

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 BUSINESS SERVICES

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. The Service Sector is growing in Honduras.

- The service sector led the country's growth in GDP with a 10.5 percent increase in 2007. Services currently make up 55.6 percent of Honduras' GDP.
- The newly liberalized telecommunications industry has opened competition in the mobile phone industry and other strategic services.
- Call centers can take advantage of being in the Central Time Zone for quick and easy communication with the United States.
- CAFTA-DR opens up access to many service subsectors including:
 - Telecommunications
 - Computer and related services
 - Financial services
 - Professional services
 - Distribution services
 - Franchises

Honduras' first business park will open in 2008.

- The business park will be built in San Pedro Sula.
- The park will offer business space in "smart" buildings.
- Office space will come pre-wired for companies looking for a place to locate their business.



A woman answer calls at a call center, San Pedro Sula, Honduras

3. Skilled workforce able to handle business services needs

- 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.
- Approximately 97 percent of the bilingual population has a general knowledge of information and communication technology.

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 has an advanced telecommunications network.

- Honduras is connected to the world by three of the most advanced telecommunications networks in the region: Energia 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.



Resources

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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