



A worker displays shrimp fresh from the water at the "Golfo de Fonseca" in Honduras.

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Foreign Direct Investment Climbs in Honduras

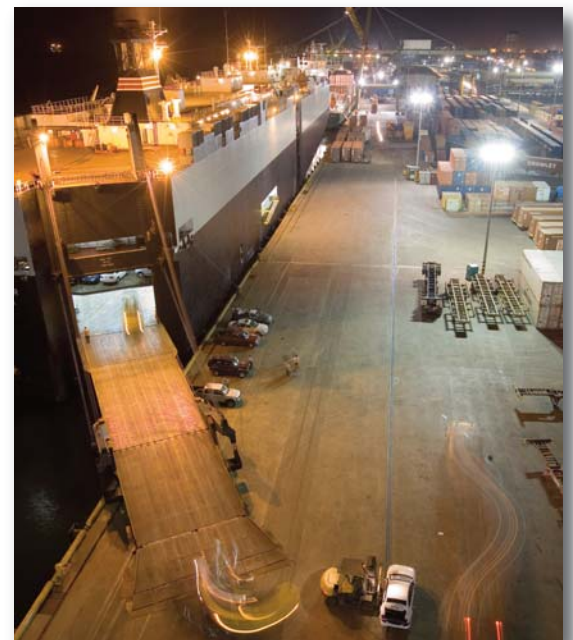
Honduras' many advantages for investors propelled the country to a 21 percent growth and a total of \$816 million in Foreign Direct Investment (FDI) in 2007.

The country's FDI to GDP ratio ranked third among Latin American countries in 2007, following only Panama and Chile.

U.S. businesses topped the charts, comprising 57 percent of the country's FDI. Mexico and the United Kingdom tied for second, with investors in each country making up 13 percent of FDI.

At 72.5 percent, general business accounts for the largest percentage of foreign direct investment, while 27.4 percent goes towards export processing, according to the U.S. Commercial Service.

Honduras allows 100 percent foreign ownership of companies within the country, and the Central America – United States – Dominican Republic Free Trade Agreement (CAFTA-DR) provides duty-free trade between the United States and Honduras. These advantages make Honduras a great destination for foreign direct investment.



A ship prepares to unload at Puerto Cortes.

One of North America's Foremost Textile Companies Thrives in Honduras

Canadian textile giant Gildan opened its first plant in Honduras more than seven years ago. Today the company has almost 10,000 employees in the country.

As a result of its success, Gildan plans to construct a third textile facility in the country. The \$100 to \$110 million dollar vertically integrated facility should be completed by 2009, and a new distribution center in the plant will allow the company to ship directly to the United States duty-free.

Gildan also is ramping up to full capacity a newly constructed textile facility in Honduras that already has met or exceeded various efficiency expectations. The company says the facility will be able to meet the increasing demand for fleece, which has seen a 12.4 percent increase in sales in the second quarter of this year.

Gildan has had no problems finding a qualified workforce in Honduras to staff its facilities. "There is a significant number of well-educated engineers and technical people," says Cam Gentile, Executive Vice President of Human Resources, and all of the managers are Hondurans.

In fact, after experiencing production problems in the Dominican Republic, Gildan decided to place the plant under the control of its Honduran manufacturing division.

"We're confident in the plan developed by our Honduras team to turn around the facility," said Executive Vice President Laurence Sellyn.

Corporate Responsibility

Gildan gives back to the community in Honduras through its corporate donation program, primarily contributing to schools and education.

In 2007, Gildan gave 50 students scholarships to study at the Instituto Politecnico Centroamericano (IPC), in San Pedro Sula as part of a five-year commitment the company made to finance the Honduran technical school's scholarship program.

Gildan also provides an annual scholarship to a student attending INCAE, a leading business school in Central America affiliated with the Harvard Business School.

The company works with the World Food Program to provide a daily meal to students at a school in Rio Nance, Choloma, in northwest Honduras, and provides financial support to Fundacion Ecologica



Workers assemble garments in San Pedro Sula.

Rodrigo Pastor Fasquelle, an organization committed to providing environmental education to students.

"We are very proud of what we do in the area of corporate social responsibility, how we treat the employees, the programs we have in place, our involvement in the community," says Gentile. "It's more than just the business itself. You need to become a partner of that country."

Honduras Leads Latin America in Apparel Exports to the United States

The Honduran textile and apparel industry is thriving, with apparel accounting for 66 percent of all goods the United States imports from Honduras.

According to the Honduran Association of Maquiladoras, Honduras is the largest exporter of apparel to the United States in Latin America and the fourth largest in the world.

In 2007, textile and apparel exports to the United States grew by three percent, to \$2.518 billion, and projected growth for the industry is five to seven percent per annum for the next three years.

The close proximity to the United States and the duty-free benefits textiles and apparel receive under CAFTA-DR have added to the

success of leading companies in Honduras, such as Gildan Activewear, Vanity Fair Corporation, Anvil Knitwear, and Hanes. Honduras textiles and apparel are in perfect position to reach the U.S. market. In recent years, Honduras has moved from “807” manufacture – where the manufacturer assembles U.S. components – to “full package operations” – where the manufacturer coordinates all aspects of production. This allows Honduras to export the finished products directly to company distribution centers.

Vertical integration is a key component to the growth of the apparel industry in Honduras. The low-cost of transportation and easy access to Puerto Cortes – the largest port in Central America – are two key factors that, along with the benefits of CAFTA-DR, make Honduras a great place for continued investment in the textile and apparel sector.

Sending Fish from Honduran Lakes to U.S. Plates the Same Day, a Leading Agribusiness Company is Making a Difference



Workers prepare tilapia for shipment.

The tilapia diners enjoy at their favorite Miami restaurant at dinner may well have been swimming in a Honduran lake that same morning, thanks to the ingenuity of a fish farming enterprise and Honduras’ proximity to the United States.

Located about an hour from Honduras’ second largest city, San Pedro Sula, and just two hours by air from Miami, Aquafinca Saint Peter Fish, S.A is the largest producer of

tilapia in the world, and its primary market is the United States.

General Manager Israel Snir, an Israeli citizen, raised tilapia in Israel and many other countries before coming to Honduras. He, together with main shareholders, committed themselves to not only providing a quality product in a market where low-cost often means substandard, but to improving the community as well.

Honduras was the ideal place for the company to develop the business because of its tropical climate, which is good for the fish, and the close proximity to the United States, which allows the fish to arrive fresh. In the six years since it’s been operating in Honduras, Aquafinca has never missed a day of export and has turned a healthy profit.

Honduras has been a good place for the company and Snir to build their business, but they made it even better.

Aquafinca employs 1,500 local men and women and expects to have more than 3,000 on the payroll by next year, but Snir says, “Our issue is not how many people we employ but rather how we change their lives.”

Believing “workers are the mirrors of their managers,” he treats his

employees well and feeds them healthy food twice a day, including fish and vegetables. The company has established medical clinics, donated ambulances to area towns, and maintains doctors on site. All employees have access to full medical insurance.

To improve the area’s infrastructure, Aquafinca bought machines for employees to build their own roads and installed a wastewater system. It also donates 10 percent of its fish cages to local people, provides financing, and encourages them to invest their profit in environmental and social projects.

The company also supports education in the region. It has financed 86 schools for 7,000 kids and given all of them school supplies. After discovering that 80 percent of all adults were illiterate, Snir started a program that teaches employees as well as other adults in the community to read and write.

Aquafinca practices sustainable agriculture. The company regularly monitors the water quality in the lakes where it raises tilapia and recycles everything. The company also established a Fish for Trees program to restore Honduras’ forests.

Aquafinca has proven that a company can find success in Honduras while committing itself to a high standard of corporate social responsibility.

Honduras Becomes Top Producer and Exporter of Tilapia in Latin America

Honduras Minister of Agriculture Hector Hernandez recently announced that Honduras has become the top producer and exporter of tilapia in Latin America, surpassing Ecuador, which until this year led the region in tilapia exports.

According to the minister, this development reflects the efforts of big investors working in tandem with the government to increase production.

Minister Hernandez also said that the government is working with major Honduran companies to develop projects with small farmers that should result in increased local tilapia consumption and exports to the region.



Ancient ruins of Copan.

Honduras is in Perfect Position for Eco- and Geo-Tourism

Honduras is quickly gaining a reputation as one of the prime destinations for environmental-oriented travelers who want a special experience in a country that cares about preserving its natural splendors.

Eco- and geo-tourists can find a little bit of everything in this Central American paradise only a two-hour flight from Miami, Houston, or Atlanta.

Visitors can encounter the lush beauty of La Mosquitia – the largest rainforest in Central America – and the Rio Platano Biosphere – a UNESCO World Heritage site that has been nominated for the New 7 Wonders of Nature. They can walk through the cloud forest and enjoy wildlife excursions at Pico Bonito, one of the most diverse and largest national parks in Honduras. They can dive into the Caribbean to discover more than 500 species of fish living in the Mesoamerican reef, the world's second largest coral reef, after the Great Barrier Reef.

Culture aficionados can explore the remarkable Mayan ruins of Copan – Honduras' other UNESCO World Heritage site – or the indigenous communities of the Miskitos, Pech, and Garifuna located in the northern part of the country.



Mayan stela in Copan Ruins.

Recognizing the value of protecting the nation's natural beauty, the government in 2004, signed an agreement with the National Geographic Society to develop an official geo-tourism strategy, making Honduras the first country to do so.

The World Wildlife Foundation and Honduras also are partnering to protect the Mesoamerican reef, banning SCUBA fishing and working with palm oil producers to reduce pesticide runoff that can damage the reef.

"We really encourage everybody to be environmentally safe," says Tommy Bauer of Infinity Bay Spa and Beach Resort on Roatan, adding, "We want to protect this beautiful reef so all our grandchildren can enjoy it as well."

By working to promote eco- and geo-tourism, the government of Honduras is ensuring that visitors and residents can experience the country's beauty for many years to come.

Honduras Opening Its Market for Call Center Investment



Fast Speed communications tower and antenna.

Its proximity to the United States and young bilingual workforce make Honduras an ideal site for call centers.

Call centers in Honduras can operate on “real time” because the country is located in the U.S. Central Time Zone, and the Maya and Arcos networks ensure reliable telecom connections, with only an 80 millisecond delay. Executives needing to visit their Honduran operations can make a quick, two-hour flight from Miami, Atlanta, or Houston.

Honduras’ young and energetic workforce has access to the most bilingual schools in the region. As a result, call centers can find industrious, native Spanish speaking employees who are fluent in English. Many workers have a strong affinity with American culture and have lived, visited or studied in the United States, which enhances their ability to respond quickly to customers’ requests for assistance.

“We are part of the American tradition, and we also offer the labor costs that benefit U.S. companies,” says Guillermo Cruz, Channel Manager for Avaya Central America, a leading telecom provider that has offered its services in Honduras for over 10 years.

Manfred Alvarez, President and CEO of Honduras’ first call center, Mercury Communications, agrees, adding that the two countries’ propinquity and ease of communication translates into a higher quality of service at his company.

The government has increased support for call centers with a newly liberalized telecommunications sector allowing more service providers to enter the market.

“The government is helping a lot to open the market for other companies that will bring good data links for the United States and also more cell phone companies,” says Cruz.

The increased competition gives companies such as Mercury the opportunity to find the reasonably priced services necessary to operate their businesses.

Cruz also notes that the Honduran government is considering offering call centers the same tax-free benefits that textile manufacturers and other industrial firms receive.

With such attractive government incentives and its qualified workforce, Honduras is well situated in the global call center market.

Navega Investing \$20 Million in Honduras

Guatemalan company Navega.com has consolidated to become the first data center in Central America. Navega is investing \$20 million in Honduras to develop its fiber optic network and provide 24/7 service to the region’s companies.

“Since 2005, we have invested U.S. \$16 million, which had allowed us to build more than 300 kilometers of redundant fiber optic rings and SHD technology,” said Ivan Pastor, general manager of Navega. He added, “We are going to double our coverage nationwide. For 2008 we are planning a U.S. \$4 million investment to connect Comayagua with Santa Rosa in Copán.”

Navega’s partners include Iberdrola from Spain, Portugal Power Company, Teco Energy from the United States and Comcel from Guatemala.

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So are the companies that do business here.**

Looking for a fresh location in aquaculture? It's Honduras – in the heart of the Americas – where lake-raised Tilapia are harvested, processed, packed and flown to U.S. soil the same day, without freezing, providing weeks of serving flexibility. Honduras is home to some of the world's most modern processing plants, with pristine conditions monitored and maintained from the minute live fish arrive, to the moment fresh product is shipped. For more information or a meeting, call FIDE, [1-866-588-1153](tel:1-866-588-1153), on the Web at investinhonduras.org.

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