>

**Banco Citibank de Honduras, S.A.**

Janeth Tirado, Chief Country Officer (CCO Honduras)  
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Tegucigalpa M.D.C., Honduras  
Tel: (504) 2290-0100; Fax: (504) 2290-0123;  
<https://www.citibank.com.hn/index.html>

**Banco del País, S.A.**

Maria del Rosario Selman, Executive President  
P.O. Box 1075  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-0460; 2566-2020; Fax: (504) 2239-5707; 2566-2142  
Web: <http://www.banpais.hn>; E-mail: [presidencia@banpais.hn](mailto:presidencia@banpais.hn)

**Banco Financiera Centroamericana, S.A. (FICENSA)**

Gloria de López, President  
Roque Rivera, Executive Vice President  
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Tegucigalpa M.D.C., Honduras  
Tel: (504) 2221-3870; Fax: (504) 2221-3849  
Web: <http://www.ficensa.com>

**Banco Hondureño del Café (BANHCAFE)**

Ing. Cesar Arturo Zavala, General Manager  
P.O. Box 583  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-8370; Fax: (504) 2239-7782  
Web: <http://www.banhcafe.hn>; E-mail: [banhcafe@banhcafe.hn](mailto:banhcafe@banhcafe.hn)

**Banco de los Trabajadores, S.A.**

Jesús Ponce Sandoval, President  
René Ardón Matute, General Manager  
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Tel: (504) 2238-0017, 2238-0140; Fax: (504) 2238-0077; 2222-1634  
Web: <http://www.btrab.com>; E-mail: [info@btrab.com](mailto:info@btrab.com)

**Banco LAFISE Honduras**

Roberto Zamora, Executive President  
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**Banco Continental, S.A.**

Jaime Rosenthal, President  
Patricia Rosenthal, Vice-President  
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San Pedro Sula, Cortés, Honduras

Tel: (504) 2550-0880; Fax: (504) 2550-2750  
Web: [www.bancon.hn](http://www.bancon.hn); E-mail: [cajageneral\\_sps@continental.hn](mailto:cajageneral_sps@continental.hn)

**BAC/Honduras**

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René Simón, Vice-President  
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Web: <https://www.bac.net/honduras>

**Banco Promérica**

Arturo Arana, President  
Lic. Gustavo Raudales, Executive Director  
Colonia Palmira, Ave. Rep. De Chile # 804  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2216-2000, 2280-8080; Fax: (504) 2216-4644  
Web: [www.bancopromerica.com](http://www.bancopromerica.com); Email: [consultas@bancopromerica.com](mailto:consultas@bancopromerica.com)

**Banco ProCredit**

Meik Proescher, General Manager  
Col. Florencia, Blvd Suyapa 3730, Edif. ProCredit  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2290-1010; Fax: (504) 2239-5828  
E-mail: [info@procredit.com.hn](mailto:info@procredit.com.hn)  
[Http://www.procredit.com.hn](http://www.procredit.com.hn)

**Banco Azteca**

Miguel Gonzalez Ramirez, Country Director  
Oficina Principal, Col. Miramontes, Calle La Salud  
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[Http://www.bancoazteca.com.hn](http://www.bancoazteca.com.hn)

**Banco Popular Coveló**

German Contreras, President  
Luis Fernando Gómez, General Manager  
Edif. Fundación Coveló, Col. Castaño Sur  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2221-5150; 2221-5177; Fax: (504) 2221-5202  
<http://www.bancopopular.hn>

**Regional and Multilateral Development Banks:**

***Central American Bank for Economic Integration***

Nick Reischbieth, Executive President  
Edificio Sede, Boulevard Suyapa  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2240-2243; Fax: (504) 2240-2185  
<http://www.bcie.org>

**World Bank - Honduras**

Giuseppe Zampaglione, Resident Country Representative  
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4to. Piso, Col. Payaqui  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2239-4551; Fax: 2239-4555  
<http://go.worldbank.org/8UPME3WI10>

**Inter-American Development Bank (IADB)**

David Ian Walker, Country Representative  
Col. Lomas del Guijarro Sur, 1era Calle  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2290-3500; Fax: (504) 2239-5752  
<http://www.iadb.org/en/country/honduras>

**Project Financing**[Return to top](#)

Long term financing for infrastructure, industrial initiatives, and other major projects is available from both U.S. and international entities. Multilateral organizations such as the Inter-American Development Bank and the World Bank are active players in development and project financing in Honduras, along with affiliated institutions such as the Inter-American Investment Corporation (IIC) and the International Finance Corporation (IFC), respectively. The Central American Bank of Economic Integration (CABEI) is also a leading source of multilateral financing.

The United States Export-Import Bank (Ex-Im Bank) 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 risks they cannot accept. Ex-Im Bank is not a development bank, and therefore looks for reasonable reassurance of repayment in all transactions.

Long-term financing is generally available only through special lines of credit that select commercial banks have with Central American Bank for Economic Integration. The programs that are available 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.

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

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](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>

Central American Bank for Economic Integration: <http://www.bcie.org>

Honduran Association of Banking Institutions: <http://www.ahiba.hn>

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## Chapter 8: Business Travel

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### Business Customs

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In Honduras, written contracts are used as a means to formalize verbal agreements between trusted colleagues. To a greater degree than in the United States, personal relationships are important in creating and maintaining business ties and avoiding possible disputes. As a result, Honduran businesspeople build life-long relationships and establish close links with clients or customers, creating a reciprocal feeling of obligation and desire to assist.

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, 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 for meetings is not unusual. While Americans take pride in timeliness, keeping a schedule is not as important in Honduras. 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

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One important issue to keep in mind when visiting Honduras is security. Street crime is a principal concern, including theft, pick pockets, and armed robberies. In addition, armed car and home robberies have been a problem. As a precaution, one should avoid wearing excessive jewelry and visibly carrying cellular phones, valuables or large sums of money when walking in downtown areas. In the event that one's passport is stolen or lost, or that one experiences a threatening situation, it should be reported immediately to the local police and the US Embassy's Consular Section.

Americans living or traveling in Honduras are encouraged to register with the U.S. Embassy through the State Department's travel registration website <http://travelregistration.state.gov> so that they can obtain updated information on travel and security within Honduras.

In July 2013, the U.S. Department of State reissued a travel warning for Honduras ([http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_6007.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_6007.html)). Additional information is also available through the Consular Information page for Honduras at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1135.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1135.html) and the Embassy webpage: <http://honduras.usembassy.gov>. The Consular Section in Tegucigalpa is open for U.S. citizens' services Mondays through Thursdays (except on U.S. and Honduran holidays) from 7:30 am to 4:30 pm., and from 8:00 am to 3:00 pm on Fridays.

## **Visa Requirements**

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A U.S. passport valid for at least six months from the date of entry is required to enter Honduras. A visa is not required for American citizens, but tourists must provide evidence of return or onward travel. Immigration officials at the first port of entry determine the length of stay, up to a maximum period of 90 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 inquiries, please visit the Honduran Embassy's website at <http://www.hondurasemb.org>.

### **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, residence visa applications are conducted through the General Immigration Directorate.

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), or 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.

For more information on Permanent Residency and Special Permanent Residency please visit the Honduran Embassy's website at:

<http://honduras.usembassy.gov/acs?hondresid.html>

## **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.

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>

US Embassy in Tegucigalpa: <http://honduras.usembassy.gov/visas.html>

## **Telecommunications**

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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. Four mobile telephone providers currently operate in Honduras.

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 and entertainment-oriented stations.

Four daily Spanish-language newspapers 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**

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Passenger and air-freight services are generally reliable. Three gateway cities (Houston, Miami, and Atlanta) are only two and a half hours by air from Honduras. Direct flights between Honduras and cities in North and Central America are provided by the following international airlines: American Airlines, Continental Airlines, Delta, COPA, Spirit, and TACA Airlines. Isleña 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 Central American Airways, CM 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). Air travelers leaving Honduras are required to pay USD \$34.80 in departure fees.

Passenger ground transportation, including comfortable bus service, is also available to various cities in the country, as well as to some Central American destinations. Travelers should exercise extreme caution while driving on isolated stretches of road and passing on mountainous curves. Traffic signs, even on major highways, are often inadequate, and streets in the major cities are often unmarked. Honduran roads are generally poorly lit, and vehicles are often driven at night without adequate illumination, and animals and people wander onto the roads at all hours. For these reasons, car and bus travel after dark is strongly discouraged.

Although 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 better options for foreign visitors is calling a Radio Taxi, a reliable cab service available in Tegucigalpa (Tel: 2225-5563) and San Pedro Sula (Tel: 2557-5808; 2553-6251; 2557-9147). However, Radio Taxi prices are significantly higher than normal street taxis, and the passenger may have to wait 15 minutes or more beyond the promised arrival time of the taxi. 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. Sharing cabs with strangers is strongly discouraged. Various car rental companies are also available.

## **Language**

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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. English is often spoken in the Bay Islands.

## **Health**

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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 as well as the use of insect repellent is recommended 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) 2512-1800; fax (202) 2512-2250. Business travelers to Honduras seeking appointments with U.S. Embassy Tegucigalpa officials should contact the Commercial Section in advance by telephone at (504) 2238-5114, or by fax (504) 2238-2888.

**Local Time, Business Hours, and Holidays**

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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 Embassy is closed for the following Honduran and American:

Date	Holiday
Tuesday, January 1, 2013	New Year's Day (U.S./Honduras)
Monday, January 21	Martin Luther King Junior's Day (U.S.)
Monday, February 18	President's Day (U.S.)
Thursday, March 28	Holy Thursday (Honduras)
Friday, March 29	Good Friday (Honduras)
Saturday, March 30	Easter Saturday (Honduras)
Sunday, April 14	Day of the Americas (Honduras)
Wednesday, May 1	Honduran Labor Day (Honduras)
Monday, May 27	Memorial Day (U.S.)
Thursday, July 4	Independence Day (U.S.)
Monday, September 2	Labor Day (U.S.)
Sunday, September 15	Central American Independence Day (Honduras)
Monday, October 7	Francisco Morazan's Birthday (Honduras)*
Saturday, October 12	Discovery of America (Honduras)*
Monday, October 14	Columbus Day (U.S.)
Monday, October 21	Honduran Armed Forces Day (Honduras)*
Monday, November 11	Veterans Day (U.S.)
Thursday, November 28	Thanksgiving Day (U.S.)
Wednesday, December 25	Christmas Day (U.S./Honduras)
Wednesday, January 1, 2014	New Year's Day (U.S./Honduras)

Official embassy holidays are posted at:  
<http://honduras.usembassy.gov/holidaysched.html>

## Temporary Entry of Materials and Personal Belongings

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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 that 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.

Any special questions regarding Temporary Entry of Materials and Personal Belongings you may call or email the following:

General Directorate of Productive Sectors (Dirección General de Sectores Productivos)  
(504) 2235-3707  
Email: [margenal@sic.gob.hn](mailto:margenal@sic.gob.hn),  
Address: Edificio San José, Boulevard José Cecilio del Valle

Department of Revenue Office (Departamento de Regímenes Especiales de la Dirección Ejecutiva de Ingresos (DEI))  
(504) 2220-0967  
Edificio Plaza Morazán, Tegucigalpa.

## Web Resources

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- US Embassy in Tegucigalpa, Honduras: <http://honduras.usembassy.gov>.
- State Department Visa Website: [http://travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)
- Secretaría de Industria y Comercio: <http://www.sic.gob.hn>

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## Chapter 9: Contacts, Market Research, and Trade Events

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

### Contacts

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#### A. Honduran Government Agencies

##### **Presidential Palace**

Porfirio Lobo Sosa, President of the Republic of Honduras  
Palacio José Cecilio del Valle  
Blvd. Juan Pablo II  
Tegucigalpa, M.D.C.  
Tel: (504) 2221-4545  
Fax: (504) 2221-4570  
<http://www.presidencia.gob.hn>

##### **Central Bank of Honduras**

Maria Elena Mondragón, President  
Edif. Banco Central  
Apdo. Postal 3165  
Tegucigalpa, M.D.C.  
Tel: (504) 2237-1677, 2237-2270  
Fax: (504) 2237-6261  
<http://www.bch.hn>

##### **Ministry of Foreign Affairs**

Mireya Aguero, Minister  
Antigua Casa Presidencial, ½ cuadra al norte de la  
Corte Suprema de Justicia  
Tegucigalpa, M.D.C.  
Tel: (504) 2234-4971; 2234-4921  
Fax: (504) 2234-1484  
<http://www.sre.gob.hn>  
E-mail: [consultas@sre.gob.hn](mailto:consultas@sre.gob.hn)

##### **Ministry of Industry and Commerce**

José Adonis Lavaire, Minister  
Edificio Fenaduana, 4to Piso, Blvd Kuwait  
Tegucigalpa, M.D.C.  
Tel: (504) 2235-3699, 2235-4089  
Fax: (504) 2235-3686  
<http://www.sic.gob.hn>

##### **Ministry of Finance**

Wilfredo Cerrato Rodríguez, Minister

Secretaría de Finanzas  
Tegucigalpa, M.D.C.  
Tel: (504) 2222-8701, 2222-1211/78  
Fax: (504) 2238-2309  
<http://www.sefin.gob.hn>

**Ministry of Public Works, Transportation and Housing**

Adolfo Raquel, Minister (Acting)  
Bo. La Bolsa, Comayagüela, M.D.C.  
Tel: (504) 2225-0994; 2225-2690; 2225-3614/0691  
Fax: (504) 2225-5003

**Ministry of Security**

Arturo Corrales, Minister  
Cuartel General de Casamata, Subida al Picacho  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2220-4298; 2220-4299  
Fax: (504) 2220-1711

**Ministry of Agriculture and Livestock**

Jacobo Regalado Weinzemblut, Minister  
Blvd. Centroamérica, Ave. La FAO  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2239-8394, 2231-1921  
Fax: (504) 2232-5375  
<http://www.sag.gob.hn>

**Ministry of Natural Resources and Environment**

Rigoberto Cuellar Cruz, Minister  
Frente al Birichiche, 100 mts al Sur Estadio Nacional  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2232-1386; 2239-4296; 2235-7833  
Fax: (504) 2239-2011  
<http://www.serna.gob.hn>

**Ministry of Labor and Social Security**

Jorge Borgrán Perdomo, Minister  
Edif. La Hacienda, Blvd. La Hacienda  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2235-3458; 2232-3918  
Fax: (504) 2235-3455  
E-mail: [info@trabajo.gob.hn](mailto:info@trabajo.gob.hn)  
<http://www.trabajo.gob.hn>

**National Banking & Insurance Commission**

Abog. Vilma Cecilia Morales Montalván, President  
Edif. Santa Fé, Col. Castaño Sur  
Paseo Virgilio Zelaya Rubí, Bloque 'C'  
Tegucigalpa, Honduras  
Tel: (504) 2290-4500  
<http://www.cnbs.gov.hn>

**Ministry of Tourism**

Nelly Karina Jerez, Minister  
Col. San Carlos, 5 Piso, Edif. Europa  
Tegucigalpa, Honduras  
Tel: (504) 2222-2124; 2222-1183; 2222-4002  
Fax: (504) 2238-2102; 2222-6642  
Email: [tourisminfo@iht.hn](mailto:tourisminfo@iht.hn)  
<http://www.letsghonduras.com>  
<http://www.iht.hn>

**Ministry of Health**

Salvador Pineda, Minister  
2 Calle , Ave. Cervantes  
Tegucigalpa, Honduras  
Tel: (504) 2222-8518, 2222-5771 Ext. 1055  
Fax: (504) 2222-6787  
<http://www.salud.gob.hn>

**Technical Ministry of Planning and International Cooperation**

(Secretaría Técnica de Planeación y Cooperación Externa)  
Julio Raudales, Minister  
Centro Cívico Gubernamental, Blvd. FFAA, Contigio a Chiminike  
Tegucigalpa, Honduras  
Tel: (504) 2230-7000  
Fax: (504) 2239-5277  
<http://www.seplan.gob.hn>

**Ministry of Culture, Arts and Sports**

Tulio Mariano Gonzáles, Minister  
Col. Palmira, Edif. Castillo y Poujol  
Tegucigalpa, Honduras  
Tel: (504) 2235-6272;  
Fax: (504) 2236-6455  
<http://www.scad.gob.hn>

**Ministry of Education**

Marlon Escoto, Minister  
1ra Ave., entre 2-3 Calle  
Comayaguela, M.D.C., Honduras  
Tel: (504) 2238-4325; 2238-4260  
Fax: (504) 2222-8571  
<http://www.se.gob.hn>

**Civil Aviation Directorate**

Manuel Enrique Cáceres Díaz, Director  
Aeropuerto Internacional Toncontín  
P.O. Box 30145  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2234-0263; 22346853  
Fax: (504) 2233-1115

<http://www.dgachn.org>

**Empresa Hondureña de Telecomunicaciones (HONDUTEL)**

Jesús Castellanos, President of Supervisory Commission  
Final Blvd. Morazán, atrás de Bigos, Edif. Los Almendros  
P.O. Box 1794  
Tegucigalpa, M.D.C., Honduras  
Tel: (504)2 238-5614; 2238-5608  
Fax: (504) 2238-5614  
<http://www.hondutel.hn>

**Servicio Autónomo Nacional de Acueductos y Alcantarillados (SANAA)**

Danilo Alvarado, General Manager  
1 Ave., 13 Calle, Comayagua  
P.O. Box 437  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2237-8551  
Fax: (504) 2237-8552  
<http://www.sanaa.hn>

**Empresa Nacional de Energía Eléctrica (ENEE)**

Emil Hawit, General Manager  
Edif. EMAS, 4to Piso, Bo. El Trapiche  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2235-2934  
Fax: (504) 2235-2969  
<http://www.enee.hn>

**National Port Authority**

José Darío Gamez, General Manager  
Puerto Cortés, Cortés, Honduras  
Tel: (504) 2665-0987  
Fax: (504) 2665-1402  
<http://www.enp.hn>

**Municipality of Tegucigalpa**

Ricardo Alvarez, Mayor  
Frente al Parque Central  
Tegucigalpa, M.D.C.  
Tel. (504) 2220-0108  
Fax: (504) 2222-0242  
<http://www.lacapitaldehonduras.com>

**Municipality of San Pedro Sula**

Juan Carlos Zúniga, Mayor  
P.O. Box 663  
Bo. El Centro, 4 y 5 Ave.  
San Pedro Sula, Honduras  
Tel: (504) 2550-6029; 2552-1588; 2552-1633  
Fax: (504) 2557-3556/2844  
<http://www.msps.hn>

**Honduran Fund for Social Investment (FHIS)**

Roberto Zablach Ayala, Director  
Edificio IPM  
Apartado Postal 3581  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2233-1730, 2234-5231-37  
Fax: (504) 2234-5255  
<http://www.fhis.hn>

**B. Country Trade Associations/Chambers of Commerce****Honduran American Chamber of Commerce (AMCHAM)**

José Eduardo Atala, President  
Aracely Batres, Executive Director  
7mo Piso, Torre Alianza, Col. Lomas del Guijarro Sur  
P.O. Box # 1838  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2271-0094/95/96  
Fax: (504) 2271-0094  
<http://www.achamhonduras.org>

**Foundation for Investment and Development of Exports (FIDE)**

Lic. Vilma Sierra de Fonseca, Executive President  
P.O. Box # 2029  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2221-6303  
Fax: (504) 2221-6318  
E-mail: [info@fidehonduras.com](mailto:info@fidehonduras.com)  
[Http://www.hondurasinfo.hn](http://www.hondurasinfo.hn)

**Federation of Agricultural Producers and Exporters (FPX)**

Medardo Galindo, General Manager  
P.O. Box # 236  
San Pedro Sula, Cortés, Honduras  
Tel: (504) 2566-0139  
Fax: (504) 2566-3852  
<http://www.fpxhn.net>

**Honduran Association of Municipalities (AMHON)**

Danilo Castillo, Executive Director  
Edif. Principal AMHON, Paseo La Reforma  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2238-3950; 2238-5227  
Fax: (504) 235-3345/44  
E-mail: [amhoncomunicaciones@gmail.com](mailto:amhoncomunicaciones@gmail.com)  
<http://www.amhon.hn>

**Honduran Council for Private Enterprise (COHEP)**

Aline Flores, President  
Armando Urtecho, Executive Director  
P.O. Box 3240  
Col. Tepeyac, Calle Yoro, Edificio #8  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2235-3336  
Fax: (504) 2235-3345/44  
E-mail: [presidencia@cohep.com](mailto:presidencia@cohep.com)  
<http://www.cohep.com>

**National Honduran Association of Exporters (ANEXHON)**

Lic. Roberto Panayotti, President  
Industrias Panavisión, Salida nueva a La Lima  
Fte. Sigmanet, contiguo a Plaza 1, frente a Diunsa  
San Pedro Sula, Cortés, Honduras  
Tel: (504) 2553-3029  
Fax: (504) 2557-0203  
Email: [Roberto@ipsa.hn](mailto:Roberto@ipsa.hn)

**Construction Industry Chamber (CHICO)**

José Alejandro Alvarez, President  
Silvio Larios, General Manager  
P.O. Box # 905  
Col. Castaño Sur, Ave. Virgilio Zelaya Rubí, Bloque C #19  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-2028; 2239-2039; 2239-2029  
Fax: (504) 2239-2028  
<http://www.chicoorg.org>

**Honduran Federation of Chambers of Commerce (FEDECAMARA)**

Amilcar Bulnes, President  
Maribel Espinoza, Executive Director  
P.O. Box # 3393  
Edif. Castañito, 2do Nivel, 6 Ave., Col Los Castaños  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2232-6083  
Telefax: (504) 2232-1870  
Email: [fedecamara.direccion@gmail.com](mailto:fedecamara.direccion@gmail.com)  
<http://www.fedecamara.org>

**Chamber of Commerce and Industry of Tegucigalpa (CCIT)**

Miguel Mourra, President  
Mario Bustillo, Executive Director  
P.O. Box # 3444  
Edif CCIT, Blvd. Centroamérica, contiguo a Emisoras Unidas  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2232-4200  
Fax: (504) 2232-0159  
E-mail: [asuservicio@ccit.hn](mailto:asuservicio@ccit.hn)  
<http://www.ccit.hn>

**Chamber of Commerce and Industry of Cortés (CCIC)**

Fernando Jaar, President  
Víctor Tarrab, Executive Director  
P.O. Box # 14  
San Pedro Sula, Cortés, Honduras  
Tel: (504) 2566-0345  
Fax: (504) 2566-0344  
E-mail: [ccic@ccichonduras.org](mailto:ccic@ccichonduras.org)  
<http://www.ccichonduras.org>

**National Industry Association (ANDI)**

Ing. Adolfo Facussé, President  
Fernando García, Executive Director  
P.O. Box #3447  
Tegucigalpa, M.D.C.  
Tel: (504) 2232-2221, 2239-1239  
Fax: (504) 2221-5199  
E-mail: [andi@andi.hn](mailto:andi@andi.hn)  
<http://www.andi.hn>

**Honduran Apparel Manufacturers Association**

Daniel Facussé, President  
Edif. Altua Business Park, 12 Piso, Blvd. Armenta  
P.O. Box # 2658  
San Pedro Sula, Cortés, Honduras  
Tel: (504) 2516-9100  
Fax: (504) 2516-9100  
<http://www.ahm-honduras.com>

**Honduran Association of Banking Institutions (AHIBA)**

Roque Rivera, President  
P.O. Box #1344  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2235-6770; 2235-6772  
Fax: (504) 2239-0191  
E-mail: [ahiba@ahiba.hn](mailto:ahiba@ahiba.hn)  
<http://www.ahiba.hn>

**Honduran Mining Association (ANAMINH)**

Santos Gabino Carvajal, President  
Miriam Bueso, Executive Director  
Edif. Plaza Millennium 2ndo Nivel Cubi B Guel 3  
Comaguela, Honduras  
Tel/fax: (504) 2225-3733  
Email: [anaminh@yahoo.com](mailto:anaminh@yahoo.com)  
<http://www.anamimh.hn>

**Association of Meat Importers (AIMCA)**

Asociacion de Importadores de Carnicos  
Roberto Prego, President  
Bo. Buenos Aires, 1era y 2nda Ave. 10 Calle, NO, casa No. 109

San Pedro Sula, Cortes, Honduras  
Tel: (504) 2551-2468; 2551-0664  
Fax: (504) 2551-2468  
E-mail: [repregoocon@yahoo.com](mailto:repregoocon@yahoo.com)

**Honduran Association of Importers and Distributors of Vehicles (AHDIVA)**

Jorge Kafati, President  
Edif. Montecarlo, Col. Montecarlo  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2221-5725; 2235-5001  
Fax: (504) 2239-3796  
E-mail: [ahdiva@amnettgu.com](mailto:ahdiva@amnettgu.com)  
<http://www.ahdiva.org/>

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

Mauricio Zablah, President  
Sarahí Silva, Manager  
Residencial Aeropuerto, Ave. Independencia, Bloque H, Lote #1  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2234-2345; Fax: (504) 2233-0660  
E-mail: [ahdippe@amnettgu.com](mailto:ahdippe@amnettgu.com)  
<http://www.ahdippe.org>

**Honduran Association of Shipping Companies and Representatives (AHCORENA)**

Carlos Ysaguirre, President  
Edif. Plaza Local 19A  
1-2 Calle, 1-2 Ave, N.E.  
San Pedro Sula, Cortés, Honduras  
Tel: (504) 2552-4412  
Fax: (504) 2552-4412  
E-mail: [ahcorena@sulanet.net](mailto:ahcorena@sulanet.net)

**National Aquaculture Association (ANDAH)**

Marco Polo Micheletti, Executive Director  
P.O. Box # 229  
Choluteca, Choluteca, Honduras  
Tel: (504) 2782-0986, 2224-0577  
Fax: (504) 2782-3848

**Honduran Chamber of Insurance Companies (CAHDA)**

Gerardo Rivera, President  
Tethey Martínez, General Manager  
P.O. Box # 3290  
Col. San Carlos, Edif. Casa Real, 3er Nivel  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2221-5354  
Fax: (504) 2221-5356  
<http://www.cahda.org>

**Honduran Chamber of Tourism (CANATURH)**

Epaminondas Marinakys, President  
Sue Elen Chavez, Executive Director  
Col. Lomas del Guijarro Sur, Cille. Paris, Ave. Niza #1223  
P.O. Box # 5804  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2232-1927; Fax: (504) 2235-8355  
E-mail: [canaturh@canaturh.org](mailto:canaturh@canaturh.org)  
<http://www.canaturh.org>

**National Federation of Agricultural Producers (FENAGH)**

Leopoldo Durán, President  
Col. Miramontes, Ave. Principal, 7 Cille., #1557  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2239-1303  
Fax: (504) 2231-1392  
E-mail: [fenagh@fenagh.net](mailto:fenagh@fenagh.net)  
<http://www.fenagh.net>

**National Hotel Association (AHAH)**

Luz Mejía Amador, President  
Col. Los Girasoles, Escuela Hotel Madrid  
P.O. Box # 3574  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2221-5805; 2236-7174; Fax: (504) 2221-4789  
E-mail: [asociacionhotelerahn@yahoo.com](mailto:asociacionhotelerahn@yahoo.com)

**C. Country Market Research Firms**

**KPMG Peat, Marwick y Asociados**

Armando Barnica, General Manager  
P.O. Box # 3398  
Col. Palmira #417, 2 Calle , 2 Ave.  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2238-2106; 2238-5605; Fax: (504) 2238-5925  
E-mail: [abarnica@kpmg.com](mailto:abarnica@kpmg.com)

**Mercaplan**

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## **Market Research**

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To view market research reports produced by the U.S. Commercial Service please visit: <http://www.export.gov/mrktresearch/index.asp> 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, and is free.

## **Trade Events**

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Please click on the link below for information on upcoming trade events.  
<http://www.export.gov/tradeevents/index.asp>

In Honduras:  
[www.buyusa.gov/honduras](http://www.buyusa.gov/honduras)

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. 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
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: [www.buyusa.gov/honduras/en](http://www.buyusa.gov/honduras/en)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE.

**We value your feedback on the format and contents of this report. Please send your comments and recommendations to: [Market Research Feedback@trade.gov](mailto:Market_Research_Feedback@trade.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.

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