



## U.S. Country Commercial Guides



2017

# Honduras

U.S. Department of Commerce | International Trade Administration

## Table of Contents

<b><i>Doing Business in Honduras</i></b> _____	<b>5</b>
Market Overview _____	5
Market Challenges _____	6
Market Opportunities _____	7
Market Entry Strategy _____	7
<b><i>Political Environment</i></b> _____	<b>9</b>
<b><i>Selling U.S. Products &amp; Services</i></b> _____	<b>12</b>
Using an Agent to Sell U.S. Products and Services _____	12
Establishing an Office _____	14
Franchising _____	17
Direct Marketing _____	17
Direct Marketing through mobile telephony _____	18
Joint Ventures/Licensing _____	18
Selling to the Government _____	19
Distribution & Sales Channels _____	21
Express Delivery _____	21
Selling Factors & Techniques _____	21
eCommerce _____	22
Trade Promotion & Advertising _____	24
Pricing _____	25
Sales Service/Customer Support _____	26
Protecting Intellectual Property _____	26
Due Diligence _____	29
Local Professional Services _____	30
Principle Business Associations _____	30
Limitations on Selling US Products and Services _____	30
Web Resources _____	31
<b><i>Leading Sectors for US Exports &amp; Investments</i></b> _____	<b>32</b>
Packaging Machinery & Packaging Products _____	32
Construction Products _____	35
Safety & Security Products and Services _____	37
Automotive Parts & Service Equipment _____	41
Travel and Tourism _____	44

Agricultural Sector _____	46
Other Consumer Oriented Products _____	53
<b>Customs, Regulations &amp; Standards _____</b>	<b>55</b>
Trade Barriers _____	55
Import Tariff _____	55
Import Requirements & Documentation _____	56
U.S. Export Controls _____	61
Temporary Entry _____	61
Prohibited & Restricted Imports _____	62
Customs Regulations _____	62
Standards for Trade _____	62
Trade Agreements _____	67
Licensing Requirements for Professional Services _____	68
Web Resources _____	68
<b>Investment Climate Statement _____</b>	<b>70</b>
Executive Summary _____	70
Openness to and Restrictions upon Foreign Investment _____	71
Conversion and Transfer Policies _____	74
Expropriation and Compensation _____	75
Dispute Settlement _____	76
Performance Requirements and Investment Incentives _____	77
Protection of Property Rights _____	79
Transparency of the Regulatory System _____	80
Efficient Capital Markets and Portfolio Investment _____	80
Competition from State-Owned Enterprises _____	81
Responsible Business Conduct _____	82
Political Violence _____	83
Corruption _____	83
Bilateral Investment Agreements _____	90
OPIIC and Other Investment Insurance Programs _____	90
Labor _____	90
Foreign Trade Zones/Free Ports/Trade Facilitation _____	92
Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	93
Contact for More Information on the Investment Climate Statement _____	94
<b>Trade &amp; Project Financing _____</b>	<b>96</b>

Methods of Payment _____	96
Banking Systems _____	96
Foreign Exchange Controls _____	97
US Banks & Local Correspondent Banks _____	97
Project Financing _____	100
Web Resources _____	101
<b><i>Business Travel</i></b> _____	<b>102</b>
Business Customs _____	102
Travel Advisory _____	102
Visa Requirements _____	103
Currency _____	103
Telecommunications/Electric _____	103
Transportation _____	103
Language _____	106
Health _____	106
Local Time, Business Hours and Holidays _____	107
Temporary Entry of Materials or Personal Belongings _____	107
Web Resources _____	108

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# Doing Business in Honduras

## Market Overview

Located in the geographic heart of Central America, Honduras has a democratic government and a free market economy. Exports to Honduras continue to perform well and as the 41st largest export market for U.S. companies in 2016 (0.33 percent of U.S. exports), Honduras' population of 8.7 million is highly receptive to U.S. goods and services. Despite a complex domestic environment resulting from economic downturns and political reforms, the country is taking important steps towards improving its business investment climate, such as: adopting fiscal discipline and consolidation; infrastructure development through public private partnerships; combating corruption and security concerns; simplifying bureaucratic procedures; and focusing on improving overall competitiveness and productivity.

The United States is Honduras' largest trade and economic partner, accounting for 61 percent of total imports. Exports to Honduras were \$4.8 billion in 2016, slightly down by 8 percent from 2015 (sectors affected by commodity price decreases, such as mineral fuel, accounted for most of the decrease). The Central America – Dominican Republic Free Trade Agreement (CAFTA-DR), which entered into force in 2006, boosted U.S. export opportunities and diversified the composition of bilateral trade. Currently, U.S. exports to Honduras are up by 50 percent since 2005, the year before implementation of this Free Trade Agreement. CAFTA-DR implemented important measures related to investment, customs administration and trade facilitation, technical barriers to trade, government procurement, intellectual property rights, transparency, labor and environmental protection. As a result of this FTA, more than 95 percent of U.S. consumer and industrial goods exports to the Central America region, meeting relevant rules of origin, are no longer subject to tariffs.

Honduras had a nominal GDP per capita of \$2,551.5 in 2016. It is a low/middle income country, with over 60 percent of its population living in poverty. Honduras has enjoyed moderate economic growth since 2010 after a sharp decline in 2009 that had occurred due to the effects of the global economic downturn and Honduras' domestic political crisis. GDP growth is picking up from 2.8 percent in 2013 to 3.6 percent in 2016, with a similar estimated growth rate for 2017. Boosting the country's productivity levels is seen as crucial for maintaining economic growth. Honduras' economic activity is highly influenced by economic performance in the United States particularly tied to exports and family remittances. The rate of inflation in 2016 was 3.26 percent, and is estimated to remain at a moderate level of up to 3.92 percent in 2017. The Honduran currency, the lempira, has floated in a band system since 2011. The Government of Honduras is targeting annual depreciation of 4.5 percent for 2017 and 2018, a measure which is supported by the banking sector. In 2015, the U.S. direct investment position in Honduras, which is mostly concentrated in the light manufacturing sector, was \$1.2 billion, an increase of 58.6 percent from the previous year. More than 200 American companies currently operate in Honduras.

Top five reasons why U.S. companies should consider exporting to Honduras:

- 1) Free Trade Agreement (FTA) market;
- 2) Close proximity to the United States;

- 3) Among the most receptive markets for U.S. goods and services worldwide;
- 4) Modernized port infrastructure and logistical platform for the region;
- 5) Large market share and opportunities for U.S. firms.

## **Market Challenges**

**Fiscal Imbalance** – Honduras' public debt is approximately 43 percent of its GDP, making sustained fiscal consolidation and discipline a major priority for the country. The signing in December 2014 of a three-year stand-by agreement with the International Monetary Fund (IMF) is perceived as instrumental for preserving the country's macroeconomic stability, improving conditions for sustainable economic growth, and bolstering investors' confidence.

**Lengthy Due Process** – While open to foreign investment with limited restrictions and performance requirements, companies have experienced long waiting periods for regulatory and legislative approvals. Although starting a business is fairly easy and efforts are underway for streamlining administrative procedures through the government's "Transformation Unit," obtaining some licenses can still take a few months. Honduras dropped by four positions in the World Bank's 2017 Doing Business report, which measures a country's regulatory quality and efficiency, and is currently ranked at 105 out of 190 economies.

**Social Investment** – Honduras' business climate is hampered by low education levels and a weak healthcare system.

**Large Informal Economy** – Firms in different sectors may often be pushed into competition with informal firms for market share.

**Corruption** – U.S. firms and citizens have found corruption to be a continued constraint to successful commercial activities in Honduras. The country's judicial system is perceived to be subject to outside influence and the resolution of investment and business disputes is largely perceived as nontransparent. Honduras ranked 123 out of 176 countries in Transparency International (TI) 2016 Corruptions Perceptions Index. In 2015, the government of Honduras and TI signed a Collaboration and Good Faith agreement aimed at promoting and encouraging transparency and accountability, combatting corruption, and strengthening institutions that make up the national integrity system. Health, education, infrastructure projects, security, and tax administration are areas of vital importance for Honduras. In early 2016, the Government of Honduras and the Organization of American States approved the Mission against Corruption and Impunity in Honduras (MACCIH), a team of international judges, prosecutors, and legal experts who will provide technical assistance to the Public Ministry and judiciary. It will also support a civil society-led "observatory" to monitor the performance of the justice system.

**Security** – While citizen security is the government's highest priority, it faces difficult challenges and personal security remains a major concern in Honduras. Although the homicide rate has dropped, it remains high by international standards. Theft, pickpocketing, and armed robberies can occur in urban areas.

## **Market Opportunities**

- **Location** – Located in the center of Central America, Honduras enjoys close proximity to the U.S. market. It is only a 2-3 hour flight from 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 Mega Ports and Container Security Initiatives (CSI).
- **Commercial Environment** – Consumer tastes in Honduras lean towards U.S. products and standards. English is widely spoken in business circles. Dominance of U.S. media through cable and network television strengthens the country's preference for U.S. consumer products and culture.
- **Primary Export Sectors** – Leading export categories to Honduras in 2016 include: petroleum products; cotton, yarn, and textile fabrics; electrical machinery; chemical products; manmade staple fibers; plastics and related articles; materials for the manufacturing of paper and paperboard; and food products. CAFTA-DR's Rules of Origin promote the use of U.S. fiber, yarn, and fabric.
- **Best Prospect Sectors:** Honduras is a relatively small country with large market share for U.S. products and services. Among the most promising sectors for U.S. companies include: automotive aftermarket products; safety and security equipment; electrical power systems/renewable energy equipment; food processing and packaging equipment; hotel and restaurant equipment; processed foods and travel and tourism services.
- **Special Public-Private Sector Initiatives:** With the launch of the "Honduras 2020" national program, the largest public-private platform of economic growth aimed at creating 600,000 new jobs in the next five years, the country anticipates a \$3.4 billion investment in infrastructure and technology. Airport, road, and port investments are also a priority.

## **Market Entry Strategy**

### **Two Regions**

For marketing purposes, Honduras can be divided into two regions: the Northern Coast, including the country's commercial and industrial center, San Pedro Sula; and the Central region, where the political capital and largest city, 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 2016 World Bank Doing Business Index, the time required for establishing an enterprise in Honduras averages 14 days, significantly less than the average of 30 days in Latin America and the Caribbean. Having a local presence by appointing a local agent, representative, or legal advisor is strongly recommended to help with import procedures, sales promotion, after-sales service, and become more identified with the Honduran market in

general. Independent intermediaries are especially important for smaller companies, as their knowledge of the market and of the relevant business customs and practices adds strong value for 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, product compatibility and overall experience.

### **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 overall consumer credit expansion. U.S. exporters that properly use and offer attractive trade terms for Honduran importers have the best chance of gaining market share and enhancing buyer-seller relationships.

### **Testing the Market**

When entering the Honduran market, U.S. firms should always seek legal advice with specific expertise in local trade law and also take advantage of the help offered through different organizations supporting trade, such as chambers of commerce and industry associations. U.S. firms should also consider testing the market by participating in local events, trade missions, and other exploratory visits.

### **Due Diligence**

Prior to entering into a commercial relationship, U.S. companies should conduct corporate and regulatory due diligence, as well as visit potential partners or agents in Honduras to get a sense of the overall business environment.

## **Political Environment**

### **U.S.-HONDURAS RELATIONS**

Honduras is an ally of the United States, and its population registers some of the highest favorability ratings in the hemisphere toward the United States. Our policy in Honduras is focused on strengthening democratic governance, including the promotion of human rights and the rule of law, enhancing economic prosperity, and improving the long-term security situation in the country. U.S. Government programs aim to promote a healthy and more open economy capable of sustainable growth, improve the business and investment climate, protect U.S. citizen and corporate rights, and promote the well-being and security of the Honduran people. The United States works with Honduras to address transnational challenges--including the fight against transnational criminal networks, narcotics trafficking, money laundering, irregular migration, and trafficking in persons--and encourages and supports Honduran efforts to protect the environment. We support Honduran efforts to improve security, strengthen historically weak institutions, and provide economic opportunities so that Hondurans see their future in Honduras and not in the United States. An estimated one million Hondurans reside in the United States, 600,000 of whom are believed to be undocumented; consequently, immigration issues are an important item on the bilateral agenda. With the inclusion of cruise ship visitors primarily visiting the Bay Islands (Roatan), more than one million U.S. citizens visited Honduras last year, and approximately 19,000 U.S. citizens presently reside in Honduras.

### **U.S. Assistance to Honduras**

U.S. foreign assistance in Central America is guided by the U.S. Strategy for Engagement in Central America (Strategy). Announced in 2015, the Strategy is a comprehensive and robust partnership with Central American governments designed to: promote an economically integrated Central America that is fully democratic; provide economic opportunities to its people; create more accountable, transparent, and effective public institutions; and ensure a safe environment for its citizens. The Strategy is a multi-year effort for all seven Central American countries that builds off previous successful partnerships and programs in the region.

Honduras, one of Latin America's poorest nations, strives to improve its economic and democratic development with U.S. assistance. The United States has historically been the largest bilateral donor to Honduras. U.S. Agency for International Development (USAID) programs target a variety of sectors including education, health, economic policy, microenterprise, environmental conservation, food security, municipal development, and justice sector reform. USAID has provided more than \$3 billion in economic and social development assistance to the Honduran people since it began working in the country in 1961. Currently, programs focus on addressing the main push factors of migration by improving citizen security, reducing extreme poverty, and improving public administration through transparency and accountability reforms. To achieve these objectives, USAID's efforts address citizen security through community-based crime prevention activities with a focus on the highest crime neighborhoods and those youth who are most at-risk. Additionally, USAID strengthens local and national governance, as well as civil society monitoring and watchdog

organizations; helps the poorest sectors of society increase food security and incomes; supports the sustainable management of natural resources; expands quality basic education and workplace and life-skills training; and improves the quality and participation of local citizens and civil society in decentralized basic services.

In 2017, the U.S. Department of Commerce will dedicate \$1.5 million for a customs and border management program focused on improving trade into Honduras and other parts of Central America. The U.S. Department of Agriculture provided \$47 million in 2015–2016 through its programs to deliver school meals to 53,000 students and increase agricultural productivity and trade.

The United States Armed Forces maintain a small presence at a Honduran military base. U.S. forces conduct and provide logistical support for a variety of bilateral and multilateral exercises—medical, engineering, counter narcotics, and disaster relief—for the benefit of the Honduran people and their Central American neighbors. Through the Central America Regional Security Initiative, the United States supports the Government of Honduras by assisting law enforcement entities in disrupting criminal networks; building investigative, prosecutorial, and judicial capacity; and implementing violence prevention programs for vulnerable communities.

In June 2005, Honduras became the first country in the hemisphere to sign a Millennium Challenge Corporation (MCC) Compact with the U.S. Government. Under the Compact, the U.S. Millennium Challenge Corporation invested \$205 million over five years to help Honduras improve its road infrastructure, diversify its agriculture, and transport its products to market. In 2013, Honduras received a \$15.6 million MCC Threshold Agreement to support Honduran efforts to improve public financial management and create more effective and transparent public-private partnerships.

### **Bilateral Economic Relations**

The United States is the chief trading partner for Honduras. Bilateral trade between the two nations totaled \$9.4 billion in 2016. The value of U.S. goods exported to Honduras was \$4.8 billion in 2016 with Honduras exporting \$4.6 billion in goods to the United States.

The U.S.–Central America Free Trade Agreement (CAFTA-DR) entered into force in 2006. It eliminates most tariffs and other barriers for U.S. goods destined for the Central American market, provides protection for U.S. investments and intellectual property, and creates more transparent rules and procedures for conducting business. CAFTA-DR also aims to eliminate tariffs within Central America and facilitate increased regional trade, benefiting U.S. companies that manufacture in Honduras. Leading U.S. exports to Honduras include petroleum products, textile and fabrics, cotton yarn, electrical equipment, chemicals, manmade staple fibers, computer and electronic products, machinery, food products and cereals (corn, soybean meal, wheat, rice). Nearly all textile and apparel goods that meet CAFTA-DR's rules of origin are duty-free and quota-free, offering opportunities for U.S. fiber, yarn, fabric, and apparel manufacturers.

According to the U.S. Department of Commerce/Bureau of Economic Analysis, U.S. investment in Honduras was \$1.2 billion for 2015, largely concentrated in manufacturing (maquila), textiles, infrastructure construction, and wholesale trade.

#### Honduras' Membership in International Organizations

Honduras generally supports U.S. initiatives in international fora. Honduras and the United States belong too many of the same international organizations, including the United Nations, Organization of American States, the World Trade Organization, and the International Monetary Fund.

#### **Bilateral Representation**

The U.S. Ambassador to Honduras is James Nealon; other principal embassy officials are listed in the Department's Key Officers List.

Honduras maintains an embassy in the United States at 3007 Tilden Street NW, Washington, DC 20008 (tel. 202-966-7702).

More information about Honduras is available from the Department of State and other sources, some of which are listed here:

[Department of State Honduras Country Page](#)

[Department of State Key Officers List](#)

[CIA World Fact book Honduras Page](#)

[U.S. Embassy](#)

[USAID Honduras Page](#)

[History of U.S. Relations With Honduras](#)

[Human Rights Reports](#)

[International Religious Freedom Reports](#)

[Trafficking in Persons Reports](#)

[Narcotics Control Reports](#)

[Investment Climate Statements](#)

[Office of the U.S. Trade Representative Countries Page](#)

[Export.gov International Offices Page](#)

[Millennium Challenge Corporation: Honduras](#)

[Library of Congress Country Studies](#)

[Travel Information](#)

## **Selling U.S. Products & Services**

### **Using an Agent to Sell U.S. Products and Services**

The principal-agent relationship in Honduras is governed by the civil and commercial code, Decree Law No. 549, Official Register (La Gaceta) No. 22366, of December 7, 1977. 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), April 1, 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 Economic Development (SDE).

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 and regulations, 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 for advertising, product compatibility and overall experience. As a primary step in any international business venture, verifying the identity of a potential partner is of vital importance. 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 Health. Agro-chemicals and animal feeds must be registered with the Ministry of Energy, Natural Resources, Environment and Mining.

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. For additional information on export-related assistance and market information offered by the federal government, U.S. companies may call 1-800-USA-TRADE.

## **Establishing an Office**

Efforts are underway in Honduras to further streamline registration requirements to establish 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). Although challenges still remain, significant improvements have been made in eliminating a series of long and costly administrative obstacles. According to the World Bank’s Doing Business Report, the time required to launch a business in Honduras was reduced from 62 days in 2005 to an average of 14 days in 2016. Out of 189 economies, Honduras ranked an overall 105 on the 2017 “Ease of Doing Business.”

As part of an initiative supported by the United Nations Conference on Trade and Development (UNCTAD), Honduras has developed a web-based e-Government System to assist towards business facilitation through transparency, simplification and automation of rules and procedures relating to enterprise creation and operation. This new electronic tool is administered by the local Investment and Exports Promotion Agency (FIDE), and provides important information on relevant procedures to establish and operate a business in Honduras:

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 5,000Lempiras (L)/ \$220 and include at least two partners at all times. Required starting capital for a stock company or corporation is 25,000L/ \$1,100 and include at least five partners at all times.

An Environmental Impact Assessment, obtained through the Honduran Ministry of Energy, Natural Resources, Environment and Mining, 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 Honduran Ministry for Economic Development

The following information summarizes the twelve (12) steps involved in setting up a business in Honduras. Thanks to an innovative partnership with the Government of Honduras, some of these procedures can be handled by the Chambers of Commerce of Tegucigalpa and Cortés, 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: One day; cost to complete: Lps. 100.00 (US\$4.38)
2. Establish the company before a Notary Public, who will draw up the articles of incorporation. Time to complete: Two days; cost to complete: notary fees of five percent for starting capital up to Lps. 25,000 and three percent for starting capital over Lps. 25,000 (US\$1,100).

Comment: A company may be set up by public subscription or simultaneous foundation. The procedures described here are for simultaneous foundation (fundación simultánea). The constitution instrument should be written on stamped paper (papel sellado). The notary uses its paper for the protocol (the original signed document in the notary's custody) and for the first copy (testimonio) of the instrument of organization.

3. Publish the registration notice in "La Gaceta", the official legal journal, or a widely circulated daily newspaper. Time to complete: One day; Cost to complete: US\$35/798L for advertising in "La Gaceta;" US\$15/ 342L for a local newspaper.
4. File the articles of incorporation with the Mercantile Registry at the Chamber of Commerce. Time to Complete: Two days.
5. Apply for a tax identification code (Registro Tributario Nacional, RTN) at the Dirección Ejecutiva de Ingresos (DEI). Time to complete: One 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 the incorporation.

6. Acquire legal accounting and "minutes" books. Time to complete: One day; Cost to complete: US\$45 (about US\$0.5 per page).
7. Register with local and national Chambers of Commerce. Time to complete: One day; Cost to complete: no charge.
8. 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: One day; Approximate cost: Lps. 1,250.00 (US\$55).

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)
- 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 (which vary based on the company's income): nomenclature taxes; zoning tax; inspection tax; code tax; environmental tax; annual fire department and garbage department taxes.

9. Register for sales tax and acquire authorization of the company books. Time to complete: Two days. Cost to complete: no charge.

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

10. \*Register with the Social Security Institute (Instituto Hondureño de Seguridad Social, IHSS). Time to complete: Three 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 dependents. Corporations are required to contribute five percent of each employee's salary for illness and maternity (Enfermedad y Maternidad, EM), plus two percent for disability, old age and death (Invalidez, vejez y muerte, IVM).

11. \*Register with the Professional Training Institute (Instituto Nacional de Formación Profesional, INFOP). Time to complete: One day (simultaneous with step

- a) Cost to complete: No charge.

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

12. \*Register with the Social Housing Fund (Régimen de Aportación, (RAP) al Fondo Social de la Vivienda (FOSovi). Time to complete: 1 day (simultaneous with step

- b) 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](#)

[United Nations Conference on Trade and Development](#)

[Establishing a Business Portal](#)

[Online Business Registrations](#)

[FIDE-Investment & Exports](#)

[Secretaría de Desarrollo Económico \(SDE\)](#)

[American Chamber of Commerce](#)

[Chamber of Commerce and Industry of Tegucigalpa](#)

[Chamber of Commerce and Industry of Cortés](#)

## **Franchising**

The number of U.S. franchises operating in Honduras has grown rapidly. Over 80 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, Carl's Jr., Ruby Tuesday, UnoDueGo (UDG), Pizza Hut, Burger King, McDonald's, Wendy's, Subway, Church's Chicken, UNO Chicago Grill, 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), Hyatt Place, and Marriott International. Demand in this sector has generally been spurred by local need for fast service, convenient hours and locations, quality products, and most importantly, good customer service.

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, so 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**

Direct marketing tools are frequently used in Honduras. Among the increasingly common direct advertising channels are cell phone text messaging, email campaigns, online display ads, response-generating newspaper ads, targeted television commercials, outdoor

advertising and social media. Printed materials, such as flyers, are typically used by companies with smaller advertising budgets or low brand recognition. The use of other physical marketing materials, such as catalogs and mailers, are more limited due to challenges with the local mail delivery infrastructure.

## **Direct Marketing through mobile telephony**

Mobile telephony is now in the mix; mobile telephony carriers including the government-owned HONDUTEL and the private companies TIGO and CLARO have increased their promotional programs and advertising in their bid to increase their market share. Number portability entered into effect in 2014, making it easier for customers to switch and increasing the competition to offer better services and content. Companies also use telemarketing services to send ads for their products and services via text messaging.

## **Direct Internet marketing**

Direct marketing through the Internet and social media is growing in Honduras. In 2015, an estimated 27 percent of the total population had direct access to internet, a 50 percent increase from 2014. These numbers do not include the percentage of the population that goes online through mobile phones and or have access to the web via their places of employment which brings the total of Honduran internet users to over 30 percent. According to Internet Usage World Statistics, internet usage in Honduras has increased by 5,900 percent in the period 2000–2015. Among the most popular pricing methods for Internet direct marketing in Honduras include Cost per Thousand Impressions (CPM), Pay Per Click (PPC), and Cost Per Action (CPA).

## **Joint Ventures/Licensing**

The Law for the Promotion and Protection of Investments (Investment Law; Decree 51–2011) 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 (some involving special requirements under Public Private Partnership mechanisms), there are no restrictions 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, light manufacturing, agricultural, tourism, power generation, forestry, construction, and service sectors.

The Honduran government's investment promotion arm is coordinated through the Ministry of Economic Development. The Honduran Foundation for Investment and Development of Exports (FIDE) also 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.

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' foreign exchange regime in 2011 made 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 were eliminated and foreign debt authorizations 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. Except for firms operating in the industrial parks, located in the free tourism zones or under the Temporary Import Regime, income tax is payable on income derived from operations within Honduras. The annual period for computing tax on taxable income begins on January 1 and ends on December 31 each calendar year.

## **Selling to the Government**

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 government procurement, is treated as a criminal offense or is subject to comparable penalties, under local law.

At present, Honduras is not a signatory to the WTO Multilateral Agreement on Government Procurement (GPA).

Foreign companies may appoint a local representative, through a power of attorney, to help them navigate the government procurement. 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.

Under the Government Contracting Law, all public works contracts over one million Lempiras/\$45,860 must be offered through public competitive bidding. Public works contracts between 500,000L and one million Lempiras/US\$22,915 and US\$45,860 can be offered through private bids. Contracts less than 500,000L/US\$21,930 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 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 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 (PPP) 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. COALIANZA announces bidding opportunities on its website. 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 to strengthen the country's procurement systems are also underway. In order to facilitate dissemination of public bidding opportunities, the Honduran government established an online Contracting and Procurement Information System in 2005 known as "[honducmpras](#)" which is administered by the State Procurement Agency (ONCAE). As part of ONCAE's State Contracting and Procurement Efficiency Program, Honduras implemented a national "Standard Bidding Document" in 2007 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 at the database of the U.S. Department of Commerce, as well as through the U.S. Department of State's Business Information Database System (BIDS).

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank and to the Inter-American Development Bank.

The U.S. Embassy in Tegucigalpa strongly encourages all U.S. firms interested in government procurement or PPP opportunities to reach out to the Embassy's Commercial and Economic sections prior to pursuing any procurement process with the Government of Honduras.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to the “*Project Financing*” Section in “*Trade and Project Financing*” for more information.

## **Distribution & Sales Channels**

Distribution channels in Honduras are similar to those in the United States, although Honduras has fewer levels of distribution and a more limited number of specialty, chain, and department stores. New construction in retail centers like large shopping malls and strip malls, as well as the expansion of established retail stores in urban areas, are a good indicator of opportunities in the retail distribution sector in Honduras.

Tegucigalpa and San Pedro Sula are the major distribution centers for imported products. Puerto Cortés, the largest deep-water port in Central America, is the most active logistics center in Honduras. Honduras has a 13,603 kilometers (km) official road network connecting the ports and airports with the secondary cities and rural areas of the country.

The local market has been traditionally highly receptive to U.S. products and services. To increase the success of a solid market penetration, U.S. exporters should consider establishing a relationship with a local partner, agent or even open a regional sales office. U.S. firms will find that, in most cases, securing a single distributor or representative is sufficient to cover the entire Honduran territory.

Representatives and distributors tend to carry broad lines of goods 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 contacts with U.S. suppliers at the factory or warehouse level. Store owners often buy goods in small lots from export brokers, or they buy from wholesalers in the United States, particularly in Miami, New Orleans and Houston.

## **Express Delivery**

The reliability of express delivery firms within Honduras is adequate. Express shipping and door-to-door service takes approximately 2-3 business days. It is important to consult with an international freight forwarder to determine the best method of shipping specific products and handle the required documentation. The cost of the shipment, delivery schedule, and accessibility to the shipped product by the Honduran buyer are all factors to consider. U.S. companies also need to familiarize with customs regulations prior to exporting. Certificates of origin and all other relevant documentation must be precise because slight discrepancies or omissions may prevent merchandise from being exported or result in significant delays and fines at customs points in Honduras. U.S. exporters must correctly pack, label, document, and insure all merchandise.

## **Selling Factors & Techniques**

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.

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. Sales and promotional materials should be in Spanish. U.S. products are often preferred based on quality, technology, reliability, and availability. Adapting products and sales materials to Spanish and 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 local interest rates which are generally offered only for short-term loans. For most industries, U.S. exporters that offer attractive trade and financing terms on sales to Honduran traders have the best chances of gaining market share and competing in the local market. This is also 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 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 relationships.

## **eCommerce**

### **Overview**

Under CAFTA-DR, the parties recognize the economic growth and opportunity that e-commerce provides, the importance of avoiding barriers to its use and development, and the applicability of World Trade Organization (WTO) rules to measures affecting e-commerce. Honduras has committed to provide non-discriminatory treatment of digital products and not to impose customs duties, fees, or other charges in connection with the import/export of digital products by electronic transmission.

### **Current Market Trends**

E-commerce in Honduras is not yet widely used, but offers high potential. The lack of knowledge and tools to create, drive and maintain a solid e-commerce structure are among the main challenge for local retailers and service providers. In 2016, internet connectivity was estimated at 2.7 million users, representing approximately 30.4 percent of the total population an increase of just over 3 percent from 2015.

### **Domestic eCommerce (B2C)**

[Banking Institutions](#) are a good example of well-established B2C structures offering online transaction services at the Personal, Corporate and SME level.

## **Cross-Border eCommerce**

SME's and end users are at the forefront of Cross-Border eCommerce in Honduras. Most Honduran companies that are too small to purchase goods and services from overseas manufacturers and tend to deal with international distributors with eCommerce platforms that enable them to buy small quantities from the seller's eCommerce structures. The majority of Cross-Border eCommerce into Honduras comes from China and Mexico with the U.S. as the third largest supplier of goods in services via the internet.

## **B2B eCommerce**

Some regional low-cost retailers have established a successful B2B e-Commerce structure in which companies both large and small can register to become suppliers and manage transactions with the retailer.

## **eCommerce Services**

eCommerce Services in Honduras is still in its infancy. There are local and international companies offering business analytics and data storage services that are mostly focused on large national and multinational companies operating in Honduras.

## **eCommerce Intellectual Property Rights**

On January 21<sup>st</sup>, 2015, the Honduran Congress passed the : [Honduran Law on Electronic Commerce](#). With more than 20 articles the bill was drafted in accordance to the model legislature put forth by the United Nations Commission for International Trade Rights. Honduras is one of the first subscribers of the convention for utilization of electronic communications and international contracts which entered into effect in 2013, under national law decree 149. In August 2014, a law titled Efficient and transparent purchasing through electronic media came into effect, under congressional decree number 36-2013.

## **Popular eCommerce Sites**

Honduran eCommerce sites are few and underserved. The vast of the population that engages in eCommerce transactions utilize Amazon or eBay.

## **Online Payment**

Online payment is conducted almost exclusively via credit cards or PayPal.

## **Mobile eCommerce**

Honduran banking institutions and mobile telephony service providers are good examples of well-established B2C structures with mobile applications that enable user to conduct commercial transactions.

## **Digital Marketing**

Digital marketing is limited and is mostly conducted by and through banking institutions, Credit Card companies and mobile telephony service providers. Social Media is also a preferred tool of SMEs to promote their products and services.

## **Major Buying Holidays**

Christmas and New Year holidays are the mayor buying holidays in Honduras followed by Easter week when retailers stock up on outdoor and recreational related consumer goods. Under Honduran law an extra salary is paid to the Honduran labor force during the month of June. Retailer will often offer discounts and promotions during this month as an incentive to consumers to use this bonus on anything from general consumer goods to electronics. In recent years Honduran retailers have adopted the concept of Black Friday and several retailers advertise significant promotions during the month of November of every year.

### **Social Media**

With a population of over 8,000,000 inhabitants, the percentage of users active in social media represents 33.75 percent of the population with 2,700,000 active users of Facebook, Twitter and other social media applications.

### **Trade Promotion & Advertising**

Most advertising in Honduras is conducted through newspaper, TV, and radio. Billboards are also a strong medium for reaching customers and publicity campaigns, especially 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. There are not a wide variety of specialized industry publications. Major local newspapers and business journals include:

#### Honduran Newspapers

##### [Diario El Herald](#)

Spanish/Daily

Executive Director: Carlos Mauricio Flores

P.O. Box 1938

Tegucigalpa, M.D.C., Honduras

Tel: (504) 2236-6000, ext. 6607/6612

Fax: (504) 2221-2121

##### [Diario La Tribuna](#)

Spanish/Daily

Manager: Manuel Acosta Medina

P.O. Box 1501

Comayagueta, M.D.C., Honduras

Tel: (504) 2234-3006; Fax: 2234-3050

##### [Diario La Prensa](#)

Spanish/Daily

Director: Maria Antonia de Fuentes

P.O. Box 143  
San Pedro Sula, Honduras  
Tel: (504) 2553-3101; Fax: 2553-0778

#### Honduran Business Journals

##### [Hablemos Claro Financiera](#)

Spanish/Monthly

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)

#### 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

Email: [laura.ramos@grupoeyn.com](mailto:laura.ramos@grupoeyn.com)

##### [Mercados y Tendencias](#)

Spanish/Monthly

Country Manager: Ligia Illescas

Edif. Centro de Negocios Las Lomas

Tegucigalpa, Honduras

Tel: (504) 2280-1177

Email: [info@revistamyt.com](mailto:info@revistamyt.com)

#### Honduran Online Newspapers

##### [Hondudiario](#)

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)

##### [Proceso Digital](#)

Director: Marlen Perdomo de Zelaya

##### [Honduras Weekly](#)

Chief: Nicole Muñoz

## Pricing

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 factors in Honduran buying behavior. 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 consumer and wholesale costs 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 cost, insurance and freight value, import duties, in-country transportation costs, and distributor margins.

The Honduran government controls the prices for coffee, medicine, cement, and steel products and regulates the prices of gasoline, diesel, and liquid propane gas. In addition, the government pressures producers and retailers to keep prices of staple food products such as milk and sugar as low as possible.

The local sales tax is 15 percent for most goods. As of June 2015, products exempted from the 15 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 four percent tax with air transportation subject to a 10 percent tax.

## **Sales Service/Customer Support**

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 Intellectual Property**

### **Protecting Your Intellectual Property in Honduras**

Several general principles are important for effective management of intellectual property (“IP”) rights in Honduras. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Honduras than in the United States. Third, rights must be registered and enforced in Honduras, under local laws. For example, 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 in accordance with international agreements.

Granting patents registering are generally is based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or

services to the Honduran market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Honduras. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Honduras law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we 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 USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. 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 Honduras laws to create a solid contract that includes non-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 in Honduras or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- 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)

### **IP 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.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the [U.S. Patent and Trademark Office](#) (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the United States, contact the U.S. 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, please visit the “Resources” section of the [STOPfakes website](#)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: the [STOPfakes website](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The [U.S. Commerce Department](#) has positioned IP attachés in key markets around the world. Contact information for the IP attaché who covers Mexico, Central America and the Caribbean is as follows:
- Todd Reves, E-mail: [Todd.Reves@trade.gov](mailto:Todd.Reves@trade.gov)

#### **IPR Climate in Honduras**

- The protection of intellectual property rights (IPR) is under the jurisdiction of the Honduran Property Institute (IP). [The General Directorate of Intellectual Property](#) (DIGEPIH) division 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. In 2015, the government of Honduras agreed to a work plan to act to address widespread cable and satellite signal piracy, dedicate more staff to IPR prosecutions and investigations, increase clarity in procedures relating to geographical indications, and improve the protection of test or other data generated to obtain marketing approval for certain regulated products. In 2016, Honduras also reactivated the Inter-institutional Commission for Combating Piracy in Honduras, a council comprised of all anti-piracy stakeholders aimed at facilitating interagency communication and establishing processes of monitoring to identify trends and control piracy.
- 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.
- Honduras’s IPR protection regime, conform with -- and in many areas exceed -- 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.

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact

Todd Reves  
U.S. Embassy Mexico City  
(52)(55) 5080-2189  
[Todd.Reves@trade.gov](mailto:Todd.Reves@trade.gov)

## **Due Diligence**

U.S. companies should conduct legal, financial, regulatory and corporate due diligence before completing a commercial transaction or formalizing any agreement. Verifying the identity of a potential partner is a basic but important step. Performing due diligence in Honduras, as in most of Central America, can be time-consuming and difficult. Before entering into any trading relationship, it is important to visit the potential partner to see its operation and overall business environment.

There are very few sources of independently verifiable information about companies and individuals. There are no publicly listed Honduran companies and Honduran firms 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 visit [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](#)).

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**

Selecting a competent and reliable local attorney with experience in local trade law 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, as well as the local commercial environment. The [Commercial and Consular Sections](#) maintain a list of attorneys that have experience assisting U.S. firms. There you can find information on legal firms and other local Business Service Providers in Honduras.

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

## **Principle Business Associations**

The American Chamber of Commerce (AmCham), established in 1982, accepts U.S. company membership and is one of the leading organizations promoting trade and investment between Honduras and the United States. Other principle business associations with a strong role in promoting private sector interests that contribute to economic growth and prosperity include the Private Enterprise Council (COHEP), umbrella organization for industry associations and large chambers of commerce with a strong voice such as the Chamber of Commerce of Tegucigalpa (CCIT) and the Chamber of Commerce of Cortés (CCIC), among others.

## **Limitations on Selling US Products and Services**

According to Article 7 of the Investment Promotion and Protection Law, natural or legal persons that establish their investments in Honduras are guaranteed that they will not be limited in access to markets regarding:

- a. The number of services and establishments
- b. Limitations on the total value of assets or transactions
- c. Limitations on the total number of operations or the total amount of production
- d. Limitations on the participation of foreign capital in terms of a maximum percentage regarding stock holding or the total value of individual or additional foreign investment.
- e. Measures that restrict or prescribe the specific types of establishment by which a foreign investor may conduct an economic activity.

Exclusions to this law include the following sectors:

- a. Remains of toxic, dangerous or radioactive waste.
- b. Activities that may affect public health.
- c. Small scale industry and commerce in compliance with article 337 of the Honduran Constitution.
- d. The manufacture, import, distribution and sale of weapons, ammunition and related articles in compliance with article 292 of the Honduran Constitution.

## **Web Resources**

[U.S. Commercial Service](#)

[U.S. Embassy Consular Section](#)

[American Chamber of Commerce](#)

[FIDE Investment & Exports](#)

[Public Private Partnership Commission](#)

[UNCTAD](#)

[World Bank](#)

[Ministry of Economic Development](#)

[Ministry of Natural Resources](#)

[Customs & Tax Administration](#)

[Chamber of Commerce of Tegucigalpa](#)

[Chamber of Commerce of Cortes](#)

[Government Procurement](#)

[General Directorate of IPR](#)

[World Intellectual Property Org \(WIPO\)](#)

[World Trade Organization](#)

[Central Bank of Honduras](#)

[Commercial Liaison Office to the World Bank](#)

[Commercial Liaison Office to the Inter-American Development Bank](#)

## **Leading Sectors for US Exports & Investments**

### **Packaging Machinery & Packaging Products**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### Overview

The packaging materials and equipment industry in Honduras has presented positive growth over the last decade.

Despite the conservative growth presented in other local industry sectors, Honduras has developed a substantial increase in the packaging manufacturing market with a dynamic mix of local and international companies fabricating their products in different regions of Honduras. Local packaging manufacturing has become an effective way to cut down on shipping costs that have a negative impact on the median price range of certain products. Additionally there have been numerous carton manufacturers establishing operations in Honduras due to the elevated shipping cost of this particular material.

61 percent of the packaging market is represented by the carton industry in Honduras and its imports represent 51 percent of the total market.

Decisive purchasing factors for packaging materials are price, quality and estimated delivery times, as well as credit terms. However multinational operators prefer quality before price.

In Honduras the majority of the market competitors 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. The customs temporary import regimen is slowly allowing the market to further develop capacity by making it accessible to introduce high end and specialized equipment into the country.

Promotion strategies focus on direct sales for this sector. The majority of producers are highly educated with rudimentary knowledge of the production process. Marketing is limited to sample offers and retail displays.

Honduras reported exporting 9,995 metric tons of cardboard products to Central America and the world in 2015.

According to a report from the Ministry of Economic Development (SDE), Honduras sells under half of its cardboard packaging products to Central America, making the country one of the largest manufacturers of cardboard containers in the region.

Carton and plastics producers are the largest importers of packaging materials and equipment in Honduras. The textile industry, food processing and agricultural exporters are the main consumers. Specialized packaging for the cosmetics, pharmaceutical, and chemical manufacturing industries in Honduras is mostly imported from Mexico, China, Colombia, Guatemala and the United States.

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 SDE also

reported that there are 7 enterprises engaged in the activity, located mainly in the northern sector of the country.

In 2016, the value of imported plastic and its manufactures in the region amounted to \$3.668 million, equivalent to 1.7 million tons, 9 percent more than the volume purchased in 2015.

In 2016, the main importer of plastic and its manufactures in Central America was Costa Rica with 457 thousand tons, followed by Guatemala with 425 thousand tons, El Salvador with 329 thousand tons, Honduras with 227 thousand tons,

In 2016, 34 percent of the volume imported by Central America came from the United States, 9 percent from China, 8 percent from Mexico, 7 percent from Taiwan and 3 percent from Colombia.

During the months between January 2012 and December 2016, the average price per kilo of imports registered its highest value in May 2014 at \$2.76 per kilo, and the lowest was in January 2012, at \$1.64 per kilo.

	2014	2015	2016	2017 (Estimated)
Total Local Production	232,251	236,634	241,475	263,207
Total Exports	164,515	168,223	171,360	186,782
Total Imports	414,734	422,561	431,206	470,014
Imports from the US	124,420	143,083	157,391	171,549
Total Market Size	482,470	490,972	501,321	546,439
Exchange Rates	20.92	22.13	23.05	23.46

Statistics are unofficial estimates. Data in USD Millions. Sources: Honduran Central Bank, SIECA

### Leading Sub-Sectors

- Sealing machines
- Container labeling machines
- Lid, seal & close machinery
- Packaging and wrapping machinery
- Parts and service
- Palettizing equipment and materials
- Numbering, labeling and printing solutions
- Silicones
- Phenolic resins
- Polyurethanes
- Coatings
- Petroleum resins

- Natural polymers

### **Opportunities**

- Close proximity to the United States.
- Cargo from gateway cities can be transported to Honduras 48 to 72 hours.
- Importers strongly prefer U.S. equipment because of its high-quality and reliability.

### **Web Resources**

- [Foreign Agricultural Service](#)
- [Packaging Machinery Manufacturers Institute](#)
- [Honduran Foundation for Investment and Exports](#)

## Construction Products

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The Central Bank of Honduras reports that in the first two months of 2016 private construction registered a two percent increase compared to the same period last year.

The Honduran Chamber of the Construction Industry (CHICO) reported that investments have also recovered, and up to March of 2016 they exceeded US \$66 million. The housing sector is the subsector reporting the largest growth, in part due to a social housing program that contributes the most to national construction, commercial construction and public investment.

The search for safe habitats and the shortage of land in the central areas of Tegucigalpa and San Pedro Sula is driving the construction of high rise apartments and gated communities.

The phenomenon occurs mainly in Tegucigalpa and San Pedro Sula. "The projects being constructed in the new development areas have emerged in recent years following the decline of the historic center of Tegucigalpa, another trade hub of the city, which has been losing its glamor coupled with a lack of planning policies and a commercial road.

Since 2009 more than 50percent of the total population of the country resides in the cities. Investors are aware of this trend and have accelerated the process of urbanization, which also represents a series of challenges as well as obvious opportunities.

One of the major challenges for Honduras is its ability to accommodate the growing portion of the rural population moving to the city, it is estimated that around 500,000 housing units are required to meet this demand the local government as well as the private sector are doing their best to rise to the challenge.

Evidence of the opportunities in this sector are the large-scale government infrastructure projects that are currently underway in the Honduran market. This government-led investment indicates that construction materials and equipment are one of the few sectors that will not decelerate this year, in part due to the public works and also the slight increase in developments by the private sector.

	2014	2015	2016	2017 (Estimated)
Total Local Production	377,117	384,814	392,668	417,732
Total Exports	142,295	106,377	112,759	119,524
Total Imports	246,764	261,578	277,272	293,908
Imports from the US	41,899	38,545	40,857	43,308
Total Market Size	481,586	540,015	557,181	592,116

Exchange Rates	20.92	22.13	23.05	23.46
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Statistics are unofficial estimates. Data in USD Millions. Sources: Honduran Central Bank, SIECA

### Leading Sub-Sectors

- Asphalt products
- Cement manufacturing equipment
- Prefabricated buildings of metal
- Prefabricated buildings of wood
- Water heaters
- Bathroom fixtures; Ceramic floors and tiles
- Kitchen cabinets and countertops
- Plastic pipes and fixtures
- Paints and fillers
- Shingle and roofing products
- Electrical wiring, accessories and fixtures
- Ornamental works

### Opportunities

- Close proximity to the United States.
- Cargo from gateway cities can be transported to Honduras 48 to 72 hours.
- Importers strongly prefer U.S. equipment because of its high-quality and reliability.

### Web Resources

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

- [NAHB International: January 9-11, 2018 – Orlando FL](#)
- [World of Concrete: January 23-26, 2018 – Las Vegas, NV](#)

## **Safety & Security Products and Services**

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The demand for safety and security equipment in the country is at an all-time high as crime is widespread in Honduras, especially in urban areas. Poverty and unemployment, along with significant street gang and drug trafficking activity, have contributed to the extremely high crime rate. In January 2012, the Peace Corps suspended its program in order to review the safety and security of its volunteers. Political demonstrations occur frequently in the major cities of Honduras. During demonstrations, protestors frequently block public roads to press their political views or to seek concessions from the Honduran government. The Honduras police have been known to use tear gas, water cannons, or rubber bullets to disperse demonstrators.

Violent crime occurs in all parts of Honduras, the north coast and central portions of the country have historically had the highest crime rates. Copan, Roatan/Bay Islands, and other tourist destinations have a lower crime rate than other parts of the country.

In June 2011, the government instituted a controversial security tax, which in essence is a special tariff applied to financial transactions by which the collected revenues will be destined to strengthen national security projects. In 2016 this tax generated over \$86 million USD. These funds were distributed as follows: 32 percent Defense Secretariat, 38 percent Security Secretariat, 17 percent to the National Investigation and Intelligence Directorate and the rest was distributed among several other prevention and judicial programs.

Vice President Joe Biden met with Presidents Salvador Sánchez Cerén of El Salvador, Jimmy Morales of Guatemala, and Juan Orlando Hernández of Honduras in the White House on May 3, 2016, to discuss progress in the Plan for the Alliance for Prosperity in the Northern Triangle -- an initiative designed to improve security and economic conditions in Central America in order to stem irregular migration to the United States.

The Vice President called for more action to increase government revenues, combat corruption, protect human rights defenders, and implement a plan to professionalize the police force and reduce the role of the military in internal policing.

U.S. Congress has approved \$750 million for the Plan but there are preconditions for much of the funds, requiring the Central American governments to show progress in border security, human rights, and the fight against corruption, among other issues.

Each country -- including the U.S. -- has specific plans of action that they must carry out in 2017. Honduras committed to providing the necessary support to its new anti-corruption body, the OAS Mission Against Corruption and Impunity in Honduras (Misión de Apoyo Contra la Corrupción y la Impunidad en Honduras – MACCIH).

According to most recent 2017 statistics, Honduras has begun to see a steady decline in its per capita homicide rate, dropping by 10.7 percent compared to 2016 statistics. U.S. firms should plan their market entry very carefully. Given its strategic location and boasting the largest

maritime port in the region, Honduras is an important gateway for U.S. exports entering the Central American market.

Decisive factors in the purchasing of safety & security equipment in Honduras are price, 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 U.S. and Europe as the need for more reliable, robust and smarter systems have become a necessity. Personalized service 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 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 Honduran government has been investing heavily in upgrading national security assets and institutions. In 2014 and 2015 the Honduran armed forces purchased large quantities of tactical equipment for the Honduran national armed forces and specialized tactical police units. There is a growing demand for safety and security products by the private sector; however these are restricted to commercial fire arms and surveillance technology. Opportunities may exist for U.S. companies looking to approach the Honduran Ministry of Defense and the Ministry of Security.

The security market in Honduras is highly competitive as demand for security services grows in the region. Currently there are 300 companies registered with the Honduran Security Service Providers' Association, employing approximately 100,000 people. However the majority of providers can be found in the informal sector and are not licensed or trained; they provide mostly residential security services. The Honduran Security Service Providers' Association is working hand in hand with the Honduran National Congress to regulate the informal market and bring these unlicensed operators to comply with a national regulatory standard for the industry. Current statistics place the ratio of private security guards to national police officers at 10-1.

Professional companies operating in Honduras provide mainly 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 exporters 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.

	2014	2015	2016	2017 (Estimated)
Total Local Production	NA	NA	NA	NA
Total Exports	86,510	85,999	88,842	94,172
Total Imports	153,687	162,503	162,838	172,608
Imports from the US	14,485	14,992	15,516	16,446
Total Market Size	139,202	147,511	147,322	156,161
Exchange Rates	20.92	22.13	23.05	23.46

Statistics are unofficial estimates. Data in USD Millions. Sources: Honduran Central Bank, SIECA

### Leading Sub-Sectors

- CCTV Cameras
- Metal detectors
- Uniforms & tactical gear
- Biometric products, equipment & software
- Access control systems
- Commercial personal defense products
- Alarms
- GPS and RFID technology
- Cargo & container scanning equipment
- Speed measurement radars and LIDAR
- Commercial & Military Firearms and accessories
- Military firearm optics

### Opportunities

- Close proximity to the United States.
- Cargo from gateway cities can be transported to Honduras 48 to 72 hours.
- Importers strongly prefer U.S. equipment because of its high-quality and reliability.

### Web Resources

- [Honduran Security Tax Commission](#)
- [Honduran National Defense Secretariat](#)
- [ASEMSIPH – Honduran Security Services Providers’ Association](#)
- [University Institute for Democracy, Peace & Security](#)

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

- [ASIS Security Expo: September 25-28, 2017 – Dallas, TX](#)
- [SHOT SHOW 2018: January 23-26, 2018 - Las Vegas, NV](#)

## Automotive Parts & Service Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

The outlook for automotive aftermarket products looks positive, with an expected 10 percent growth rate over the next three years. An aging car population, coupled with increasing car ownership in major cities, continues to fuel demand for automotive parts and accessories in Honduras. An estimated 70 percent of the total vehicle population, registered at over 1.4 million units in 2015, is at least five years old and in need of repair. The number of motorized vehicles is predicted to double in five years' time and the distances traveled should also increase due to an accelerated urban expansion. Growing consumer awareness over the importance of scheduled servicing and preventive maintenance is also influencing the market.

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 and 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. Major mechanical auto repair industry segments include service stations, specialty repair shops, auto parts stores, vehicle dealers and independent garages. Japanese cars and light trucks dominate the market but parts are often purchased through the United States. With the elimination of import tariffs based on engine size, American-made pickups, SUVs, heavy trucks and buses have stronger shares of the local market. There are several major U.S. automotive dealers present in the Honduran market.

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Market Size	378.4	530.2	583.2	640.5
Local Production	n/a	n/a	n/a	n/a
Imports	422.0	578.6	636.46	699.0

Exports	44.0	48.4	53.2	58.5
Exch. Rate: 1USD	L. 20.92	L. 21.80	L. 22.80	L. 23.70

Data in USD Millions

**Sub-Sector Best Prospects**

Overall, most auto care 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, motor oils and additives
- Tools and equipment
- Tires and wheels
- Safety equipment
- Car care and cleaning
- Undercar and under hood products
- Electrical and brake system components
- Transmission and suspension parts
- Bumpers, spoilers, and tail lights
- Mobile electronics, alarms, and sound systems
- Repair shop, paint, tools, and equipment
- A/C Repair; Refrigerants
- Emission control services
- Alignments, diagnostics, spark plugs

**Opportunities**

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. Major trends in the automotive aftermarket sector in Honduras include increasing car ownership due to rapid urbanization, a strong replacement demand, and a rising average vehicle life. A regulation involving Hazardous Gas Emissions of Automotive Vehicles, aimed at reducing the increasing air pollution levels generated by tailpipe emissions in the largest cities, should also benefit demand for specialty automotive equipment.

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 United States.

**Web Resources**

[Honduran Association of Automotive Dealers and Distributors of Automotive Parts & Accessories](#)

[Regional Trade Statistics](#)

[National Statistics Institute](#)

[CAFTA-DR Website](#)

[U.S. Commercial Service](#)

**Trade Events:**

[Automotive Aftermarket Industry Week](#)

## Travel and Tourism

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

International travel and tourism represents the largest services sector export for the United States, accounting for 31 percent of all U.S. services exports and supporting nearly 1.1 million jobs. In 2015, the Central America region posted record level visits to the United States, which represented a 14 percent increase over the previous year. Honduras is among the top 50 countries generating travel to the United States, with a cumulative market share of 94.7 percent in 2015. Despite strict visa requirements, the close proximity of the United States (only a 2.5 hour flight to U.S. main gateway cities) and the high receptivity for U.S. products and services make the United States a preferred destination for Honduran travelers. With a population of 8.8 million, the country's economic growth in recent years has the potential to prompt more middle-class travelers to the United States. In 2015, Honduran arrivals in the United States totaled 173,859, up 14 percent from 2014. Shopping is the leading activity for Honduran travelers to the U.S., followed by sightseeing, dining experiences, amusement/theme parks, and visiting national parks. Industry contacts foresee an upward trend for inbound travel from Honduras, with opportunities involving leisure, visiting friends and relatives and business/convention travelers for the period 2016-2019.

	2014	2015	2016(est.)	2017
Honduran Arrivals to the United States	152,988	173,859	198,199	227,928
Percent Change	10.3percent	12.0percent	14percent	15percent

### Sub-Sector Best Prospects

When Hondurans travel to the United States, they focus their spending on:

- Shopping malls and outlets/retail
- Hotels/motels/restaurants
- Transportation services (airlines, vehicle rentals, bus and rail between cities)
- Entertainment/recreational activities/services (sightseeing; theme parks; small towns/countryside; national parks/monuments; museums; night clubs; sports)
- Business/conventions (conferences, seminars, trade shows)
- Hospitals/clinics/medical services
- Education

### Opportunities

The most popular destinations for Honduran visitors in the United States are: Miami, Orlando, New York, and Los Angeles. Washington, DC, New Orleans, Chicago, Atlanta, Houston, and Las Vegas are also popular. Florida is the preferred choice for leisure travel by Hondurans with over 51 percent of the market share. The top activities that Hondurans engage in while in the U.S. are shopping, sightseeing, fine dining, amusement/theme parks, small towns/countryside, and national parks/monuments.

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) 2014 (NTTO) statistics show that 66 percent of total inbound trips from Central Americans are for vacation/holidays, followed by visits to friends and relatives, business/professional, and convention/conference/trade show attendance. 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 12 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 (51 percent), online travel agency (29 percent); personal recommendation (21 percent); national/state/city travel office (17 percent); and, corporate travel department (9 percent).

### **Web Resources**

[USDOC/ITA Office of Travel & Tourism](#)

[U.S. Travel Association](#)

[Discover America](#)

[World Travel & Tourism Council](#)

[Brand USA](#)

### **Trade Events**

[IPW 2017](#)

## Agricultural Sector

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Coarse Grain

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### Overview

U.S. corn exports to Honduras increased by 37 percent in 2017 to \$106 million. Growth potential remains positive, given Honduras' inability to produce sufficient grain supplies to support animal, fish/seafood feed, including for the expansion of shrimp and tilapia production. Honduras' proximity to major grain export terminals such as New Orleans, Houston and Galveston will continue to allow U.S. corn and other commodities to compete for increased market shares.

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.

Corn	2014	2015	2016	2017 (Estimated)
Total Local Production	92,590,909	119,954,545	126,680,851	110,491,429
Total Exports	1,304,122	5,676,440	6,082,660	6,143,900
Total Imports	108,708,726	110,258,461	124,836,940	124,908,012
Imports from the US	97,265,981	77,557,321	106,073,616	107,197,749
Total Market Size	199,995,513	224,536,566	245,435,131	229,255,542

(Statistics are unofficial estimates. Data in USD. Sources: Honduran Central Bank, SIECA, GATS, BICO)

### Leading Sub-Sectors

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

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 now

exporting poultry to the United States. The Honduran government is also providing incentives to increase beef production. Honduras ranks 15th among the leading markets for U.S. corn 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 28,520 MT for white corn in 2017. For yellow corn, the tariff will be eliminated in 4 years and Honduras will have a quota of 290,299 MT in 2017, growing at 5 percent per year. Tariff cuts will be back-loaded.

### Web Resources

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

### Rice

This is a best prospect industry sector for this country. Includes a market overview and trade data.

### Overview

U.S. rice exports to Honduras in 2016 were \$79 million which is 33 percent higher than the previous year. Eighty percent of the rice consumed by 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.

Rice	2014	2015	2016	2017 (Estimated)
Total Local Production	10,363,636	11,136,363	11,659,574	11,131,592
Total Exports	286,334	1,797,482	1,800,883	2,861,406
Total Imports	66,888,861	57,426,203	58,336,571	58,572,073
Imports from the US	62,260,427	59,807,945	79,274,669	72,493,248
Total Market Size	76,966,163	66,765,084	68,195,262	66,842,259

(Statistics are unofficial estimates. Data in USD. Sources: Honduran Central Bank, SIECA, GATS, BICO)

### Leading Sub-Sectors

Local rice millers prefer to import paddy rice for price reasons and to keep their processing plants running. However, milled rice is also imported into Honduras. Data estimates based on current sales indicate the market’s stability.

### Opportunities

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. Honduras is ranked 7th among the leading 35 country markets for U.S. rice imports.

Under CAFTA-DR, rice tariffs will be eliminated in six years. Tariff cuts will be back-loaded, with out-of-quota imports subject to a safeguard. There will be a quota of 111,600 MT for rough rice, growing by two percent in 2017. Imports under the quota will be subject to a performance requirement, which will be eliminated in six years. A quota of 13,600 MT will be for milled rice, growing by five percent per year. The tariff rate quota (TRQ) for rough and milled rice in 2017 is 111,600 MT and 13,600 MT, respectively.

### Web Resources

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

### Wheat

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### Overview

Honduras’s land and climate are unsuitable for commercial wheat farming. The country depends on imports to fulfill their demand for wheat.

U.S. wheat exports to Honduras totaled \$65 million in 2016, which is 19 percent more than the previous year. However, wheat exports have had volatile growth in the past five years, and an estimated 1percent increase since 2012. The expectation is for the wheat market to stabilize and for the import growth to be constant in the years to come.

Wheat	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	77,978,249	65,157,034	71,606,896	73,182,288
Imports from the US	77,978,249	55,114,357	65,605,010	67,508,881

Total Market Size	77,978,249	65,157,034	71,606,896	73,182,288
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(Statistics are unofficial estimates. Data in USD. Sources: Honduran Central Bank, SIECA, GATS, BICO)

### Leading Sub-Sectors

The Honduras wheat industry uses an average of 214,000 MT per year with the vast majority of it raw material coming from the United States. Data estimates based on current sales indicate the market's stability.

### Opportunities

Honduras looks at United States as their main source of wheat products, both through commercial channels and donations. There are no import duties applicable to U.S. wheat exports. Among the export markets for U.S. wheat, Honduras ranks in position 21st.

### Web Resources

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

### Soybean Meal

This is a best prospect industry sector for this country. Includes a market overview and trade data.

#### Overview

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

U.S. soybean meal exports to Honduras were \$87 million in 2016, which shows a four percent decrease from the previous year. The average percent growth of soybean meal over the years has been a steady one percent increase in the past five years. However, this increase is strictly due to the demand from the aquaculture and avian production in the country.

Soybean Meal	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	108,252,233	102,793,560	98,681,817	97,936,156
Imports from the US	104,800,954	91,340,955	87,242,993	86,422,341

Total Market Size	108,252,233	102,793,560	98,681,817	97,936,156
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(Statistics are unofficial estimates. Data in USD. Sources: Honduran Central Bank, SIECA, GATS, BICO)

### Leading Sub-Sectors

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

### Opportunities

Continued expansion in the feed industry, particularly for poultry and tilapia production, should continue to fuel the demand for U.S. soybean meal in the years to come. An increasing number of food franchise outlets are also requiring more chicken. Honduras is now exporting chicken to the U.S., where tariffs on Honduran imports are currently zero. Honduras ranks in position 11 among U.S. soybean meal export markets.

### Web Resources

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

### Red Meats

This is a best prospect industry sector for this country. Includes a market overview and trade data

#### Overview

Honduras has two meat processing facilities that have been certified by the USDA's Food Safety Inspection Service (FSIS) to export their products to the United States. However, red meat imports from the United States have become a necessity in order to be able to satisfy the country's demands.

U.S. red meat exports totaled \$55 million in 2016, which shows a 14 percent increase from the previous year. However the average percent growth in the last five years reflects an uneven growth of percent per year. Pork exports to Honduras look promising and stable.

Red Meats	2014	2015	2016	2017 (Estimated)
Total Local Production	279,409,090	332,500,000	353,957,447	311,724,960
Total Exports	21,302,493	8,903,056	3,305,550	6,404,366
Total Imports	51,990,618	60,845,784	66,129,599	56,540,472

Imports from the US	50,082,679	48,817,537	55,509,766	54,837,993
Total Market Size	310,097,215	384,442,728	416,781,496	361,861,067

(Statistics are unofficial estimates. Data in USD. Sources: Honduran Central Bank, SIECA, GATS, BICO)

### Leading Sub-Sectors

CAFTA-DR brought immediate tariff elimination of 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

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. Honduran traditional cuisine uses entrails and internal organs in its dishes. The local red meat industry does not produce enough products to satisfy its demand. Honduras is not ranked in the top 35 beef export markets from the U.S. but is ranked as 11<sup>th</sup> for pork exports from the U.S. to Honduras.

### Web Resources

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

### Processed Fruits and Vegetables

This is a best prospect industry sector for this country. Includes a market overview and trade data

#### Overview

Imports of processed fruits and vegetables from the U.S. have increased 10 percent from the previous year. Nevertheless, the average percent growth in the last five years has been one percent due to the increased imports of processed fruits and vegetables from Mexico and Central America. However, the import products from the United States are recognized for their quality and a stable market for processed fruits and vegetables is predicted.

Process Fruits and Vegetables	2014	2015	2016	2017 (Estimated)
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Total Local Production	NA	NA	NA	NA
Total Exports	69,633,269	62,457,191	60,731,468	56,279,814
Total Imports	68,691,568	73,449,990	78,581,760	77,045,899
Imports from the US	33,658,625	31,350,806	34,554,543	34,614,425
Total Market Size	NA	NA	NA	NA

(Statistics are unofficial estimate. Data in USD. Sources: Honduran Central Bank, SIECA, GATS, BICO)

### **Leading Sub-Sectors**

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**

Many U.S. franchises and restaurants in Honduras currently import pre-made French fries from Canada and the U.S. Honduran ranks 2833 among the leading country export markets for U.S. processed vegetables and 2521 for prepared foods.

### **Web Resources**

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

## Other Consumer Oriented Products

This is a best prospect industry sector for this country. Includes a market overview and trade data

### Overview

The category of other consumer oriented products comprises a wide range of items, which have witnessed a one percent increase compared with the previous year. Never the less, consumer oriented products have shown a steady two percent increase in the last five years. The largest competitors for U.S. companies in this category come from Guatemala and Costa Rica, followed closely by Mexico and El Salvador.

Other Consumer Oriented Products	2014	2015	2016	2017 (Estimated)
Total Local Production	NA	NA	NA	NA
Total Exports	2,044,328,674	2,179,700,237	2,129,713,946	2,225,181,145
Total Imports	583,481,386	621,303,292	639,046,354	624,297,117
Imports from the US	157,910,936	160,372,256	162,324,159	159,342,095
Total Market Size	NA	NA	NA	NA

(Statistics are unofficial estimates. Data in USD. Source: Honduran Central Bank, SIECA, GATS, BICO)

### Leading Sub-Sectors

Vegetable and animal oil/fats

Food preparation

Preparation for sauces

Mixed condiments and seasonings

Tomato ketchup and other tomato sauces

Nonalcoholic and alcoholic 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

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 currently ranks in position 25 among the leading 35 country export markets for U.S. prepared foods.

#### Web Resources

[U.S. Department of Agriculture Foreign Agricultural Service in Honduras](#)

[Exporter Guide Tegucigalpa Honduras 2016](#)

[Food and Agricultural Import Regulations and Standards Certification Tegucigalpa Honduras 2016](#)

## **Customs, Regulations & Standards**

### **Trade Barriers**

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. (Please see Import Tariffs section).

In addition to agricultural products, Honduras maintains some non-tariff barriers for services. Currently, special government authorization must be obtained to invest in the tourism 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.

For more information and help with trade barriers please contact:

International Trade Administration

[Enforcement and Compliance](#)

(202) 482-0063

ECCcommunications@trade.gov

### **Import Tariff**

Honduras is a member of the Central American Economic Integration System (SIECA) comprised of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. Honduras' tariffs on most goods from outside SIECA are currently within the zero to 15 percent range. Under CAFTA-DR, 100 percent of U.S. industrial and commercial goods enter the region duty-free, with the remaining agricultural tariffs to be phased by year 2020 (pork and yellow corn), year 2023 (chicken leg quarters, rough and milled rice) and year 2025 (dairy products). Nearly all textile and apparel goods that meet the agreement's rules of origin receive duty-free and quota-free treatment, providing opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing.

The Harmonized System (HS) classification number determines if a specific product can enter the CAFTA-DR region duty-free. This number is used to check the country and product-specific tariff elimination schedule. Honduran customs are very strict when evaluating certificates of origins. Even minor errors can result in fines and non-CAFTA import duties. Please contact the U.S. Embassy in Tegucigalpa if you feel the rules are being implemented unjustly.

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

- [U.S. Free Trade Agreements](#)
- [U.S. President's Trade Policy](#)

Under CAFTA-DR, Honduras will eliminate tariffs on yellow corn and pork in year 2020. Import tariffs for rice and chicken leg quarters will also be eliminated in 2023, and for dairy products in 2025. Accordingly, CAFTA-DR should lead to the elimination of market access barriers, over time, for all agricultural products other than white corn.

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 for these crops. Corn and sorghum producers and industries that use these grains for human and animal consumption signed an agreement). The agreement is endorsed by the Secretariat of Agriculture, the Secretariat of Economic Development and the Honduran Institute of Agricultural Marketing (IHMA). Usually, importers who want to import these grains from the United States and who are not part of the agreement pay 30.15 percent duty for yellow corn and 45 percent duty for white corn.

Rice producers and millers have also reached a similar Absorption Agreement as 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 can be bought, the quality, payment requirements, and 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 imports of rough rice inside the CAFTA-DR quota, the duty is currently at 37.5 percent.

A general 15 percent Value Added Tax (VAT) 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 the maquiladora industry and other firms protected under Special Export Development Regimes are also exempted from the tax. A separate 18 percent sales tax is applied to beer, brandy, compound liquors, and other alcoholic beverages, as well as 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 15 percent tax on carbonated beverages. A 15 percent selective consumption tax is also applied to some products considered non-essential.

Additional information on import tax legislation, customs regulations, and general administrative procedures is available at the official [Single Window for Importers and Exporters](#).

## **Import Requirements & Documentation**

As Honduras is in the process of restructuring and modernizing its customs procedures, it is vital that U.S. exporters pay close attention to documentary risks, making sure that all required

documents are carefully completed in order to avoid delays or heavy fines when clearing goods through customs.

Imports of raw and processed agricultural products need an import permit application issued by the National Service of Food Safety, Plant and Animal Health (SENASA) of the Secretariat of Agriculture and Livestock (SAG).

In order to obtain import permits, 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-Form Commercial Invoice

The above mentioned documents and the import request must be clear, with consistent information about the importer and exporter, amounts, product description, origin and point of shipping. SENASA requires that the certificates be filled out completely with the name, date and signature of the official issuing the certificate.

Agricultural imports of food products – raw or processed – of animal origin should show the expiration date, lot number and production date in Spanish on the shipping carton(s). The dates must be provided in the Day/Month/Year format (DD/MM/YYYY). If a first-time exporter does not comply with this requirement, the product is retained and SENASA allows a label to be applied. However, if the exporter has not repeatedly had the required labels, the product is not allowed entry.

SENASA requests the issuance of Phyto- or Zoo-sanitary Certificates by a U.S. federal government authority in the plant where the food products have been processed. SENASA does not accept documents from commercial trading companies. 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.

Imports of U.S. fresh/frozen and cooked poultry products must come with an USDA's FSIS Certificate (Form 9060-5). SENASA has requested that USDA add an Additional Declaration (AD) to the FSIS certificates for poultry imports. The AD should indicate that "All fresh/frozen poultry meat, including mechanically deboned meat (MDM) comes from an area 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 Economic Development (SDE). 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, SDE needs to have copy of the Import Permit that SENASA issues to the importer. SDE will assign a number to

be used for the import procedure. The Tax Administration Service requests the number of the Import License when the importer registers the dairy import into its system.

Among the general documentation required by Customs are: the original of the import permit application, commercial invoice, bill of lading, packing list, certificate of origin, Phyto or Zoo-sanitary certificates and photocopy of import license for dairy products. The Phyto or Zoo-sanitary certificate must be provided by a U.S. federal or state authority.

The certificate of free sale is requested to register the product with the Secretariat of Health. The certificate is issued by the appropriate state-level health authorities or the Chamber of Commerce of the United States.

For detailed information on import permit requirements, please refer to, Honduras GAIN Reports: [Food and Agricultural Import Regulations and Standards](#) (FAIRS Country Report HO1606, FAIRS Export Certificate Report HO1607 and Exporter Guide Report HO1605). Alternatively, U.S. exporters may contact the Secretariat of Health by writing to [ssregulacion@gmail.com](mailto:ssregulacion@gmail.com) or visiting the [SENASA website](#).

### **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 is originated in the United States, which in turn allows it to receive the preferential tariff treatment agreed upon in CAFTA-DR. In the case of agricultural products, the producer, exporter or importer could provide the certificate with all the required information. The CAFTA-DR certificate is required by the Honduran Customs Authority (DARA) previously known as Customs Tax Division (DEI).

In general, a product's eligibility for preferential tariff treatment may be demonstrated in a variety of ways provided it is in written 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:

- The name of the certifying person, including, as necessary, contact or other identifying information;
- Tariff classification under the Harmonized System and the description of the good;
- Information demonstrating that the good is originating;
- Date of the certification; and
- 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 certification for each individual shipment. The importer may maintain one “blanket” certificate which must comply with all the same requirements as for one shipment to be presented to the customs authority. The “blanket period” may not exceed one year from the date signed in the Certificate of Origin.

U.S. exporters seeking information on tariffs for products imported into Honduras may also visit the [SENASA website](#).

### **Product Registration**

Product registration in Honduras is overseen by the Ministry of Health, through the General Directorate of Surveillance of the Health Normative Framework (DGVMN). Although the DGVMN is working on simplifying registration procedures, the process is generally cumbersome taking an average of two to six months for a wide range of product categories. Product registration procedures can be done by importers, and it is best if done through their respective legal representative. The buyer’s legal appointee should regularly check with the DGVMN to verify the status of the process—regular checking will insure that importers know if a document is missing or if the DGVMN requires further information.

Central America Customs Union (CACU) member countries have harmonized Sanitary Registration and Sanitary Inscription procedures for processed food products (Central American Technical Regulation-RTCA). 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 forms are available at the [Central America Secretariat of Economic Integration’s \(SIECA\) website](#).

The registration process is relatively faster for low-risk products (categorized as “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” category, 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 processed seafood of all kinds need laboratory analysis.

All imported food and meat products - processed or raw - must have a Sanitary Registration Number (SRN) issued by the General Directorate of Surveillance of the Health Normative Framework (DGVMN) previously known as the Sanitary Regulation Directorate (SRD) of the Secretariat of Health prior entering the country. Only food samples to be used for the registration process will be allowed to enter the country without such number. Containers of food inputs waiting to be processed, labeled, or repacked, do not need SRNs. However, the DGVMN issues a letter to authorize that it enters the country as food input. In the case of raw poultry to be sold at the retail level, the product must have a SRN. The label in the boxes with the raw product should display the number.

## **Labeling/Marking Requirements**

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 Secretariat of Economic Development (SDE). Special regulations apply to medicines and agricultural products under the Health Code, the Phyto-Zoo Sanitary Law and the Central America Technical Regulation (RTCA) number 67.01.07.10, "General Labeling for Pre-Packed Foods" and the RTCA: 67.01.60:10 on "Nutritional Labeling of Pre-Packed Foods for Human Consumption of Population over Three Years Old".

Honduran law requires that all processed food products be labeled in Spanish and registered with the General Directorate of Surveillance of the Health Normative Framework (DGVMN) previously known as the Sanitary Regulation Directorate (SRD) of the Secretariat 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.

Imported sample-sized products must comply with Honduran labeling laws. 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
- Country of Origin
- Lot number
- 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
- Dates of manufacture and expiration
- Applicable health warnings

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 Honduran Institute for the Prevention of Alcoholism, Drug Addiction, and Pharmaceutical Dependence (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.

For detailed information on labeling requirements, exporters may go to [Attaché Reports, Food and Agricultural Import Regulations and Standards](#), or contact the Ministry of Public Health at email [ssregulacion@gmail.com](mailto:ssregulacion@gmail.com).

## **U.S. Export Controls**

The U.S. Government requires firms to obtain an export permit for some products, especially those considered security sensitive. Commerce Control List categories include nuclear materials; electronics; chemicals, microorganisms and toxins; navigation and avionics; sensors and lasers; and materials processing, among others. For more information, U.S. exporters should contact the [Bureau of Industry and Security](#) at the U.S. Department of Commerce, (202) 2482-2000 or 1-800-USATRADE.

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: [Consolidated Screening List](#).

## **Temporary Entry**

The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product which is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions.

Interested parties may obtain authorization for this program through the Ministry of Economic Development. Amendments made to the RIT law in 1997 allow manufacturers to export their products to other Central American countries. These amendments also permit local importers to resell machinery and equipment no longer needed, by paying an import duty based on its Cost, Freight, and Insurance (CIF) value. Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law.

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 three months. This temporary entry authorization can also be extended an additional three months, if necessary. Products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works may qualify as temporary imports for a period of up to six months under Article 74 of the Honduran Customs Law.

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 the product is re-exported.

## **Prohibited & Restricted Imports**

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 waste and chemicals, pornographic material, and narcotics. Import restrictions are based on phyto-sanitary, public health, and national security factors.

## **Customs Regulations**

Honduras ratified the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) on July 2016, becoming the fifth Central America nation to accept the new accord. Concluded at the WTO's 2013 Bali Ministerial Conference, the TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.

### [Honduran Customs Authority](#)

Questions pertaining to customs issues may be addressed to:

(Dirección Adjunta de Rentas Aduaneras)

Technical Trade Agreements Division

Address: Edificio Corporativo, Col. Palmira, Tegucigalpa, Honduras

Foreign Trade Single Window:

## **Standards for Trade**

### **Overview**

Standardization efforts began in 1998, upon the establishment of the Inter-Institutional Standardization Commission of the Ministry of Industry and Trade (now Ministry of Economic Development-SDE). 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 Ministry of Science Technology and Innovation SENACIT (formerly 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 seventeen (117) 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.

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- 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 seventeen (117) 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-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 Ministry of Science, Technology, and Innovation (SENACIT).

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

- a. Agro-industrial production
- b. Tourism

- c. Small Hotels
- d. Wood - Furniture
- e. Industrial Production
- f. Energy Efficiency

Honduras is also a subscriber member of the International Standards Organization (ISO). The implementation of ISO certification for local companies is conducted by legally credited international standards institutions. There are over 450 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 Internet URL:

### **Conformity Assessment**

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

- [Ministry of Economic Development: Consumer Protection and Legal Metrology Division](#)
- [Ministry of Agriculture: National Plant and National Health Service](#)
- [National Laboratory of Residues \(LANAR/SAG\); Quality Control Lab for Veterinary Products/SAG](#)
- [Ministry of Health: General Directorate of Sanitary and Environmental Regulation Food Control Lab](#)
- Ministry of Energy, Natural Resources, Environment, and Mines
- CESCO (Pollution Control Research Center)
- [DECA \(Environmental Control and Evaluation Directorate\) Mining Executive Directorate \(INGHEOMIN Laboratory\)](#)
- Customs and Tax Administration/National Customs Laboratory
- Official Laboratory of Honduran Chemical and Pharmaceutical Professional Association (Laboratorio del Colegio Químico Farmacéutico de Honduras)
- Other private laboratories such as Jordanlab, MQ, Microbiology Lab (Empacadora de Productos Acuáticos, San Lorenzo), Agrobiotek, Central de Ingenios, S.A., Ecolova, Food Analysis and Microbiology Labs EAP Zamorano, and the Honduran Foundation for Agricultural Research (FHIA), among others.

### **Product 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, thus eliminating plant certification requirements prior to exporting. In the case of medical and pharmaceutical products which are not for free or for over-the-counter sale, a Sanitary Registration from the Ministry of Public Health is required. All imported food and meat products – processed or raw – must have a Sanitary Registration number (SRN) issued by the Sanitary Regulation Directorate (DGVM) prior to entering the country.

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 DGVM. 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.

Additional information on product certification procedures is available through the U.S. Foreign Agricultural Service [here](#). (Attaché Reports: Food and Agricultural Import Regulations and Standards–Certification. Honduras FAIRS Export Certificate Report No. HO1506. Food and Agricultural Import Regulations and Standards (FAIRS Country Report HO1606, FAIRS Export Certificate Report HO1607 and Exporter Guide Report HO1605).

### **Accreditation**

[The National Accreditation Body of Honduras](#) is the “Organismo Hondureño de Acreditación - (OHA), is a body under the National Quality System, dependent on the Ministry of Science, Technology, and Innovation (SENACIT).

Publication of technical regulations

[The National Accreditation Body of Honduras](#) is the “Organismo Hondureño de Acreditación - (OHA), is a body under the National Quality System, dependent on the Ministry of Science, Technology, and Innovation (SENACIT).

### **Contact Information**

#### [National Quality System](#)

(Sistema Nacional de la Calidad – SNC)

And Technical Secretariat of National Quality Council – CNCA Alexander David, Director

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E-mail: alexander.david@senacit.gob.hn

#### [National Standards Body](#)

(Organismo Hondureño de Normalización/OHN) National Quality System

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[National Accreditation Body](#)

Organismo Hondureño de Acreditación (OHA)

National Quality System

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E-mail: [lmadrid@hondurascalidad.org](mailto:lmadrid@hondurascalidad.org)

[National Metrology Institute](#)

Centro Hondureño de Metrología (CEHM) National Quality System

Ing. Efraín Paz, Coordinator

Tel: (504) 2213-9052; Fax: (504) 2230-1899

E-mail: [epaz@hondurascalidad.org](mailto:epaz@hondurascalidad.org)

Post Standards Contact

U.S. Embassy - U.S. Commercial Service

Rossana Lobo, Senior Commercial Specialist

Avenida La Paz

Tegucigalpa, Honduras

Tel: (504) 2236-9320

E-mail: [Rossana.Lobo@trade.gov](mailto:Rossana.Lobo@trade.gov) [Website](#)

Testing, inspection and certification

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

[Ministry of Economic Development: Consumer Protection and Legal Metrology](#)

[Ministry of Agriculture: National Plant and National Health Service](#)

[National Laboratory of Residues \(LANAR/SAG\); Quality Control Lab for Veterinary Products/SAG](#)

[Mnistry of Health: General Directorate of Sanitary and Environmental Regulation](#)

Ministry of Energy, Natural Resources, Environment, and Mines

CESCO (Pollution Control Research Center)

[DECA \(Environmental Control and Evaluation Directorate\) Mining Executive Directorate \(INGHEOMIN Laboratory\)](#)

Customs and Tax Administration/National Customs Laboratory

Official Laboratory of Honduran Chemical and Pharmaceutical Professional

Association (Laboratorio del Colegio Químico Farmacéutico de Honduras)

Other private laboratories such as Jordanlab, MQ, Microbiology Lab (Empacadora de Productos Acuáticos, San Lorenzo), Agrobiotek, Central de Ingenios, S.A., Ecolova, Food Analysis and Microbiology Labs EAP Zamorano, and the Honduran Foundation for Agricultural Research (FHIA), among others.

Publication of technical regulations

The National Accreditation Body of Honduras is the [“Organismo Hondureño de Acreditación - \(OHA\)](#), is a body under the National Quality System, dependent on the Ministry of Science, Technology, and Innovation (SENACIT).

## **Trade Agreements**

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. Honduras is a member of the Central American Economic Integration System (SIECA) along with Guatemala, El Salvador, Nicaragua, Costa Rica, and Panama. As part of Central America, FTAs have also been signed with the Dominican Republic, Chile, and Mexico. Honduras has bilateral FTAs with Canada, Colombia, Panama, Peru, and Taiwan. FTA Negotiations are also underway between Central America and Korea.

The [Association Agreement between the European Union](#) (EU) and Central America was signed on June 29, 2012. The Association Agreement relies on three pillars, political dialogue, cooperation, and trade. The trade pillar of the Association Agreement entered into force on August 1, 2013, with Honduras, Nicaragua and Panama, on October 1, 2013, with Costa Rica and El Salvador, and on December 1, 2013, with Guatemala. Honduras and Guatemala halted negotiations with the European Free Trade Association (EFTA), comprising of Switzerland, Iceland, Liechtenstein, and Norway in June 2013.

The Central American countries agreed to establish an [Economic Integration System and a Central America Customs Union](#) (CACU) in December 1960. The commitment was reaffirmed in 1993. Between the years 2000 and 2002, the Central American countries incorporated into

the legal framework agreement. The subscription of the agreement for the creation of CACU was held in 2006. The goal is to allow unrestricted movement of products and a Central American uniform tariff with duty-free privileges among the region's countries. The products have to originate in the Central America region.

The CACU has granted free trade access throughout the region for 99.9 percent of the Central American products (with the exception of sugar and un-roasted coffee for the region). The harmonized common tariff up to now is 97 percent of Central American products. 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.

On February 2015, Honduras and Guatemala signed a bilateral agreement creating a Customs Union in an effort to eliminate trade barriers, cut costs and speed up the transportation of goods throughout the region. With the Customs Union, inspections at the two countries' common borders are scheduled to be eliminated by December 2015, relying instead on electronic documentation filed in advance.

## **Licensing Requirements for Professional Services**

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.

Authorization for professional practice is also granted based on principles of reciprocity. Honduras agrees that if a jurisdiction in the United States recognizes degrees awarded by Honduran education institutions, that Honduras will recognize the equivalent professional degrees awarded by U.S. education institutions. In the same manner, if a jurisdiction in the United States allows Honduran national to apply for and receive a license or certificate for the provision of a professional service, then Honduras will allow U.S. nationals to apply for and receive an equivalent license or certificate. In addition, the relevant professional associations in Honduras will recognize a license granted by a jurisdiction in the United States, and allow the holder to register with the association and practice the profession in Honduras.

## **Web Resources**

- [Honduran Ministry of Economic Development](#)
- [National Quality System](#)
- [Secretariat for Central American Economic Integration](#)
- [Honduran Private Enterprise Council](#)
- [Chamber of Commerce of Tegucigalpa](#)
- [Chamber of Commerce of Cortés](#)
- [Honduran Customs Office](#)
- [U.S. Department of Commerce](#)
- [USDOC Bureau of Industry & Security](#)

- [Foreign Agricultural Service](#)
- [National Institute of Standards & Technology](#)

## Investment Climate Statement

### Executive Summary

The United States is Honduras' most important economic partner, and the government of Honduras continues to strive to improve the investment climate. Yet foreign companies choosing to invest in Honduras still face significant challenges. Honduras' investment climate is hampered by high levels of crime, a weak judicial system, corruption, and low educational levels. Over 200 U.S. companies operate in Honduras. Many of them have taken advantage of the opportunities and protections available as a result of Honduras' participation in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The stock of U.S. foreign direct investment in Honduras is approximately \$1.2 billion, an increase of 58.6 percent from 2014. Honduras has made notable improvements in market openness since 2013 as measured by trade freedom, investment freedom, and financial freedom. However, the management of public spending, rule of law concerns, and a high incidence of corruption continue to pose challenges for prospective investors. The 2016 Heritage Economic Freedom Index gave Honduras a score of 57.74, an improvement of 0.3 points from 2015. The World Bank Doing Business 2015 report ranked Honduras 110 out of 189 countries, an improvement of 15 places since the 2013 report.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	112 of 168	<a href="#">URL</a>
World Bank's Doing Business Report "Ease of Doing Business"	2015	110 of 189	<a href="#">URL</a>
Global Innovation Index	2015	113 of 141	<a href="#">URL</a>
U.S. FDI in partner country (\$M USD, stock positions)	2015	\$1.2 billion	<a href="#">URL</a>
World Bank GNI per capita	2014	\$2,270	<a href="#">URL</a>

Millennium Challenge Corporation Country Scorecard

[The Millennium Challenge Corporation](#), a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here:

Details on each of the MCC's indicators and a guide to reading the scorecards are available here: [Scorecard Reading Guides](#).

## **Openness to and Restrictions upon Foreign Investment**

The United States is Honduras' largest trade and economic partner. U.S. exports to Honduras in 2016 were \$4.8 billion. Honduras' participation in CAFTA-DR has enhanced 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.

Economic growth returned to Honduras in 2010 after a sharp downturn in 2009 due to the effects of international financial and domestic political crises. In 2016, GDP growth rose to 3.6 percent and the rate of inflation was 3.26 percent. Foreign direct investment and domestic investment declined in 2009 but has since recovered. U.S. foreign direct investment (FDI) in Honduras (stock) was \$1.2 billion, a 58.6 percent increase from 2014. U.S. direct investment in Honduras is led by manufacturing, finance/insurance, and wholesale trade.

### **Other Investment Policy Reviews**

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, and low educational levels.

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 that are not covered by CAFTA-DR. The Honduran Congress passed this Investment Law in 2011 and the President of Honduras enacted the relevant regulations for the law by executive decree in 2014.

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.

### **Laws/Regulations on Foreign Direct Investment**

The Investment Law requires that all local and foreign direct investment be registered with the Investment Office in the Secretariat of Industry and Commerce. Upon registration, an investor is issued investment certificates, which provide investment protection under the law

and guarantee 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.

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.

### **Business Registration**

In March 2015, the government of Honduras implemented the online [National Investment Register](#) (Foreign and National) as a starting point for creating a one-stop investment facility; Email Contact at: [proteccion.inversionista@prohonduras.hn](mailto:proteccion.inversionista@prohonduras.hn). The government has introduced a new form and streamlined the process for registration of investments, including both foreign and domestic investors. Firms who formalize a business still must go to a municipal or chamber of commerce window to register the business and handle other needed permits. In May 2015, Honduras set up three additional one-stop facilities covering the south, center and east of the country, building on the success of existing municipal-level windows in San Pedro Sula and Tegucigalpa.

More generally, the Honduran government has simplified administrative procedures for establishing a company in recent years. According to the 2016 World Bank Doing Business Report, the average time required for starting a business in Honduras is 14 days and requires 12 procedures.

### **Industrial Promotion**

In February 2016, the office of the Honduran President announced Honduras Plan 20/20, the Honduran government's joint effort with the private sector to promote economic growth. The Honduran government and private sector representatives worked together to create a strategy to spur investment and job creation in specific sectors, with assistance from the consulting firm McKinsey & Company. The strategy calls for the creation of 600,000 jobs over five years, with an initial focus on the textile, manufacturing, business services, and tourism industries.

The strategy will also encompass the agriculture and housing sectors at a later stage. To implement the strategy, the government has created an office called the Transformation Unit that will coordinate public and private sector efforts to implement strategy. The implementation efforts will begin with 40 specific initiatives that have already been identified. The private sector supporters of Honduras 20/20 have created a \$50 million fund to finance its implementation.

Separately, the Honduran mining sector has been re-opened to foreign investment, but challenges remain. The Honduran Congress passed a mining law in 2013 which allowed foreign mining companies to receive mining concessions. The law's implementing regulations have been approved and the government has begun to issue permits. Some foreign mining companies have experienced unexpected and lengthy delays in review of their mining concession applications, however. The sector had been closed to new investment since 2005, following a Supreme Court decision striking down portions of a 1999 mining law.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

The 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 (HNL), which is about \$7000. 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.

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."

### **Privatization Program**

The government of Honduras does not have an overall privatization program for state-owned enterprises. However, it is trying to increase private sector participation and ownership in its electric system. As part of the International Monetary Fund (IMF) December 2014 standby arrangement, the government of Honduras was required to reform the state-owned energy company ENEE and create an independent Electric Energy Regulatory Commission. The reformed ENEE will become a holding company with four components: 1) a distribution company with an operations subcontractor supported by a trust agreement with Banco

Ficohsa; 2) a concession for the transmission network supported by a trust agreement with Banco Atlántida; 3) a not-for-profit organization with public and private ownership that will control and monitor the overall electrical system; and 4) a privatized generation company that owns all existing ENEE generating facilities.

### **Screening of FDI**

There is no screening or approval process specific to foreign direct investments in Honduras. Foreign investors are subject to the same requirements for environmental and other regulatory approvals as domestic investors.

### **Competition Law**

The Commission for the Defense and Promotion of Competition (CDPC) is the Honduran government agency that reviews proposed transactions for competition-related concerns. Honduras passed its Competition Law, which established the commission, in 2005 as part its effort to implement of CAFTA-DR. The Honduran Congress appoints the members of the CDPC, which functions an independent regulatory commission.

## **Conversion and Transfer Policies**

### **Foreign Exchange**

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 can open bank accounts with a valid passport. 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 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.

### **Remittance Policies**

The Investment Law guarantees investors the right to remit their investment returns and also, if they liquidate their investments, to remit the principal capital invested. Foreign investors that choose to remit their investment proceeds from Honduras do so through foreign exchange transactions at Honduran banks or foreign banks operating in Honduras. These exchange transactions are subject to the same foreign exchange process and regulation as other transactions.

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 seven percent against the U.S. dollar in either direction per year. 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 seven daily auctions. This secondary restriction limits devaluation

to a maximum of approximately 4.8 percent annually (assuming the maximum devaluation daily). As of March 2015, the exchange rate is HNL 21.8979 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 governing the auction system establish 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/ HNL 209,600, not more than \$300,000/ HNL 6,288,000 for individuals, and cannot be more than \$1.2 million/ HNL 25,152,000 for corporations.

Additional information on the Central Bank's exchange system is available at [here](#). 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**

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.

Impoverished farmer groups sometimes 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. In 2013, the government passed legislation regarding recovery and reassignment of concessions on underutilized government assets. Both local and foreign firms have expressed concerns that the law does not specify how the government will determine whether land is underutilized. The government has not published any implementing regulations for the law, nor has the government indicated any plans to use the law against any private sector firm.

While government expropriation of land owned by U.S. companies is rare, disputes related to land seizure actions by squatters occur for both Honduran and non-U.S. foreign landowners, especially in agricultural areas. 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, is to 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 \$1,000 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**

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

CAFTA-DR provides dispute settlement procedures between the United States and Honduras. 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.

Honduras' Conciliation and Arbitration Law (Decree 161-2000) encourages arbitration and clarifies the procedures under which it takes place. In that same year, the Chambers of Commerce and Industry in Tegucigalpa and San Pedro Sula established Centers for Conciliation and Arbitration. The 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.

[Tegucigalpa Chamber of Industry and Commerce – Center for Conciliation and Arbitration:](#)

[San Pedro Sula Chamber of Industry and Commerce – Center for Conciliation and Arbitration](#)

## **Bankruptcy**

Companies that default in payment of their obligations in Honduras can declare bankruptcy. A Honduran court must ratify a bankruptcy in order for it to take effect. These cases are regulated by the Commerce Code.

The judicial ruling that declares the bankruptcy of the company establishes the value of the assets, the recognition and classification of the credits, the procedure for the sale of assets and the schedule for the payment of the obligations, in the case that it is not possible for the company to continue its operations. The ruling must be published in The Gazette. The

liquidation of companies is always a judicial matter, except in the case of banking institutions which are liquidated by the National Banking and Insurance Commission.

Any creditor or the company itself may initiate the liquidation procedure, which is generally a civil matter. The Judge appoints a liquidator to execute the procedure. A mechanism that a company has to prevent bankruptcy is to request a suspension of payments from the judge. If approved by the judge and the creditors, the company is able to reach an agreement with its creditors that allows the same administrative board to maintain control of the company.

A company may be prosecuted for fraudulently declaring bankruptcy in the case that the administrative board or shareholders withdraw their assets before the declaration, alter accounting books making it impossible to determine the real situation of the company, or favor certain creditors granting them benefits that they would not be entitled to otherwise.

### **Investment Disputes**

Resolving investment disputes is often difficult in Honduras, 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.

### **International Arbitration**

As noted above, an investor from a CAFTA-DR country who believes the government has not honored a substantive obligation under CAFTA-DR may request binding international arbitration.

### **ICSID Convention and New York Convention**

Honduras is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Honduras has ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention)

## **Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

CAFTA-DR does not permit Honduras to grant new customs duty waivers or expand existing waivers that have export performance requirements. Furthermore, the 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.

### **Investment Incentives**

The Tourism Incentives Law 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.

### **Research and Development**

While the Honduran government encourages foreign and domestic investment in Honduras, it does not provide any subsidies specific to research and development investments.

### **Performance Requirements**

The Honduran government encourages foreign investors to hire locally and to make use of domestic content, especially in manufacturing and agriculture. Investment projects that contribute to employment growth, either directly or indirectly, are more likely to garner government support. U.S. investors in Honduras have not reported any instances in which the government has imposed performance or localization requirements on U.S. investments.

### **Data Storage**

The Honduran government and courts can require foreign and domestic investors that operate in Honduras to turn over data for use in criminal investigations or civil proceedings. Honduran law enforcement, prosecutors, and civil courts have the authority to make such requests.

## **Protection of Property Rights**

### **Real Property**

Secured interests in property, both movable and real, are recognized under Honduran law. The Chamber of Commerce and Industry of Tegucigalpa (CCIT) manages the national property registry. Honduras' secured transactions law gives a concession to the CCIT to administer the registry.

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.

### **Intellectual Property Rights**

The government of Honduras implements its obligations under the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). The government of Honduras is a party to the 1996 World Intellectual Property Organization Copyright Treaty, the 1996 World Intellectual Property Organization Performances and Phonograms Treaty, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, the International Convention for the Protection of New Varieties of Plants, the Patent Cooperation Treaty (PCT), and the Trademark Law Treaty (TLT). Honduras has passed the necessary laws to provide the government the legal framework to enforce IPR and, in 2016, arrested individuals for violation of intellectual property rights and seized counterfeit goods. The related laws in force are the Intellectual Property Law, the Law of Copyrights and Related Rights, and the Law of Implementation of the Free Trade Agreement. 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 (DIGEPIH), the Telecommunications Commission, 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 provides 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.

### **Resources for Rights Holders**

A list of local attorneys is available at [Honduras Business Providers](#).

The Honduran-American Chamber of Commerce works with U.S. and Honduran companies that encounter commercial challenges, including intellectual property rights issues. [AmCham](#) can be contacted through its Web site:

### **Transparency of the Regulatory System**

CAFTA-DR requires that proposed regulations that could impact businesses or investments be published for public comment prior to passage. The Secretariat of Economic Development 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, mining 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.

The Honduran government's [eRegulations Web site](#) makes information on Honduran regulations available online. This site may be a useful resource for prospective investors.

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

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 resource 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, 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.

### **Money and Banking System, Hostile Takeovers**

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**

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

The main Honduran telephone company, Hondutel, is state-owned. Yet other telecommunications firms operate in Honduras through contracts with Hondutel. Under this program, eight foreign and domestic carriers have registered with Honduras's regulatory body, Conatel, as sub-contractors for Hondutel fixed telephony services. Although the elimination of Hondutel's legal monopoly was a 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 contract operators must request a license from the regulator and then sign a contract with Hondutel for interconnection. Hondutel has not signed a new contract operator since 2009. Cellular telephone services are open for a joint venture, but not to full private ownership. Hondutel explored the partial privatization of its mobile business in December 2012 but did not complete the process.

The Government of Honduras is seeking a strategic partner to help it restructure Hondutel. Once the strategic partner is identified, a joint venture will be established with the private investor.

Although most electricity generation in Honduras is in private hands, the state-owned National Electric Energy Company (ENEE) is undergoing a reform process and will lose its

monopoly over transmission, distribution, and commercialization. Beginning in 2016, a distribution contractor will take over management of ENEE's distribution system with a goal of reducing losses, increasing collections, and upgrading the system with smart meters. ENEE hopes to find a transmission system operator beginning in 2017. ENEE controls most hydroelectric generation, which accounts for about one-third of total capacity. The remaining power generation comes from diesel and bunker fuel oil plants. Although ENEE had been losing money for years, it succeeded in virtually eliminating its financial losses in 2015 thanks to lower fuel prices and staff cuts. Through the reform process and with help of outside contractors, ENEE plans to make investment in transmission lines and other infrastructure as well as improvements to its collection and internal controls.

The government has brought additional renewable power onto the grid, mainly from new hydroelectric and solar projects. The government of Honduras is winding down these incentive programs as the cost of integrating variable renewable energy projects become clear. By 2014, the National Congress had approved more than 80 contracts between ENEE and private producers for almost 2000 megawatts of new clean energy, although many of these projects are unlikely to be built. Of the 2000 megawatts, approximately 400 megawatts of new solar capacity came on-line in 2015. Additionally, 200-300 megawatts of other renewable/non-renewable generation will be built in the short-term. Many businesses are opting to install their own on-site power generation systems to supplement or substitute for power from ENEE due to high costs and uncertainty about the semi-privatization process.

Honduran law grants municipalities the right to manage water distribution themselves and to grant concessions to private enterprises. San Pedro has granted a 30-year concession in 2013 to a private company. The municipalities of Puerto Cortés and Choloma have also created public-private partnerships. The state water authority National Autonomous Aqueduct and Sewer Service (SANAA) still manages Tegucigalpa's water distribution.

The Honduran National Port Company (ENP) is the state-owned organization that oversees port management at all four of the country's government operated maritime ports. These ports are Puerto Cortés, La Ceiba, Puerto Castilla, and San Lorenzo. The Honduran government has privatized the operation of Honduras' principal port, Puerto Cortés. In a competitive bidding process, the government awarded concessions for private companies to operate its container and bulk shipping facilities. Central American Port Operators (OPC) and Maritime Ports of Honduras (PMH) won the 30-year concessions for container and bulk shipping operations, respectively. Both companies are in the process of expanding and modernizing the port's terminal and storage facilities.

### **Sovereign Wealth Funds**

Honduras does not have a sovereign wealth fund.

### **Responsible Business Conduct**

Awareness of the importance of responsible business conduct is growing among both producers and consumers in Honduras. An increasing number of local and foreign companies operating in Honduras include conduct-related responsibility practices in 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.

Responsible business conduct regarding the environment and outreach to local communities are especially important to the success of investment projects in Honduras. Major foreign investment projects in Honduras have stalled or encountered difficulties because of community opposition to their environmental impact. If an investment project does not observe environmental standards, it can lead to community or political opposition. Successful foreign investors in Honduras often allocate significant time and money to conduct environmental assessments and to engage in related community outreach from the early stages of a project.

## **Political Violence**

In the country as a whole, levels of crime and violence are high. Crime and violence represent an added cost and constraint on investment. Please read the latest travel warning, located on the [State Department](#) website:

## **Corruption**

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

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 in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

### **U.S. Foreign Corrupt Practices Act**

In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign

public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. 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. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published [A Resource Guide to the U.S. Foreign Corrupt Practices Act](#),: For more detailed information on the FCPA generally, see the [Department of Justice FCPA website](#).

### **Other Instruments**

It is U.S. Government policy to promote good governance, including host countries' implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. 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 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions negotiated under the auspices of the OECD (Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), 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. There are 178 parties to it as of January 2016. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and 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 on Combatting Bribery**

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. As of January 2016, the [OAS Convention](#) has 34 parties and the follow-up mechanism created in 2001 ([MESICIC](#)) has 31 members.

## **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 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](#).

## **Local Laws**

U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek 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.

## **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. 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 overseas. [The U.S. and Foreign Commercial Service](#) can be reached directly through its offices in every major U.S. and foreign city, or through its website.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center "[Report a Trade Barrier](#)" Website. Potential violations of the FCPA can be reported to the Department of Justice via email to [FCPA.Fraud@usdoj.gov](mailto:FCPA.Fraud@usdoj.gov).

## **Guidance on the U.S. FCPA**

The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on [DOJ's Fraud Section Website](#) and general information is contained in Chapter 9 of the publication [A Resource Guide to the U.S. Foreign Corrupt Practices Act](#), at. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information 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 General Counsel, [U.S. Department of Commerce](#) website. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Following anticorruption protests in late spring and early summer 2015, President Hernandez signed an agreement in January 2016 with the OAS to form the Mission Against Corruption and Impunity in Honduras (MACCIH). MACCIH arrived in Honduras in April 2016 and established four principle objectives: preventing and combating corruption and impunity; criminal justice system reform; political and electoral reform; and public security. To date, MACCIH worked closely with the Public Ministry to investigate and prosecute those implicated in the Honduran Institute of National Security cases, as well as establish a national anti-

corruption court in conjunction with the GOH. MACCIH has made significant strides on justice reform, including the lobbying and subsequent passage of the Law on Financing, Transparency and Oversight of Political Parties in Honduras, and presenting draft legislation for a Law of Effective Collaboration (similar to plea bargaining) to the Honduran authorities. MACCIH has established a special integrated investigation team of international prosecutors and created a Civil Society Observatory to monitor the criminal justice system in the country.

U.S. businesses and citizens reported corruption in the public sector and the judiciary to be a significant constraint to successful investment in Honduras. Historically, corruption is pervasive in government procurement, issuance of government permits, customs, real estate transactions (particularly land title transfers), performance requirements, and the regulatory system. Since 2012, the Honduran government signed agreements with Transparency International, the Construction Sector Transparency Initiative, and the Extractive Industry Transparency Initiative. Honduras is also receiving support from the Millennium Challenge Corporation in the development of an e-procurement platform and public procurement auditing.

*Honduras's Rankings on Key Corruption Indicators*

Measure      Year      Index/Ranking

TI Corruption Index	2016	30.0/100	123 of 176
World Bank Doing Business	June	2016	105/190
MCC Government Effectiveness	FY	2017	-0.40 (7 percent)
MCC Rule of Law	FY	2017	-0.58 (19 percent)
MCC Control of Corruption	FY	2017	-0.12 (30 percent)

**Anti-Corruption Resources**

*Resources to Report Corruption*

Companies that face corruption-related challenges in Honduras may wish to contact one or more of the following organizations that fight corruption in Honduras to request assistance.

Public Ministry

Yuri Dagne Nuñez

Assistant to the Director of Prosecutors

[consultoriaexternamp@gmail.com](mailto:consultoriaexternamp@gmail.com)

The Public Ministry is the Honduran government agency responsible for criminal prosecutions, including corruption cases.

Association for a More Just Society (ASJ)

Yazmina Banegas

Residencial El Trapiche, 2da etapa Bloque B, Casa #25

+504-2235-2291

[info@asjhonduras.com](mailto:info@asjhonduras.com)

The Association for a More Just Society is a nongovernmental Honduran organization that works to reduce corruption and increase transparency. It is an affiliate of the international nongovernment organization Transparency International.

National Anti-Corruption Council (CNA)

Alejandra Ferrera

Executive Board Assistant

Colonia San Carlos, calle República de México

504-2221-1181

[aferrera@cna.hn](mailto:aferrera@cna.hn)

The National Anti-Corruption Council is a Honduran civil society organization that works to fight corruption. Its members are a coalition of Honduran business groups, labor groups, religious organizations and human rights groups.

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:

Attention: Economic Section

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 corruption through the Department of Commerce Trade Compliance Center "[Report a Trade Barrier](#)" Website.

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

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including [A Resource Guide to the U.S. Foreign Corrupt Practices Act](#), translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. [Department of Justice's Website](#).

- [The U.S. Securities and Exchange Commission](#) FCPA Unit also maintains an FCPA website. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of [Commerce Office of the General Counsel website](#).
- The Trade Compliance Center hosts a website with [anti-bribery resources](#). This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions
- Additional country information related to corruption can be found in the U.S. State Department's annual [Human Rights Report](#).
- Information about the OECD [Antibribery Convention](#) including links to national implementing legislation and country monitoring reports. See also [Antibribery Recommendation](#) and [Good Practice Guidance Annex](#) for companies.
- [MESICIC monitoring reports](#)

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual [Corruption Perceptions Index](#) (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. TI 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.
- The World Bank Institute's [Worldwide Governance Indicators](#) (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2014, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption). The [World Bank Business Environment and Enterprise Performance Surveys](#) may also be of interest and are available at. See also the World Bank Group [Doing Business](#) reports, a series of annual reports measuring regulations affecting business activity
- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the [Enabling Trade Index](#) benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment.

- Global Integrity, a nonprofit organization, publishes its annual [Global Integrity Report](#), which typically assesses anti-corruption and good governance mechanisms in diverse countries.

## **Bilateral Investment Agreements**

### **Bilateral Taxation Treaties**

Honduras and the United States signed a Tax Information Exchange Agreement with the U.S. in 1990. In 2014, Honduras and the United States signed an additional bilateral agreement to improve international tax compliance and implement the Foreign Account Tax Compliance Act (FATCA).

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

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.

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**

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. At the end of 2016 (most recent data available), the unemployment rate in Honduras was 7.4 percent according to statistics from the Honduran government's National Statistical Institute (INE). Besides tracking unemployment, INE also tracks the number of Hondurans who were underemployed, either because they were working part time and could not find full-time work, or because they earned less than minimum wage. Approximately 40 percent of the Honduran labor force was underemployed at the end of 2014, according to the most recent INE data available. A 2009 report from the International Labor Organization, also the most recent data available, estimated that 58 percent of workers were in the informal economy.

For employees laid off or terminated without cause, the standard severance in Honduras is one month's pay per year of employment. Employers do not owe severance to employees they terminate for cause. Employers can only terminate employees for one of a list of causes specified in the Labor Law. When terminated for cause, employees can contest the basis for the termination in court in order to claim a severance payment. There are no government-provided unemployment benefits in Honduras, although unemployed individuals may be entitled to have early access to their accumulated pension funds.

Employees who resign are not owed severance according to the law. However, it is common practice for employers to pay a voluntary, negotiated severance to employees who have several years with the company and who are resigning voluntarily.

In case of any resignation or termination, employers must pay employees for time worked and for accrued vacation. They must also pay terminated employees a portion of their annual and/or biannual bonuses, pro-rated according to the proportion of the current year. For example, a company that terminates an employee on March 31 would owe him 25 percent of his annual and/or biannual bonuses.

In July 2015 Honduras published the Framework Law for the Social Protection System in La Gaceta, the Honduran government outlet responsible for publishing official versions of new laws. The Framework Law aims to provide universal health coverage for all Honduran citizens and foreign residents. It also provides new rules for the administration of retirement and pension funds and creates a “labor reserve” funding mechanism that is meant to ensure the payment of 50 percent of an employee’s severance regardless of the causes for job termination. Although the new law came into legal effect in September 2015, the government of Honduras will have to pass several additional laws to fully implement the Framework Law. Additionally, the government of Honduras has not implemented the Framework Law’s provisions because the Honduran public health agency IHSS is operating under the supervision of a special board as the result of a corruption scandal.

Many employers hire employees on a temporary basis. In some cases, employers will renew employees under short-term contracts many times, sometimes over a period of years. Labor groups have alleged that employers use temporary contracts to avoid responsibility for severance or employee benefits or to avoid union formation. The Secretariat of Labor and Social Security (STSS) is responsible for registering collective bargaining agreements. Honduran legal precedent now requires both parties to a collective bargaining agreement to submit the agreement for registration.

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 annual 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 14; the law regulates the hours and type of work that minors up to age 18 may perform, prohibiting hazardous work as defined in Honduran law, night work, and overtime. The STSS can grant special permission for minors between ages 16 and 18 to work in the evening if it does not affect their schooling. By law all minors between 14 and 18 must receive special permission from the STSS to work and have written parental consent, and the STSS must perform a home study to verify that there is an economic necessity for the child to work and that the child will not work outside the country or in hazardous conditions, including in offshore fishing. If the STSS grants permission, children between ages 14 and 16 may work a maximum of four hours per day, and those between ages 16 and 18 may work up to six hours per day.

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 three to five 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.

While Honduran labor law closely mirrors International Labor Organization standards, the U.S. Department of Labor has raised serious concerns regarding the effective enforcement of Honduran labor law. In 2012, 26 Honduran labor organizations in conjunction with the AFL-CIO filed a submission with the U.S. Department of Labor that alleged 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 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. In February 2015, the U.S. Department of Labor published a report in response to the submission. This report raised serious concerns regarding the effective enforcement of labor laws in Honduras under Chapter 16. The report provided recommendations to address the concerns and called for a monitoring and action plan (MAP). U.S. and Honduran Secretaries of Labor signed in December 2015 a Monitoring and Action Plan with 38 lines of action to improve labor law enforcement in Honduras. In March 2016, the U.S. Department of Labor released a one-year assessment of the 2015 report, which found that overall, the Honduran Secretariat of Labor and Social Security (STSS) has made significant progress toward meeting the MAP benchmarks, in most cases within the timeframes specified in the MAP.

The U.S. Department of State Country [Report on Human Rights Practices](#) describes a number of labor rights and human rights compliance issues that affect the Honduran labor market. These include employers' antiunion discrimination, refusal to engage in collective bargaining, threats against union leaders, employer control of unions, blacklisting of employees who support unions, and refusal to admit Honduran government labor inspectors

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

There are no direct export subsidies provided by the Honduran government, but it provides tax exemptions to firms in a free trade zone. 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](#).

## Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country		USG or		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Honduras Gross Domestic Product (GDP) (\$M USD)	2015	19.5 Billion	2015	20.15 Billion	<a href="#">Banco Mundial</a>
Foreign Direct Investment	Host Country Statistical source: Honduran Central Bank		USG or international statistical source: World Bank		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Honduras (\$M USD, stock positions)	2015	1.2 Billion	2015	1.2 Billion	<a href="#">BEA International Factsheet</a>
Honduras FDI in the United States (\$M USD, stock positions)	2015	NA	2015	-16 Million	<a href="#">BEA International Factsheet</a>

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

	Inward Direct Investment (Million)	%		Outward Direct Investment (Million)	%
Total Inward	11,228	100%	Total Outward	393	100%
United States	2,278	20%	Panama	143	36%
Mexico	1,937	17%	Guatemala	83	21%
United Kingdom	1,297	12%	El Salvador	64	16%
Luxembourg	1,135	10%	Nicaragua	50	13%
Germany	778	7%	Costa Rica	47	12%

"0" reflects amounts rounded to +/- USD 500,000.

Source: [IMF Coordinated Direct Investment Survey](#) (CDIS) site

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	259	100%	All Countries	Amount	100%	All Countries	257	100%
International Organizations	140	54.05	Panama	1	100	International Organizations	140	54.4%
United States	83	32.0				United States	83	32.30%
Costa Rica	14	5.41				Costa Rica	14	5.45%
El Salvador	8	3.09				El Salvador	8	3.11%
France	5	1.93				France	5	1.95%

Source: IMF Coordinated Portfolio Investment Survey (CPIS) site ([cpis.imf.org](http://cpis.imf.org))

**Contact for More Information on the Investment Climate Statement**

Acting Economic Counselor

Paul Neville

U.S. Embassy

Avenida La Paz

Tegucigalpa, M.D.C.

Tel: (504) 2236-9320

E-mail: [NevillePW@state.gov](mailto:NevillePW@state.gov)

## **Trade & Project Financing**

### **Methods of Payment**

There are various alternatives involving credit, insurance, and trade finance tools to help U.S. companies against non-payment risks when trying to expand their export sales. Factors to consider for the analysis of payment should include the type of business, nature of the relationship with the buyer, economic, and political conditions of the country of export. Among the payment methods commonly used for international trade transactions are open accounts, commercial letters of credit, cash against documents, factoring, documentary collections 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). Open Accounts are often used with recurring sales to established buyers with good track records of timely payments. When appropriate, a third party, such as the Export-Import Bank of the United States, should insure open account transactions. It is highly discouraged to send shipments without agreeing to payment terms in advance and receiving proper bank documents.

### **Banking Systems**

The Honduran banking system, currently comprised of seven financial groups and 15 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.

Total assets in the Honduran financial system in 2016 were \$20,190 billion. Banks account for 98 percent of total assets in the financial system. The minimal capital requirement to operate a bank is 400 million L/ \$17.05 million per resolution 633/12-05-2009. Average interest rates for local currency in the banking system were 14.3percent for 2016. Average interest rates in U.S. dollars were 8.7 percent in 2016.

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 Deposit Insurance Fund (FOSEDE in Spanish) 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 the Honduran financial sector regulation into compliance with the internationally recognized Basel core principles for effective banking supervision. The law also strengthens the previously ineffective national credit bureau and imposes new restrictions on bank ownership and management. In 2016 through Decree No. 160-2016, Congress updated the Financial Law adjusting its legal framework to international best practices. Also in 2016 the regulations for the Money Laundering Law were approved.

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., Davivienda Bank S.A., BAC/Honduras, LAFISE, Azteca, Promerica, ProCredit, and BanPais. In April 2015 FICOHSA Bank acquired 100 percent of Citibank's credit card portfolio, and with this transaction FICOHSA became the biggest holder of the credit card market in Honduras.

## Foreign Exchange Controls

Honduras uses a crawling peg exchange rate that allows the Lempira to fluctuate by seven 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 seven 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.

## US Banks & Local Correspondent Banks

### [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  
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

### [Banco Financiera Comercial Hondureña](#), S.A. (FICOHSA)

Javier Atala, Executive President  
Abel Garcia, General Manager  
P.O. Box 3858  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-6410; Fax: (504) 2239-8785

### [Banco de Occidente](#), S.A.

Jorge Bueso Arias, President  
Manuel Venancio Bueso Gerente General  
P.O. Box 3284  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2290-4100; Fax: (504) 2237-0486

[Banco de Honduras](#), S.A.

Lic. Reyna Irene Mejia, Chief Country Officer (CCO Honduras)  
P.O. Box 3434  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2290-0100; Fax: (504) 2290-0123;

[Banco del País](#), S.A.

Maria del Rosario Selman, Executive President  
P.O. Box 1075  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2240-1212; 2566-2020; Fax: (504) 2239-5707; 2566-2142

[Banco Financiera Centroamericana](#), S.A. (FICENSA)

Gloria de López, President  
  
Roque Rivera Ribas, Executive Vice President  
P.O. Box 1432  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2221-3870; Fax: (504) 2221-3849

[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

[Banco de los Trabajadores](#), S.A.

Gustavo Turcios, General Manager  
P.O. Box 3246  
  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2238-0017, 2238-0140; Fax: (504) 2238-0077; 2222-1634

[Banco LAFISE Honduras](#)

Roberto Zamora, Executive President  
Alejandro Ramírez, General Manager  
  
P.O. Box 3325  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2237-4000/20 Fax: (504) 2237-1835

[BAC/Honduras](#)

Jacobo Atala, Executive President  
  
René Simón, Vice-President  
P.O. Box 536  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-4301; Fax: (504) 2238-7200

### [Banco Promérica](#)

Arturo Arana, President

Lic. Gustavo Raudales, Gerente Manager

Colonia Palmira, Ave. Rep. De Chile # 804

Tegucigalpa, M.D.C., Honduras

Tel: (504) 2238-4285, 2280-8080; Fax: (504) 2216-4644

### [Banrural](#)

Ing. Fernando Peña Presidente

Lic. Natanael Euceda, General Manager

Col. Florencia, Blvd Suyapa 3730, Edif. Banrural

Tegucigalpa, M.D.C., Honduras

Tel: (504) 2290-1010; Fax: (504) 2239-5828

### [Banco Azteca](#)

Luis Felipe Enamorado, Gerente Manager

Oficina Principal, Col. Miramontes, Calle La Salud

Tegucigalpa, M.D.C., Honduras

Tel: (504) 2264-1460; Fax: (504) 2264-1460, ext. 51181

### [Banco Popular](#)

German Contreras, President

Diego Moncayo, General Manager

Edif. Fundación Covelo, Col. Castaño Sur

Tegucigalpa, M.D.C., Honduras

Tel: (504) 2221-5150; 2221-5177; Fax: (504) 2221-5202

### **Regional and Multilateral Development Banks:**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [World Bank](#) and to the [Inter-American Development Bank](#)

### [World Bank - Honduras](#)

Giorgio Valentini, Resident Country Representative

Edificio corporativo 777, 9no piso, Col. Lomas del Guijarro Sur Blv. San Juan Bosco

Tegucigalpa, M.D.C., Honduras

Tel: (504) 2264-0200; Fax: 2239-4555

[Inter-American Development Bank](#) (IADB)

Mirna Lievano de Márquez, Country Representative  
Col. Lomas del Guijarro Sur, 1era Calle  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2290-3500; Fax: (504) 2239-5752

**Other Banks/Regional:**

[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

**Project Financing**

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 Export-Import Bank (Ex-Im Bank), the official export credit agency of the United States, supports several trade transactions under a range of programs. It 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 credit and country 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 the 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 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 grants for feasibility studies overseas on projects with high U.S. products and services export potential.

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

## **Web Resources**

- [Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team.
- [Export-Import Bank of the United States](#)
- [Country Limitation Schedule](#)
- [OPIC](#)
- [Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)
- [Commercial Liaison Office to the World Bank](#)
- [Commercial Liaison Office to the Inter-American Development Bank](#)
- [Central American Bank for Economic Integration](#)
- [Honduran Association of Banking Institutions](#)

## **Business Travel**

### **Business Customs**

Understanding cross-cultural differences has important implications for the negotiation process of international commercial transactions. 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 and engage in preliminary discussions for building rapport. Business lunches are common and usually long. 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 and business etiquette, Hondurans tend to be more relaxed than Americans. Waiting for meetings is not unusual, but this approach to scheduling should not necessarily be taken as discourtesy or disinterest. To the extent possible, U.S. exporters should avoid stereotyping potential partners or jumping to conclusions if someone reacts in an unexpected way.

Hondurans are generally very friendly. Giving and receiving gifts is a common cultural aspect, but aren't expected during first visits or business meetings. Business cards are exchanged without much ceremony, and should preferably be printed in both English and Spanish. When traveling to Tegucigalpa, the capital city, U.S. company representatives won't go wrong by dressing in business suits. The dress code for the industrial city of San Pedro Sula, however, is much less conservatively due to the warm weather, and business attires often involve lighter fabrics and smart business casual.

### **Travel Advisory**

One important issue to keep in mind when visiting Honduras is security. Street crime is a principal concern: including theft, pickpocketing, and armed robberies in. 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 U.S. 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](#) so that they can obtain updated information on travel and security within Honduras. Additional information is also available through the [Consular Information page](#) for Honduras, and the [Embassy webpage](#).

## Visa Requirements

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](#).

## Currency

The currency in Honduras is the Lempira (HNL). As of May 2017, 1.00 USD equals 23.46 HNL.

ATMs are widely used in Honduras. Nevertheless, travelers should carry cash and some travelers' checks as back-up plan should they encounter system difficulties.

## Telecommunications/Electric

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. Three mobile telephone providers currently operate in Honduras. Wi-Fi and high-speed connectivity is prevalent in most hotels. Standard voltage in Honduras is 110V electricity.

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.

42 local and national TV stations can be seen in Honduras, all with Spanish-language programming. Cable and pay TV service is also available with a wide range of stations, including major U.S. networks and entertainment-oriented stations.

Three 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

[American Airlines](#) (504) 800-2791-9363

[United Airlines](#) (504) 2220-0999

[Copa](#) (504) 2233-2672

[Delta](#) (504) 800-2791-9326 / (504) 2234-9432

[Avianca](#) (504) 2281-8229

#### Domestic Airlines in Tegucigalpa

[Aerolíneas Sosa](#) (504)2442-3740/ (504) 2233-4351

[CM Airlines](#) (504) 2243-7590 / (504) 2239-7076

[Avianca](#) (Regional) (504) 2281-8229

[Lanhsa](#) (504)2234-0804 / (504) 2234-0806

[Easy Sky](#) (504) 2516-0418 / (504) 2516-0421

#### Airlines in San Pedro Sula

[Aeromexico](#) (504) 800-2791-9025

[American Airlines](#) (504) 800-2791-9363

[United Airlines](#) (504)2557-4141/ (504) 2557-4142

[Copa](#) (504)2516-2672

[Delta](#) (504) 800-2791-9326/(504) 2250- 1616

[Spirit Airlines](#)

[Avianca](#) (504) 2570-8222

[Air Europa](#) 1 (844) 415 39 55

#### Domestic Airlines in San Pedro Sula

[Tropic Air](#)

[CM Airlines](#) (504)2668-0068 / (504) 2668-0069

[Aerolíneas Sosa](#) (504)2407-0249 / (504)2550-6545

[Lanhsa](#) (504)2668-0472 / (504) 9496-8125

[Avianca](#) (Regional) (504) 2570-8222

#### Airlines in La Ceiba

[Aero Caribe de Honduras](#) (504) 2442-1086 / (504) 2442-1088

[Aerolíneas Sosa](#) (504)2407-0234 / (504)2440-4374

[Lanhsa](#) (504) 2442-1283 / (504) 2442-1293

[CM Airlines](#) (504) 9450-6477 / (504) 9450-6529

[Cayman Airways](#)

[Avianca](#) (504) 2570-8222

#### Airlines in Roatan, Bay Islands

[American Airlines](#) (504) 800-2791-9363

[United Airlines](#) (504) 2220-0999 / (504)2557-4141

[Delta Airlines](#) (504) 800-2791-9326

[Avianca](#) (504) 2570-8222

#### Domestic Airlines in Roatan

[Aerolíneas Sosa](#) (504) 2407-0248 / (504) 2445-1154

[CM Airlines](#) (504) 2445-0106 / (504) 9522-5304

[Lanhsa](#) (504) 2445-0397 / (504) 9482-0178

[Avianca](#) (504)2570-8222

#### Departures

Be sure not to bring prohibited items in your carry-on. Keep in mind The National and International Regulation prohibits the transportation of liquids and gels in hand baggage, for national and international flights, unless it complies with the following:

- Liquid or gel must be store in containers up to 100ml.
- Also, they have to be transported on a resalable bag.
- Only one bag per passenger.

Airport Security will verify that prohibited items are not transported on commercial aircrafts such as weapons, explosives and objects that could be used as such.

Also, please keep in mind to do your immigration pre check on the [Honduran Immigration National Institution](#) web page.

The departure fees are included in the airfare price and are currently:

1. Passengers on domestic flights 48.47L/ USD2.06
2. International passengers with Honduran passport USD46.20 / 1,083.25L
3. International passengers with all other passports USD46.20 / 1,083.25L

#### Arrivals

Please make sure to not leave behind personal items on the aircraft.

1. International Passengers: Must carry personal identification and submit the immigration and customs forms when they are required. Please make sure you grab your luggage by comparing the luggage tag.
2. National Passengers: Please grab your luggage and exit by the public area.

#### Declarations /Statements

When traveling, if you carry over \$10,000.00 in cash or its equivalent in other currencies it shall be declared to the competent authority.

#### Under aged

Requirements for a minor to leave the country:

1. Submit valid passport attesting that minor is within the authorized period of stay and/or the respective extension of tourism.
2. Submit to the immigration office.

Hondurans minors and foreigners living in Honduras must present:

1. Valid passport
2. Identity card for countries that do not require passports.
3. Authorization from third parties duly authenticated by Notary Public.

If you want to travel onwards from Honduras to the following countries in the Americas, you should be vaccinated against yellow fever: Panama, Trinidad and Tobago, Argentina, Bolivia, Brazil, Colombia, Ecuador, French Guyana, Guyana, Peru, Surinam, Venezuela, Paraguay. Other Countries: Angola, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Ethiopia, Ivory Coast, Democratic Republic of Congo, Gabon, Gambia, Ghana, Liberia, Mali, Mauritania, Guinea, Guinea Bissau, Kenya, Nigeria, Sierra Leone, Senegal, Somalia, Sudan, Tanzania, Uganda, Nigeria, Ruanda, Sao Tome Principe, Togo.

## **Visas**

Please check with the diplomatic or consular office nearest to you.

Passenger ground transportation, including comfortable bus service, is also available to various cities in the country, as well as to some Central American destinations. Although the cabs are often run-down, taxi service is available in the downtown areas of Tegucigalpa and San Pedro Sula and can be hired on an hourly basis.

Travelers are encouraged to use the official transport services that have a business relationship with the airports and/or hotels, and same with taxis and rent a car services.

One of the best options for foreign visitors is calling a Radio Taxi (504-2239-8795), a reliable cab service available in the cities of Tegucigalpa and San Pedro Sula. Major hotels and airports in Tegucigalpa and San Pedro Sula offer shuttle service for two to three times the normal rates. Taxis are not metered, so negotiation of the fare before entering is strongly advised. In addition, several car rental companies are also available.

## **Language**

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**

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 Zika virus, dengue fever, malaria, AIDS, malaria, 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.

As local mosquito transmission of Zika virus infection has been reported in Honduras, it is recommended that travelers protect themselves from mosquito bites. According to the Center for Disease Control and Prevention (CDC), the mosquitoes that spread Zika usually do not live at elevations above 6,500 feet (2,000 meters) because of environmental conditions. Travelers whose itineraries are limited to areas above this elevation are at minimal risk of getting Zika from a mosquito.

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.

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

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

**Business Hours:** Business hours for commercial and industrial offices are 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.

Complete list of the [Embassy's Holiday calendar](#)

### **Temporary Entry of Materials or Personal Belongings**

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 three 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 six 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:

Honduran Export Assistance Center

Contacts: Eleonora Martinez

Chief of Productive Sectors Unit

Mrs. Denia Castellanos, Requests Processing Unit

Public hours: 7:30 a.m. to 3:30 p.m.

Tegucigalpa desk office:

Edificio de San José, Boulevard Kuwait

Telefax: (504) 2235-3699; 2235-3707; 2235-4075

Central Bank of Honduras

Tegucigalpa: (504) 2237-2270-79; 2216-1000

San Pedro Sula: (504) 2552-2741 to 43

La Ceiba: (504) 2442-0602/0622/0642

Choluteca: 2782-0421/3793/3250

San Pedro Sula

Edificio Banco Central, 5 y 6 Ave. 3 Clle.

Tel: (504) 2553 – 6570; 2553- 6566; Fax (504) 2553- 6569

Honduran Agricultural Sanitary Service

Tegucigalpa: (504) 2239-7089; 2232-6213, Ext. 225

E-mail: [permisosenlinea@senasa-sag.gob.hn](mailto:permisosenlinea@senasa-sag.gob.hn)

## Web Resources

- [US Embassy in Tegucigalpa, Honduras](#)
- [State Department Visa Website](#)

- [Ministry of Economic Development](#)