

HONDURAS

in perfect position

Honduras in Brief

Location:

About 1,000 miles southwest and only two hours by air from Miami. Located in the heart of Central America, Honduras is the second largest country in the region.

Population:

7,415,000

Language:

Spanish, but English is used widely.

Time Zone:

Central

Currency:

Lempira, although U.S. dollars generally are accepted.

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HONDURAS' INVESTMENT CLIMATE IS RIGHT FOR LIGHT MANUFACTURING

Honduras Offers

1. Stable investment climate

- Honduras has had consecutive democratically elected governments for more than 26 years.
- Honduras has simplified administrative procedures for setting up businesses, registering property, and other investment procedures.
- Government policy ensures free competition.
- Honduran investment law guarantees equal treatment to foreign and national investors.
- The World Bank's "Doing Business 2008" business-climate study identified Honduras as one of the "best reformers of the region."
- New businesses can be started in 21 days, the shortest time in Central America, and the second shortest time in Latin America.
- Honduras has the second highest economic growth rate in the Central America, averaging 6% annually for the past two years.
- Honduras adopted the Law of Transparency and Access to Public Information mandating complete, 100 percent transparency in the government.

2. Impressive Light Manufacturing Sector

- Industry accounts for 31 percent of the country's GDP

Wire Harnesses

- Honduras is the third largest exporter of wire harnesses to the United States.
- In 2006 Honduras had the highest growth of any country in the world in wire harness exports with a growth of 49%.
- Wire harnesses produced in Honduras are used in the following automotive brands:
 - Ford
 - General Motors
 - Hyundai

Textile and Apparel

- Honduras is the third largest supplier of textiles to the United States, and the largest supplier to Central America.
- In 2006, textile and apparel exports grew by 5.1%.
- Under CAFTA-DR, if a manufacturer uses U.S. fabric and yarn they can export their apparel duty and quota-free.
- CAFTA-DR benefits for textiles and apparel are retroactive to January 2004.



Workers assemble wire harnesses, San Pedro Sula, Honduras

3. Skilled workforce

- The workforce is young, readily available, and industrious.
- Active workforce is 2.8 million strong.
- Literacy rates in the largest cities are 92-94 percent.
- Low cost of labor makes Honduras very competitive.
- Extensive educational network educates the population through 1,050 secondary schools (150 bilingual), 122 technical high schools, and 30 universities. Honduras has the largest number of bilingual schools in the region.

Students can train at the Instituto Politécnico Centroamericano (IPC).

- Students train for technical jobs using state-of-the-art equipment.
- IPC works with companies to re-train workers on new technology.
- IPC partners with companies to develop new programs and help place students in jobs upon graduation.

4. Modern infrastructure

- Honduras boasts four international airports: Tegucigalpa, the capital; San Pedro Sula, industrial center; La Ceiba, the door to the Bay Islands and the Caribbean Coast; and Roatán, the largest of the Bay Islands.
- An additional airport is planned for Copán.
- Continental, Delta, and American Airlines offer direct air service from the United States, as does TACA.
- Hotel Brands in Honduras include Marriott, Hilton, Intercontinental, Crowne Plaza, and Clarion.
- Honduras is connected to the world by three of the most advanced telecommunications networks in the region: Energía I, Maya 1 and Arcos.
- The network guarantees redundancy of 99.9875%
- Competitively priced electricity (9 cents – 13 cents per kw/hr) and privately generated thermal energy provide abundant electricity nationwide for commercial, industrial and residential use.
- Three fiber-optic lines to the United States mean there is only an 80 millisecond delay in communications between the countries.

5. The government and private-sector support business development:

- The government is investing in electricity production to increase generating capacity.

Honduras has a large network of Free Trade Zones:

- Free Trade Zones can be located anywhere in Honduras.
- There are no duties on any imports coming into the zones that are needed for production, processing, and/or manufacturing of products for export.

- All products being exported outside of Honduras are duty-free.
- Free Trade Zone companies are exempt from sales and corporate taxes.
- A Honduran customs official inspects and seals all containers prior to their departure from a free trade zone, allowing for a shorter time needed to reach the customer.
- 24 Industrial Parks offer space in already established free trade zones as well as human resources services for companies.

Honduras is a signatory to the Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR):

- Exports from Honduras can enter the United States duty-free.
- Imports from the United States can enter Honduras duty-free.
- CAFTA-DR does not rely on renewal by the U.S. Congress so the agreement is permanent.
- Honduras was one of the first countries to enter the agreement, entering in April of 2006.
- CAFTA-DR opens up public sectors to private investors, decreases monopolies and provides for transparency and enforcement of intellectual property rights.
- CAFTA-DR protects U.S. investors in Honduras.

6. Honduras has exceptional Seaports

- 5 ports on the Caribbean, including the Megaport Puerto Cortes
- 1 port on the Pacific
- The Logistic Corridor, which is under construction, will grant Honduras access to Puerto La Union on the Pacific coast in El Salvador.

Puerto Cortes

- Puerto Cortes is the largest and deepest port in Central America.
- Puerto Cortes participates in the U.S. Government's Container Security (CSI), Megaports, and Secure Freight (SFI) Initiatives.
- Puerto Cortes is the only port in the Western Hemisphere that scans 100 percent of all incoming and outgoing containers, including all those bound for the United States
- It takes only 48 seconds to completely scan a container using Gamma-Ray technology.
- U.S. and Honduran customs officials scan each container at the port, and a real-time image is sent to the Department of Homeland Security in the United States
- In terms of volume of shipments and containers to the United States, Puerto Cortes ranks 29th in the world.

Resources

1. The Central Intelligence Agency. "Honduras." The World Factbook. <https://www.cia.gov/library/publications/the-world-factbook/geos/ho.html>
2. The World Bank Group. "Doing Business." 2008. <http://www.doingbusiness.org/>
3. FIDE Investments and Exports. "Investment Guide Honduras." http://www.investinhonduras.hn/default_en.asp
4. Office of the United States Trade Representative. "CAFTA Facts." www.ustr.gov
5. U.S. Government Export Portal. "U.S.- CAFTA-DR Free Trade Agreement: How Can U.S. Companies Benefit." www.export.gov/fta
6. U.S. Customs and Border Protection. "Port at a Glance: Puerto Cortes, Honduras." www.cbp.gov