



A worker overlooks port activity at Puerto Cortes.

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Honduras Welcomes New Investors

The second largest country in Central America is in a perfect position for investment.

With a gross domestic product of \$10.6 billion that has been growing at six percent per annum for the past two years, according to UNAT, the Honduran statistics agency, Honduras offers investors an economy ripe for development.

Individual sectors are offering excellent opportunities for investment including agribusiness, light manufacturing, tourism and hospitality, and services.

The diverse agribusiness sector offers investors many opportunities. Agribusiness companies can purchase land at competitive prices where they can grow products ranging from tilapia, to jalapeño peppers, to oriental vegetables. For more information, [click here](#).

Travel and tourism in Honduras is experiencing the largest growth rate in the region – 12 percent annually for the past five years. Now is an ideal time to invest in hospitality and tourism-related projects to meet the anticipated need for 20,000 rooms over the next 10 years. [Click here](#) to learn about these opportunities.

Light manufacturing also is growing significantly. Subsectors such as electrical machinery have shown dramatic increases since the CAFTA-DR went into effect and the country's extensive free zones make exporting products easy and efficient. For more details, [click here](#).

A newly liberalized telecommunications network offers the service sector tremendous opportunity for growth within Honduras. The country's three telecom networks provide a nearly 100 percent overlap resulting in essentially zero downtime for communications. For more information about new opportunities in the service sector [click here](#).

The country's young and industrious workforce, composed of 2.8 million men and women, are available at competitive wages. With more bilingual schools than any other country in the region, Honduras is in perfect position to offer a ready supply of articulate bilingual employees.

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Port activity at Puerto Cortes.

Logistic Corridor to Complement Panama Canal

Honduras and El Salvador have partnered to connect shipping between the east and west coasts. The Logistic Corridor, also known as the Dry Canal, will provide an alternative to shipping through the Panama Canal.

Construction on the Dry Canal, an expanded highway connecting Honduras' Puerto Cortes to the soon-to-be-completed Puerto La Union in El Salvador, has already begun. The two countries will augment current roads already connecting Puerto Cortes to other parts of Honduras as well as build new motorways, one of which will bypass the Honduran capital city of Tegucigalpa.

The new and improved infrastructure will make it easier for shipments to cross from one ocean to the other in four-to-five days - including the time needed to load and unload the cargo in the ports - putting Honduras in perfect position to become the center of distribution in the Americas. Currently it takes three days to travel sea-to-sea using the Panama Canal, and waiting times to access the canal can make the trip up to 11 days long. The saved time will make it worthwhile for companies to use the Dry Canal.

Puerto Cortes and Puerto La Union will both be able to accommodate post-Panamax ships, giving them an even greater edge over the Panama Canal, whose locks are too narrow for the megaships commonly used for ocean transport.

The project, which is expected to be completed in 2009, reflects a common commitment by the countries in Central America to enhance shipments between the Atlantic and Pacific through two deep water ports in the region. Connecting the two will allow these countries to provide a convenient alternative to going through Panama.

As the majority of the Dry Canal will be in Honduras, the entire country will benefit from easier travel within its borders. Honduras



A worker overlooks the activity at Puerto Cortes.

also will be able to develop its western cities to increase imports and exports, which has not been possible with limited access to the Pacific.

The 371-kilometer road (230.5 miles) is funded by development programs of the Inter-American Development Bank, the World Bank, the Central American Bank for Economic Integration, and the Millennium Challenge Corporation.

The Dry Canal places Honduras and Central America on the road to becoming one of the most important distribution centers in the Americas. Honduras' strong commitment to the project shows the country's determination to increase its integrated trade and investment market.

Honduras Benefits from Trade Agreement with United States

Honduras has gained critical access to the United States market through the Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR), giving the country a competitive edge in trade with the largest market in the world.

The CAFTA-DR has created the second-largest export market in Latin America and 13th in the world for the United States. It also has dramatically increased some imports into the United States from Honduras and other countries in the region. A report from the U.S. Embassy in Tegucigalpa cites a 13.8 percent increase in exports of electrical machinery and a 79 percent increase in sugar exports to the United States in the first year of the agreement from April 2006 until March 2007.

Honduras met the stringent requirements of the agreement early on and signed the treaty in April 2006. Honduras and Nicaragua were the second countries to implement the agreement, following only El Salvador. Under a previous trade agreement, the U.S. Caribbean Basin Trade Partnership Act, many products already entered the United States duty-free. The CAFTA-DR increases these benefits so that nearly all consumer and industrial products produced in Central America can enjoy duty-free status.

Unlike past trade agreements, the CAFTA-DR does not require renewal by the U.S. Congress. As a result, the benefits companies receive are permanent.

Countries participating in the CAFTA-DR must meet certain requirements, such as stricter sanitary regulations for agricultural products and legislative reforms.

The Honduran government has adopted many changes to meet the new standards. The requirements for starting a new business have been simplified, decreasing the time needed to 21 days. National regulators are more strictly supervising financial institutions and customs reforms are in place.

The new Law of Transparency and Access to Public Information has demonstrated that progress is being made. The law requires 100 percent transparency in the government by requiring each agency to publish information about the agency's contracts and budget on their Web sites. The public can request any information that is not on the Web site and expect a reply in no more than 10 days.

European companies interested in reaching the U.S. market also are taking advantage of the CAFTA-DR. Many have moved into Honduras to benefit from lower tariffs on goods shipped to the United States, proximity to the U.S. market, and lower production costs.

If the current European Union-Central American trade negotiations are fruitful, companies located in Honduras will be able to export their products to Europe at reduced tariff rates. U.S. companies that are operating out of Honduras will be able to take advantage of these lower rates that are not available to exports shipping directly from the United States.

Honduras is in perfect position to help U.S. investors expand their business. The CAFTA-DR makes doing business in the country easier than ever before.

New Law Increases Government Transparency

Doing business in Honduras just became easier as Honduras adopted Central America's first 100 percent government transparency policy.

On January 19, the Law of Transparency and Access to Public Information went into effect requiring all government agencies to publish information about their organization online. This gives the public easy access to documents pertaining to each agency's management, use of public funds, and contracts.

The measure, which was designed to increase confidence in the government, places strict requirements on agencies to fulfill additional information requests in a speedy manner. People who can't find what they are looking for on the agency's Web site can submit a request for information either in writing or online.

Each agency must have a staff member in charge of overseeing all information requests submitted. This staff member must respond to each request in no more than 10 days or face fines ranging from half his or her salary to 50 times the monthly minimum wage. In some cases, they can even face criminal charges for withholding the information.

Enforcement of the law is overseen by the Institute of Access to Public Information (IAIP). The institute is made up of three commissioners, elected by two-thirds vote of the National Congress.

The IAIP is responsible for enforcing transparency and monitoring each agency's compliance with the law.

While 100 percent transparency is the goal, the law takes into account some information that must remain confidential. Matters of national security, information that might affect a person's well-being and information that might hurt economic security are some of the issues that are deemed confidential in the law.

Those requesting such information from an agency must still receive a response within 10 days detailing why their request has been denied.

Transparency is an issue that affects many negotiations and agreements Honduras has with programs in the United States. For example, the CAFTA-DR agreement, which is arguably one of the most important trade treaties signed by Honduras stresses government transparency in each of the countries that have adopted the agreement.

Similarly, The Millennium Challenge Corporation (MCC), which has a compact with Honduras, stresses good government as a requirement for countries to participate in its program. The new transparency law demonstrates an open government, ensuring investors and the general population feel secure about actions by national agencies.

By enacting the new law, the government in Honduras is showing the world the country values the importance of an open government that can inspire confidence in investors and its citizens. 100 percent transparency puts Honduras in the perfect position for new investment.

Honduras Ripe for Agribusiness Investment

Once known for its bananas, today's Honduras is much more. An increasingly diverse agribusiness sector within the country makes planting the seeds of agribusiness investment a sure bet.

The year-round growing season in the country puts Honduras in perfect position to produce a wide variety of products such as fish and aquaculture, milk and dairy products, sugar, cocoa, coffee, and a myriad of fruits and vegetables including oriental vegetables.

Only two hours by plane to Miami, Houston and Atlanta and less than three days by sea, agricultural products from Honduras can arrive in the United States market fresh. In fact, tilapia can be swimming in Honduras in the morning and served in a Miami restaurant the same night.

"It takes about one hour for the fish [tilapia] to come from the water to the packed box, and it takes about ten hours later, it's in the states," says Yedod Snir of Aquafinca, the leading exporter of tilapia in Honduras.

Many companies take advantage of Puerto Cortes for their shipping needs. According to the U.S. National Nuclear Security Administration - www.nnsa.energy.gov, the port is the only operational Megaport with the Secure Freight Initiative (SFI) in the Western Hemisphere. The customs process at Puerto Cortes is safe and efficient, allowing shipments to pre-clear U.S. customs before they arrive in the United States.

Under Central America's trade agreement with the United States, CAFTA-DR, agricultural and agro-industrial products may be shipped from Honduras to the United States duty-and-tariff free. This makes delivering fresh agricultural and processed products to the world's largest market quick and economical.

The CAFTA-DR also places high emphasis on strict sanitary requirements, meaning Honduran products will meet U.S. safety and health standards.

Success is easy to find for companies looking to start operations in Honduras. Currently the country is the second-largest provider of tilapia and cigars to the United States.

Some of the top international agribusiness companies have opted to do business in Honduras because of the many benefits it offers including, SAB Miller, Cargill, Unilever, and Aquafinca.



A worker displays shrimp fresh from the waters.



Workers prepare tilapia for shipment to the United States.

Opportunities Abound for Light Manufacturing Companies



Workers assemble wire harnesses.

Honduras-based light manufacturing companies are seeing a spike in exports to the United States, making Honduras one of the most competitive Latin American countries in which to do business.

The U.S. Embassy in Tegucigalpa reported that Honduran exports of electrical machinery, such as wire harnesses, increased by 13.8 percent in the first 12 months of the country's participation in the CAFTA-DR from April 2006 until March 2007. This brings the total to almost U.S. \$400 million for electrical machinery exports, and made Honduras the third largest exporter in the world of wire harnesses to the U.S. market in 2007.

Beyond the market-access of the CAFTA-DR, Honduras is in perfect position to provide countless other advantages to light manufacturing companies. Only a two-hour flight from Miami and Houston and less than a three-day trip by sea, Honduras offers efficient, timely, and secure export options through its airports and Puerto Cortes. According to the U.S. National Nuclear Security Administration - www.nnsa.energy.gov, Puerto Cortes is the only Megaport with the Secure Freight Initiative (SFI) in the Western Hemisphere.

Government support for light manufacturing is high, with free trade zones and other economic incentives offering investors a chance to grow in the country, and the competitive labor force also offers a key advantage.

Cam Gentil, the Vice President of Human Resources at Gildan in Honduras says, "the human resources are here, the government is cooperative, they do everything for us to be able to establish our objectives."

Free trade zones in Honduras provide a financial as well as logistical benefit. Once goods come off the production line, customs officials



A worker checks yarn at Elcatex in San Pedro Sula.

posted in each zone screen and seal containers before they leave the area. This on-site inspection allows companies to bypass manifest reviews at ports. Honduras offers permanent free trade zone status, and all land in the country is considered eligible.

The jump in light manufacturing exports, directly resulting from the country's geographic and economic advantages, is another reason why Honduras is in perfect position to do business. Investors looking to expand their operations and move ahead in the global economy can not afford to miss what Honduras has to offer.

Travel and Tourism Industry Experiences Growth Spurt in Honduras

Once a hidden jewel, Honduras reached the highest growth rate of tourist arrivals in Central America – 12 percent in 2007, according to the Honduran Tourism Institute.

Honduras is in perfect position to offer potential investors a diverse portfolio of natural attributes. The country has it all: virginal white sand beaches, top-notch diving along the world's second-largest reef, distinguished Maya archaeology, historic colonial cities, living cultures, and tropical rainforests.

Getting to Honduras is a breeze. Only a two-hour flight from Miami, Houston and Atlanta, the country has four international airports – in the capital city of Tegucigalpa, the business center of San Pedro Sula, and the top tourist destinations of La Ceiba and Roatan.

Investors are looking toward the Honduran Bay Islands off the Caribbean coast. The beautiful islands of Roatan, Guanaja and Utila offer three distinct personalities. Roatan's world-class diving along the MesoAmerican Reef attracts divers and cruise ships alike. Royal Caribbean and Carnival Cruise Lines already make frequent stops on Roatan, and both have started multi-million dollar expansions of ports on the island, investing \$20 million and \$50 million respectively.

Luxury Resorts are also investing in Roatan. Infinity Bay Spa & Beach Resort opened on the island in December, 2007 and is continuing to expand. Nikki Beach also has started construction on a high-end luxury resort on the island.

Investors looking for culture and adventure can set their sights on the country's two UNESCO World Heritage Sites: the Maya ruins of Copan, and protected lands of La Mosquitia on the Atlantic coast.

The city of Copan Ruinas offers opportunities for the cultural traveler intrigued by the famous Maya city-state of Copan. The ruins showcase the largest collections of Maya hieroglyphics and stone monuments in the world.

Honduras is in perfect position to become the preferred destination for eco- or geo-tourism investors. La Mosquitia, a region of mangrove swamps and tropical rainforests, is home to many indigenous groups and flora and fauna. The second-largest national park in Honduras, Pico Bonito is already emerging as a top spot for eco- and geo-tourists looking for excellent white water rafting, kayaking, jungle hiking, and wildlife.

The Caribbean coastline is also attracting new investment. Los Micos Resort, also known as the Tela Bay project, will bring two brand-name hotels as well as luxury condos and a golf course to the Caribbean coast of the country.

The Honduras government strongly supports the tourism industry with an incentives law that eliminates taxes and tariffs on new tourism projects. Projects such as lodging and resort sites, recreational operators and facilities, car rental agencies, and tour operators are eligible for the incentives.

"Honduras is very eager to promote business, foreign investment tourism and they will really go out of their way to make a home for you here" says James Adams of the Lodge at Pico Bonito, an eco-resort located in the national park.

Brand hotels such as the Marriott, Hilton, Intercontinental and Holiday Inn have found success in the country, leading the way for additional compelling investment in a nation teaming with opportunities.



A resident monkey strolls the grounds of Copan.

Honduras Expands Opportunities for Service Sector Growth



A woman answers calls at Mercury Communications.

The service industry is beginning to take off in Honduras, with the recent liberalization of the telecommunications industry opening the gate for new mobile phone companies that offer better rates and services to businesses.

Three of the world's most advanced networks, Energia 1, Maya 1 and Arcos, guarantee 99.9875 percent redundancy, meaning the network has essentially zero down-time. Securing competitive international phone rates for a company also is easy from one of the providers offering service in Honduras, such as AT&T and Sprint.

The competitive mobile and international phone rates coupled with three fiber-optic lines make for only an 80 millisecond delay to the United States. This creates a strong foothold for service providers such as call centers that want to set-up in Honduras.

This year, Honduras will see its first business park, built in San Pedro

Sula. The park will offer new service sector companies a place to launch their business, with easy access to technology and pre-wired office space located in "smart" buildings.

Honduras also offers the service sector a young population, 18-35 years old, comprising nearly one-third of the nation's overall population. A high percentage of that group is bilingual and possesses a technical aptitude.

This bilingual workforce is located in the U.S. Central Time Zone, only a two-hour flight away from Miami, Atlanta and Houston.

As the telecommunications industry expands in the country, so do the advantages for investment in the service sector, putting Honduras in perfect position to launch a business.

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