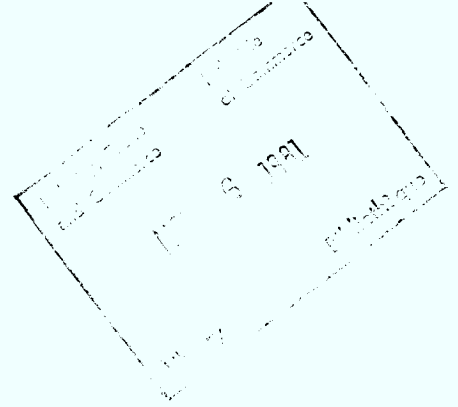


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HONDURAS

markets
for canadian
exporters

HONDURAS





MARKETS FOR CANADIAN EXPORTERS

HONDURAS

Canada



Government
of Canada

Industry, Trade
and Commerce

Gouvernement
du Canada

Industrie
et Commerce

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I. GENERAL

Area and Geography

The Republic of Honduras, located in the heart of Central America, has an area of 112,088 km², of which only 15 per cent is arable. It is the second largest — and least populated — country in Central America, and is bordered by the Atlantic and the Pacific Oceans. It is flanked by Nicaragua in the east and El Salvador and Guatemala in the west.

Honduras is largely mountainous, its central highlands running along an east-west axis and reaching heights up to 2,400 metres above sea level. The southern lowlands form a coastal plain extending to the Pacific Ocean and the Gulf of Fonseca.

The wide, fertile lowland valleys stretch 600 kilometres to the Gulf of Fonseca and the Pacific Ocean and hold the best agricultural land in Honduras.

Historical Background

Discovery and Spanish Conquest

Christopher Columbus landed briefly on the coast of Honduras on his fourth voyage in 1502. The Spanish conquest actually began in 1524, when Cristobal de Olid was despatched to Honduras by Hernán Cortés, conqueror of Mexico. With a few lieutenants hand picked by Cortés, Olid founded the city of Trujillo in 1525 and, 14 years later, Pedro de Alvarado, Captain General of Guatemala and governor of Honduras, founded San Pedro Sula. Following Alvarado's return to Spain, Don Francisco Montejo, the new governor, crushed an Indian rebellion — led by Lempira — consolidating the Spanish presence in Honduras and ensuring Spanish rule for the following 300 years. During this period the main cities were founded and Spanish culture and the Roman Catholic religion were introduced.

Independence and Annexation to Mexico

On September 15, 1821, the United Provinces of Central America — composed of Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica — proclaimed their independence from Spain. They were attached to Mexico until 1823, when they declared independence. During the following years the folk hero José Francisco Morazán intermittently headed the union but, in 1838, pressures for individual political identities led to the collapse of the fragile union and Honduras became a sovereign, independent state.

From Independence to Modern Times

The history of Honduras is closely linked to that of its Central American neighbors, particularly Guatemala and El Salvador, which have had considerable influence on Honduras' political and economic development. As the gulf between conservative and liberal movements in those two countries gradually widened, Honduras' neutrality exerted a moderating influence on political life in the area and helped maintain a balance of power between the two factions.

Liberals governed Honduras from 1838 to the early 1900s but, with the establishment of banana plantations by multinationals, the conservative movement gained in influence. Until 1923, Honduran politics was rife with agitation, conflict and turmoil between liberal and conservative factions. In 1932, Tiburcio Carías Andino headed a conservative revolutionary movement and seized power and, for 16 years, ran an autocratic and totalitarian government. Nonetheless, he was a progressive administrator. In 1969 the famous "soccer war" broke out between El Salvador and Honduras, resulting in a decade of strained relations between the two countries. The malaise affected all in Central America, so that the smooth functioning of regional entities such as the Central American Common Market (CACM) was severely impeded.

In 1971, the National (Conservative) and Liberal parties jointly agreed on a candidate who became president but was overthrown a year later in a bloodless military coup. The military governed until 1980, when the democratic process was reestablished, elections were held, and General Paz was confirmed by the new congress as interim president for two years. A presidential election is to be held in 1982.

Climate and Health

Honduras enjoys a pleasant climate, tropical on the coasts and mild in the West and centre. Average temperatures vary between 15° and 25°C in the interior and western part of the country, and 25° and 30°C on the coasts. The rainy season extends from May to October.

Health conditions are acceptable if precautions are taken when drinking water and milk or eating ice cream, uncooked vegetables and fruits. Inoculation against typhoid and tetanus are recommended and malaria preventives should be taken when travelling to the coast and, particularly, the Bay Islands.

Local Time

When it is 4:00 p.m. EST in Canada, it is 5:00 p.m. in Honduras. (Honduras has not adopted daylight saving time.)

Languages

The official language is Spanish and, although many government officials have no knowledge of English or French, most businessmen speak English. English and Spanish are spoken in the Bay Islands. Interpreters and translation services are available.

Religion

The constitution of the Republic ensures freedom of faith. Ninety-five per cent of the population is Roman Catholic.

Weights and Measures

The U.S. and Spanish systems of measurement prevail internally but the metric system is used for customs purposes.

Electricity Supply

It varies between 220 volts 60 cycles and 110 volts, 60 cycles AC. Transformers to 110 volts are available in most hotels. Wallplug fittings are of the two-pin blade type; lamp fittings are of the screw type.

Public Holidays

New Year's Day	January 1
Day of the Americas	April 14
Good Thursday, Friday and Saturday	March or April
International Labor Day	May 1
Independence Day	September 15
Birthday of the folk hero Francisco Morazán	October 3
Columbus Day	October 12
Army Day	October 21
Christmas Day	December 25

Business Hours

Offices and Stores

09:00 - 13:00

15:00 - 19:00

09:00 - 12:00 (Saturday)

Banks

09:00 - 15:00

Government

07:00 - 16:30

II. ECONOMY AND FOREIGN TRADE

Gross National Product (1979)

U.S. \$2,164 million

By sector (%)		
	Agriculture	31.5
	Mining	1.8
	Manufacturing	17.1
	Construction	5.3
	Utilities	1.6
	Transport and communications	8.3
	Commercial services	12.6
	Financial services	4.2
	Housing services	5.3
	Public administration	3.5
	Other services	8.8
	Total:	100.0

Major Components of the GNP (%)

Consumption	71.4
Investment	28.6
Exports	36.5
Imports	41.0
Government expenditure	22.0
Private expenditure	74.2

GENERAL

The predominantly agricultural Honduran economy performed well until 1979, mainly due to increased world prices for its main export commodities: coffee, bananas, meat and forest products. Other factors contributing to an average GDP annual growth rate of eight per cent have been the expansion of public investment in infrastructure projects, aggressive private investment, and financial and political stability. Since 1979, however, the Honduran economy has softened due to unfavorable external conditions such as the substantial drop in world coffee prices and socio-political uncertainties pervading the entire Central American region. The economy and the foreign exchange position remain solid nonetheless, and Honduras remains one of the most politically stable countries in Central America. The outlook for economic development in the early 80s is mixed. Although the private sector is expected to remain relatively dormant, increased public investment in infrastructure projects — such as the large El Cajon 400 MW hydroelectric scheme, forestry roads, telecommunications systems, port facilities and housing projects — will likely prevent a major downturn.

Agriculture

Agriculture, the most important economic activity in Honduras, contributes approximately one-third of the GDP and generates 80 per cent of export earnings. Honduras has a land area of 112,088 km². Cultivated land, including pastures, covers some 1,800 km². A further one million hectares (1,000 km²) are classified as grasslands and cultivated land; and the remaining seven million hectares (7,000 km²) are forests. Except in the valleys, the soil tends to be shallow and heavily deficient in nitrogen and phosphorus.

Honduras is the world's fourth largest banana exporter, holding about 12 per cent of international trade in that product. Banana exports were valued at U.S. \$200 million in 1979.

Coffee is the second major agricultural crop and makes up 35 per cent of export earnings (U.S. \$196 million in 1979). It is followed by frozen meats, wood, shrimp and lobster, cotton, sugar and tobacco.

Honduras has large areas suitable for cattle raising, especially in the eastern and western coastal plains. Brahma and Angus are the most popular beef breeds, while Holsteins predominate in the dairy breeds. Efforts are also being made to develop the fishing industry, which is still largely a family-centred occupation.

Lumber and wood products accounted for about 12 per cent of Honduras' total exports during the 70s. Although the potential exists for a forest industry, it faces many constraints, including rapid depletion owing to excessive farming and illegal cutting for fuel by individuals.

COHDEFOR, a state-owned institution formed in 1974, is charged with the rational development of the entire forestry sector, including its industrialization, the domestic wholesaling and export of forest products, and timber replacement.

Industry

Honduras' industrial base is expanding. Food and leather processing, cement, textiles, radio and television assembly, chemicals, furniture manufacturing, handicrafts, clothing and steel have flourished in the last decade. Although industrial activity is relatively limited, the government encourages investment and has initiated a set of incentives that include draw-backs, duty-free imports of raw materials and machinery, and tax exemptions. The goal is to broaden the industrial base by encouraging small to medium-size industrial investment with a view to minimizing and replacing imports. Creation of the Industrial Development Bank (CONADI), in 1974, accelerated industrial development by making credits available for new industries and by creating a capital securities market to attract Honduran investors.

Mining and Petroleum

Silver, lead, zinc and cadmium are mined by domestic and foreign companies. Exploitable coal deposits have also been found. The government is also undertaking several exploration programs so as to better determine the extent of mineral deposits in several areas of the country. The Honduran mineral code has been revised recently and new incentives have been defined to encourage foreign investment in mineral development.

Geophysical studies and offshore exploration, aimed at establishing the country's oil potential, have been conducted, with no significant result to date.

Tourism

Honduras' natural beauties, archeological sites, the unspoiled paradise of the Bay Islands and their proximity to North America, offer great potential for further touristic development.

Infrastructure and Energy

The country has 9,500 km of roads, of which 1,600 km are paved. Its railway line, running the length of the eastern coast, serves the banana plantations. There are modern port facilities at Puerto Cortés; a second Atlantic port, Puerto Castilla, is under construction. The most important international airports are the Ramón Villeda Morales in San Pedro Sula and Toncontin in Tegucigalpa.

Honduras depends entirely on imports for its oil, which is its main source of energy. The large 400 MW hydroelectric project of El Cajón is under construction and should be completed by 1986, providing Honduras with 50 per cent of its need for electricity.

FOREIGN TRADE

Central American Common Market

The Central American Common Market (CACM) was formed in 1960 and includes Guatemala, El Salvador, Costa Rica, Nicaragua and Honduras. The General Treaty for Central American Integration provides for free trade among CACM members, a uniform external tariff, and a common tariff nomenclature (NAUCA). The Secretariat for Central American Integration (SIECA) is located in Guatemala. The Central American Bank for Economic Integration (CABEI) was established in 1960 in Tegucigalpa. It finances investment in infrastructures necessary for integration of the member countries' economies. An agreement on the harmonization of fiscal and other incentives to new industries was signed in 1969. Also in 1969, the Central American Monetary Stabilization Fund was established by member countries' central banks in order to assist members to weather temporary balance-of-payment difficulties.

Intra-CACM imports were 20 per cent of CACM countries' total imports, from all sources, of about U.S. \$5 billion in 1978. Tariffs applicable to member countries' exports have been eliminated on 98 per cent of the items in NAUCA and on about 80 per cent of actual exports. In the 1960s, however, member countries signed bilateral agreements providing for quantitative restrictions on exports of textiles, clothing and shoes. In 1969, trade with El Salvador was suspended as a result of a war between the two countries. (Resumption is being discussed following settlement of the border dispute in 1980).

Honduras also withdrew duty-free handling of imports from Nicaragua, Costa Rica and Guatemala, and ceased applying the common external tariff (CET) to imports from outside the CACM in December 1970. In 1972-73 Honduras negotiated new bilateral treaties with those three countries, opening the way to a return of free trade and the CET on some items. Honduras is an official member of the CACM, with observer status.

The common external tariff applied by members of the CACM other than Honduras covers 98 per cent of tariff items and 80 per cent of actual imports. Most items are subject to a specific duty based on weight and/or volume as well as an ad valorem component based on c.i.f. value. Items not covered by the CET and subject to individual countries' regulations include major agricultural products and consumer durables. The CET ranges from 100 to 150 per cent for non-durable consumer goods, 30 to 40 per cent for durable consumer goods, five to 10 per cent for semifinished agricultural products, 30 to 40 per cent for semifinished industrial products, and 10 to 15 per cent for capital goods.

In 1968 the San José protocol provided for a 30 per cent import duty surcharge on imports of nonessential and luxury items of foreign origin. The protocol has been extended several times and is due to expire on November 8, 1983.

As a result of political instability and balance-of-payment difficulties in some member countries in 1979-80, quantitative restrictions and import surcharges imposed by member countries have proliferated and impeded progress toward integration within the CACM.

Main Honduran Exports (f.o.b.)**(U.S. \$ millions)**

	1975	1976	1977	1978	1979	1980
Coffee	56.9	100.3	168.2	211.0	196.9	
Bananas	61.5	106.7	130.2	141.2	200.4	
Wood	38.5	40.8	47.2	42.3	42.1	
Meat	18.3	25.6	21.7	38.8	57.4	
Lead and zinc	20.1	18.3	20.2	20.0	24.1	
Silver	11.1	13.6	11.8	10.9	21.0	
Shrimp and lobster	10.3	12.3	15.2	15.6	25.7	
Soap	4.0	6.6	11.5	13.7	15.1	
Tobacco	5.6	5.9	9.1	9.0	14.9	
Sugar	6.9	2.2	3.8	5.5	13.5	
TOTAL ALL EXPORTS	309.6	411.7	529.8	626.1	750.0	870.0

Main Honduran Imports (c.i.f.)**(U.S. \$ millions)**

	1975	1976	1977	1978	1979	1980
Consumer goods:						
durables	29.2	38.3	52.6	63.3	71.9	
non-durables	65.5	68.3	86.6	102.3	118.3	
Raw materials:						
agriculture	18.6	22.0	31.3	37.6	37.0	
manufacturing	106.2	136.3	155.1	183.7	217.1	
Lubricants and fuels	63.1	53.8	70.9	76.3	112.6	
Capital goods:						
agriculture	14.2	13.6	22.7	20.9	36.2	
manufacturing	61.6	67.2	95.5	127.3	138.3	
transport	19.1	35.2	37.3	49.4	48.5	
construction	15.9	22.8	28.5	31.9	35.6	
TOTAL ALL IMPORTS	403.8	469.8	599.0	711.4	849.1	1030.0

Ministry of Industry, Trade
 and Commerce
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 Tegucigalpa

**Destination of
Honduran Exports**

(1979, f.o.b., % of total)

U.S.	54.3
Federal Republic of Germany	9.8
Netherlands	8.2
The CACM countries	8.1
Japan	4.8
Canada	4.0

**Sources of
Honduran Imports**

(1979, c.i.f., % of total)

U.S.	44.6
The CACM countries	12.0
Venezuela	8.5
Japan	7.2
Trinidad and Tobago	3.7
Federal Republic of Germany	2.7
Mexico	2.5
Britain	2.4
Brazil	2.2
Canada	1.8

Canada-Honduras Trade

(Cdn \$ millions)

	1975	1976	1977	1978	1979	1980
Canadian exports	8.0	13.2	8.9	14.3	15.8	22.9
Canadian imports	11.8	17.4	18.8	31.9	29.8	39.5

**Main Canadian Imports
From Honduras**

(1980, Cdn \$ millions)

Bananas	30.5
Coffee	5.9
Other fresh fruit and berries	0.9
Cotton	0.8
Main items as % of total imports	96%

**Main Canadian Exports
To Honduras**

(1980, Cdn \$ millions)

Newsprint	1.9
Paperboard	6.5
Aircraft	5.2
Drilling, excavating, mining machinery	1.0
Asbestos	0.6
Main items as % of total exports	66%

III. DOING BUSINESS IN HONDURAS

Opportunities for Canadian Products and Consulting Services

Honduras' immediate development plans closely match Canadian expertise and supply capabilities. Energy, forestry, telecommunications, transportation and health are the prime areas of public investment. Further, Honduras' expanding industry offers opportunities for importation of raw materials and semifinished goods. In the service sector, most private and public development programs comprise components requiring a broad range of consulting services available in Canada.

Representation and Agents

A representative trying singlehandedly to cover the entire CACM could not do so effectively. Canadian firms are advised to appoint a representative in each member country. Canadian trade commissioners in Central America should be consulted on selection of agents.

In Honduras, decree No. 549 (December 7, 1977) regulates the activities of local agents and distributors and their relations with foreign companies. Copies of the decree are available at the Canadian embassy in Guatemala.

Article 4 of the decree states that, in order to qualify as a representative, an agent or distributor must be a citizen of Honduras owning an incorporated business or a 51 per cent Honduras-owned company, and a member of the appropriate Chamber of Commerce. According to Article 5, the ministry of the Economy may specify those cases in which products or services may be supplied in Honduras exclusively through agents or distributors. Article 7 provides for preference in government tenders to companies with permanent representatives in Honduras, all other conditions being equal.

The decree provides that any principal unilaterally terminating, amending or refusing to renew a contract with his representative without just cause, must indemnify the representative in question. ("Just cause" is defined in Article 12 and includes [(c)] "a continuous decline in sales or in orders for goods and services due to negligence or ineptitude on the part of the representative.")

Although Honduras does not require foreign companies to prequalify prior to bidding on public tenders and/or supplying goods to the government, Canadian businessmen are advised to register with one of the following offices:

1. For Contractors: Colegio de Ingenieros Civiles de Honduras
Bo. Olv. C.J.R. Mol.
Tegucigalpa, Honduras

Consejo Superior de Planificación Económica
(CONSUPLANE)
Edificio Banco Atlantida, 3er Piso
2a. Ave. y C. Real
Comayagua, Honduras

Secretaría de Obras Públicas y Transporte
(SECOPT)
Bo. La Bolsa
Comayaguela, Honduras

2. For Suppliers: Dirección General de Comercio Exterior
Ministerio de Economía
5a. Ave., 4a Calle, Edificio Salamé
Tegucigalpa, Honduras
3. For Consultants: Colegio de Ingenieros Civiles de Honduras
Bo. Oliv. C.J.R. Mol
Tegucigalpa, Honduras

Consejo Superior de Planificación Económica
(CONSUPLANE)
Edificio Banco Atlantida, 3er Piso
2a. Ave. y C. Real
Comayaguela, Honduras

Credit Information

Credit information on Honduran firms or individuals is not readily available. Canadian firms may wish to contact local banks or the following firms directly:

Dun and Bradstreet Canada Ltd.
P.O. Box 423, Terminal "A" 116
Toronto, Ontario M5W 1E2

Protectora de Credito
10a. Calle 3-12, Zona 1
Guatemala, Guatemala

The commercial division of the Canadian embassy in Guatemala will try to obtain bank credit reports on local firms from the Protectora de Credito on request. Such reports often take from eight to 10 weeks to obtain, since there is only one local company offering complete credit information services.

Correspondence and Communications

Canadian exporters are advised to dispatch all mail by air. A regular airmail letter or package will take about two weeks to reach Honduras. Telephone and telex services between Honduras and Canada are satisfactory.

Price Quotations

The best method is c.i.f. Honduras port in United States dollars or, at least, f.a.s. at a southern U.S. port. If the price is not quoted in U.S. dollars, the importer will have difficulty evaluating the competitiveness of the goods.

Usual Terms and Methods of Payment

Sales should be made initially on the basis of an irrevocable letter of credit. When a formal relationship has been established with a client, more flexible terms of payment (such as c.o.d. on arrival of the goods) could be applied. Exporters should never ship goods before receiving explicit confirmation of their order from the agent or buyer.

Debt Collection

In extreme cases, legal procedures could be the only means of recovery of overdue payments. Such proceedings are expensive and time consuming and should be avoided if possible.

Banking Facilities

Local banking facilities are good. Several foreign banks (the Banks of America, of London and Montreal) operate in Honduras. Although Canadian banks do not operate in Honduras, many maintain a close working relationship with local and resident foreign banks. For information concerning Canadian bank correspondents in Honduras, consult your bank in Canada.

Shipping Services

Since schedules and voyage frequency of ships going to Honduras vary considerably, Canadian exporters would do well to consult with their freight forwarding agents.

By Sea

Puerto Cortés is the main Honduran port in the Caribbean. Its facilities are excellent and allow handling of bulk or container cargo. Puerto Castilla, further east, is still under construction and, in the main, will handle lumber exports from northeastern Honduras. Puerto San Lorenzo, the only Honduran facility on the Pacific coast, can handle bulk shipments.

Saguenay Shipping Ltd., of Montreal, provides a new, direct, regular bulk and container service between Montreal, Saint John, N.B. and Puerto Cortés. Other companies offering regular service from the east coast are Anship Ltd., and the Mexican Line. The Gran Flota Colombiana and Linek Hansiatic-Vaasa, Prudential, and United Yugoslav Lines offer services from British Columbia ports to Puerto San Lorenzo.

Road-Ocean, Road-Air Routes

The alternative to shipping by sea from Canada is to route shipments through Miami or New Orleans. Overland, small shipments can be trucked to airline terminals or consolidators in the United States for transfer by air to Honduran points of entry.

Air Transport

There are no direct flights from Canada to Honduras. Air shipments are accepted by Canadian carriers, and selected foreign carriers are authorized to operate from Canada to United States gateways connecting with direct flights to Honduras. Several alternatives are open, depending on point of origin and destination, so that shippers have the option of designating secondary carriers or relying on the original carrier to select the most expedient routing.

Insurance

Canadian exporters should include insurance costs in their submissions and ship c.i.f.

Buying Season

Although there are no clearly defined buying seasons for capital or consumer goods, peak purchasing occurs during October and November because of various national celebrations and Christmas.

Patents and Trademarks

Manufacturers and traders are advised to patent their inventions and register their trademarks in Honduras. Application should be made through either a patent or trademark agent in Canada, or a lawyer in Honduras.

IV. CUSTOMS AND EXCHANGE REGULATIONS

Exchange Controls

Exchange controls were introduced in late 1980. They do not restrict imports or investments but are aimed at monitoring and controlling capital flow, particularly illicit outflow.

All operations implying payments abroad must be registered with the exchange department of the Central Bank, which will authorize them through issuance of exchange licences in accordance with provisions of the law and regulations. The new exchange regulations have not yet affected trade between Canada and Honduras.

Import Restrictions

Import licences are not required for general merchandise, and few imports are prohibited. Import licences are required for explosives, lead, poultry, wheat flour, basic food grains, cotton seed and a few other goods. Special permits are required for importing seeds, fruits, some perishables, industrial alcohol or alcoholic beverages, weapons and ammunition.

The Honduran government has established two lists of imports. List I covers essential goods and List II, nonessentials. Essential goods include pharmaceuticals, foodstuffs not produced in Honduras, most raw materials, and agricultural equipment. In general, essential goods may be imported without the Central Bank's prior approval if no external financing is involved. When export financing is involved, both import of the goods and credit arrangements must be approved.

List II (nonessential imports) includes certain foodstuffs as well as television sets, radios, electrical appliances, automobiles, refrigerators and various luxury goods. Import of nonessential goods requires prior approval from the Central Bank. Foreign financing for items on List II is rarely permitted. Importers must pay sight drafts or arrange for local financing. Documentary evidence that the goods have been paid for is required for customs clearance. As a rule the importation of nonessential goods is not allowed if they can be produced in sufficient quantities in Honduras.

Unlisted goods may be imported without Central Bank approval provided payment is by draft.

Treaty Relations

Under terms of a diplomatic exchange in February, 1956, Canada and Honduras reciprocate most-favored-nation treatment in tariff matters. As a member of the Central American Common Market, Honduras grants duty-free status to most goods from other members of the CACM.

Import Tariff

Most goods imported into Honduras are dutiable in accordance with the tariff jointly set by Central American Common Market countries. Imports are subject both to specific duties (levied on the gross weight in kilograms or units of measure) and to ad valorem duties (based on c.i.f. value). Specific duties are expressed in Central American pesos, rated at one peso to the U.S. dollar. Since gross weight includes all containers, it is suggested that packing should be as light as possible while strong enough to protect the goods in transit.

Acting on a proposal by the Secretaría Permanente del Tratado General de Integración Centroamericana (SIECA) aiming to promote industrial growth among CACM member states, the ministers of Economy have agreed to extend fiscal incentives to some 500 selected "fledgling industries," allowing them to import machinery, raw materials and containers duty free.

Additional Taxes

In accordance with the provisions of the protocol of San José, most nonessential and luxury goods imported from outside Central American Common Market countries are subject to a surcharge of 30 per cent of applicable import duties.

Free-Trade Zone

The Puerto Cortés Free-Trade Zone authority operates as an autonomous, business oriented agency and is located near Puerto Cortés. The free zone offers industrialists and businessmen who use its facilities many advantages, including a central geographic location, a good reservoir of manpower, and duty and tax exemptions for all imported raw materials, machinery, and buildings.

V. YOUR BUSINESS VISIT TO HONDURAS

Advise and Consult the Commercial Secretary

When planning your first business visit to Honduras, advise the commercial secretary of the Canadian embassy in Guatemala in writing well in advance of your departure. Inform him of the objectives of your visit and include several copies of your product brochures. It will help greatly if you work out the c.i.f. prices on at least a part of your product range. Also list any contracts you may already have with local businessmen.

With that information, the commercial staff will be pleased to arrange a tentative itinerary and make appointments on your behalf. Because of the increasing number of businessmen visiting Canada's posts abroad, it is recommended that you leave arrangements for hotel reservations to your travel agent. Commercial division officers of the Canadian embassy in Guatemala visit Honduras regularly, and you may wish to make your visit coincide with theirs, especially if it is your first.

When to Go

Although the rainy season lasts from May to October, a visit to Honduras can be comfortable at any time of the year. Periods that might prove inconvenient are Easter and Christmas, when businesses are closed for several days. The dry season, with its increased flow of tourists, does of course affect availability of hotel accommodation.

How to Get There

Air is by far the best method: good service is provided by both national and international airlines overland. Although the Inter-American Highway connects many of Honduras' major cities with Mexico and the United States, road travel is more time consuming than in Canada.

Hotels

Good hotels at or near accepted international standards are available in Honduras:

1. Hotel Honduras Maya 3 Cll. Ave. Re. de Chile
Col. Palmira
Tegucigalpa, Honduras, C.A.

- | | | |
|----|-------------------|--|
| 2. | Hotel Holiday Inn | Calle Peatonal
Tegucigalpa, Honduras, C.A. |
| 3. | Hotel La Ronda | B. La Ronda 6 Calle
Tegucigalpa, Honduras, C.A. |
| 4. | Hotel Copantl | Colonia Las Mesetas
San Pedro Sula, Honduras, C.A. |
| 5. | Gran Hotel Sula | 1a. Calle, 3-4 Avenida
San Pedro Sula, Honduras, C.A. |

Travel Documents

Canadians travelling to Honduras are advised to obtain an entry visa at the Honduran Embassy in Ottawa or the consulate in Montreal. If a visa cannot be obtained, immigration officials will issue Canadian travellers a tourist card at the port of entry on the strength of a valid passport and three dollars American.

Clothing

Lightweight cotton or synthetic clothing can be worn the year round in Honduras. Since evenings tend to be cool, something slightly heavier should also be included in your luggage. From May to October (the rainy season), rainwear and an umbrella are strongly recommended. Evening dress is worn only on the most formal occasions.

Currency

Honduras' monetary unit is the lempira (L) composed of 100 centavos and valued at 50 cents American. Notes are issued by the Banco Central de Honduras in denominations of one, two, five, 10, 20, 50 and 100 lempiras. Coins are five, 10, 25, and 50 centavos in silver and two and five centavos in copper.

It is useful to have a supply of U.S.-dollar travellers' cheques or banknotes, for the Canadian dollar is not easily exchanged. Master Charge, Visa and American Express credit cards are widely accepted in major hotels, restaurants and shops.

VI. USEFUL ADDRESSES

1. Canadian Offices

(In Guatemala)

Telephone:	Canadian Embassy Edificio Galerías España, 6° Nivel 7a. Avenida 11-59, Zona 9 Guatemala City, Guatemala, C.A. 6-49-55/57 - 6-49-59 - 6-58-39 - 6-30-49 - 6-49-56
Telex:	5206 DOMCAN GU
Cable:	CANADIAN

(In Canada): Caribbean and Central America Division
Bureau of Latin American and Caribbean Affairs
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5
Telephone: (613) 992-0384

2. Honduran Offices in Canada:

(In Ottawa) Embassy of Honduras
350 Sparks Street
Suite 403
Ottawa, Ontario
K1R 7S8
Telephone: (613) 233-8900
Contacts: Mr. Max Velasquez Diaz
Ambassador
Mr. Iván Romero Martínez
Counsellor

(In Montreal) 1225, rue St-Marc
Pièce 101,
Montréal (Québec)
H3H 2E7
Telephone: (514) 935-9708
Contacts: Mr. Benjamin Mejía
Consul-General

Mr. Angel M. Martijin
Honorary Consul

Mr. Armando Molina Chocano
Honorary Consul

(In Vancouver) 501 Georgia St. West
Vancouver, British Columbia
V6B 3Y8
Telephone: (604) 685-7711
Contact: Mr. Enrique Gonzalez-Calvo
Honorary Consul

3. Addresses in Honduras

A) Ministries

Ministry of the Economy: Ministerio de Economía y Comercio
5a. Ave., 4ta. Calle,
Edificio Salamé
Tegucigalpa, Honduras
Telephone: 22-32-51/53

Ministry of Health and Public Welfare	Ministerio de Salud Pública y Asistencia Social 3ra. Calle, 4ta Ave., Tegucigalpa, Honduras
Telephone:	22-57-71/72 - 22-57-74 - 22-57-78 - 22-85-22 22-85-54/56 - 22-85-52
Ministry of Communications and Public Works	Ministerio de Comunicaciones y Obras Públicas Bo. La Bolsa Comayaguella, Honduras
Telephone:	22-86-90
Ministry of Education	Ministerio de Educación 1a. Ave., 2-3 Calle, 201 Comayaguella, Honduras
Telephone:	22-85-71/74
Secretariat of Mines, Hydrocarbons and Nuclear Energy	Dirección General de Minas e Hidrocarburos Boulevard Miraflores Tegucigalpa, Honduras
Telephone:	22-67-21 - 32-86-35 - 32-86-13 - 32-84-55
Council of Economic Planning	Consejo Superior de Planificación Económica (CONSUPLANE) Banco Atlántida, 3er piso, 2a. Ave. y Calle Real Comayaguella, Honduras
Telephone:	22-93-72 - 22-12-19 - 22-22-61/62

B) Public Sector Companies and Agencies:

Dirección General de Aduanas
1a. Ave., 3-4 Calle
Comayaguella, Honduras

Corporación Hondurena de Desarrollo
Forestal (COHDEFOR), Apartado Postal 1378,
Edificio Midence Soto, 3er Piso
Tegucigalpa, Honduras
Tel. 22-10-27, 22-43-46, 22-66-42
Telex 1172 COHDEFOR HT

Corporación Forestal Industrial de Olancho S.A.
Edificio Midence Soto
3er Piso
Tegucigalpa, Honduras
Tel. 22-71-69, 22-18-49
Telex 1125HT
(Olancho Sawmill Project)

Empresa Nacional Portuaria, Apartado Postal 18
Puerto Cortés, Cortés
Honduras
Tel. 55-01-10, Telex 5402 ENAPORT HT

Instituto Nacional de la Vivienda
Edificio Simón, Carr. a Suyapa
Tegucigalpa, Honduras

Centro Cooperativo Técnico Industrial
(CCTI)
Avenida La Paz No. 407
Tegucigalpa, Honduras

Corporación Nacional de Inversiones
(CONADI) Apartado Postal 842, Tegucigalpa
Barrio La Granja
Comayaguela, Honduras
Tel. 33-32-15 - 33-77-36, Telex 11-92 HT

Instituto Nacional Agrario
Col. Alameda 4A 10-11 C. 1009.
Tegucigalpa, Honduras

Instituto Hondureño de Turismo
5a. Ave., 4a. Calle
Tegucigalpa, Honduras

Dirección General de Comercio Exterior
Ministerio de Economía
Edificio Salamé
Tegucigalpa, Honduras

Corporación Nacional del Banano
(COHBANA)
Barrio La Granja
Comayaguela, Honduras

HONDUTEL
Blvd. Miraflores
Tegucigalpa, Honduras
Telephone 32-22-32

Empresa Nacional de Energia
Electrica (ENEE)
Primera Calle y 7a Avenida
Tegucigalpa, Honduras
Telephone: 22-84-66, 22-24-32
Telex: 1128 ENEE HT

C) Banks

Banco Central de Honduras
6a. y 7a. Ave., 1a. Calle
Tegucigalpa, Honduras

Banco Nacional de Fomento
4a. y 5a. Ave., 13-14 Calle
Tegucigalpa, Honduras

Banco del Ahorro Hondureño, S.A.
7-8 Ave., 5a. Calle No. 711
Tegucigalpa, Honduras

Banco de Londres y Montreal
Apartado Postal 29 - C
5a. Ave., 4a. Calle

Banco de los Trabajadores
2a. Ave., 5-6 Calle
Comayaguela, Honduras

Banco Financiera Hondureña, S.A.
7a. Ave., 3a. Calle No. 301
Tegucigalpa, Honduras

Bank of America
Apartado Postal 199
7a. Ave., 1a. Calle
Tegucigalpa, Honduras

Banco Continental
San Pedro Sula, Cortés

Banco de Honduras
Edificio Midence Soto
Tegucigalpa, Honduras

Banco del Comercio, S.A.
6-7 Ave., 5a. Calle No. 501
Tegucigalpa, Honduras

Banco Financiera Centroamericana, S.A.
Fte. Parque La Merced
Tegucigalpa, Honduras

Banco Hipotecario, S.A.
Apartado Postal 320
6a. Ave., 6a. Calle
Tegucigalpa, Honduras

Banco de Occidente, S.A.
Fte. Edificio Larach
Tegucigalpa, Honduras

VII. SUGGESTED READING

Some publications of interest to those intending to do business in Honduras.

General

The Economist Intelligence Unit. *Quarterly Economic Reviews: Guatemala, El Salvador and Honduras*. Available from EUI Ltd., 27 St. James Place, London, England.

Honduras Shipping Documents and Customs Regulations, Fifth Edition, July 1980 (occasional), Department of Industry, Trade and Commerce, Bureau of Latin America and Caribbean Affairs, Ottawa.

"CALA Reports", (monthly), Canadian Association-Latin America and the Caribbean, 42 Charles Street East, Toronto, M4Y 1T4.

A Statement of the Laws of Honduras in Matters Affecting Business, 1965; and Supplement No. 1 (Third Edition), 1971, Organization of American States (OAS), General Secretariat, Washington, D.C.

Directory of Honduran Exports, 1978, Secretaria de Economia, Dirección General de Comercio Exterior, Tegucigalpa, Honduras.

Honduras: Country Profile and Foreign Investment in Honduras, 1979, CONADI, Tegucigalpa, Honduras.

Statistics

Statistical Abstract of Latin America. University of California Latin American Center, Los Angeles, CA 90024.

Other Useful Publications

Doing Business in Central America, Information Guide prepared by Price Waterhouse, P.O. Box 51, Toronto-Dominion Centre, Toronto.

Bank of London and South America Review, (Monthly), Public Relations Dept., Lloyds Bank International, 40-66 Queen Victoria Street, London, England.

Economic Survey of Latin America, (Annual), UN Economic Commission for Latin America, Casilla 179-D, Santiago, Chile.

This Week. Central America and Panama. A Report on Business and Politics. Available from This Week Publications, Edificio Herrera, 12 Calle 4-53, Zona 1, S-E, Guatemala City, Guatemala.

VIII. FEDERAL EXPORT ASSISTANCE

Market Advisory Services

The Department of Industry, Trade and Commerce's trade commissioner service and international bureaux in Ottawa provide the focal points for federal advice on exporting.

As a service to Canadian business, the federal government maintains trade commissioners in 67 countries around the world. The trade commissioner service (TCS) provides assistance to Canadian exporters and aids foreign buyers in locating Canadian sources of supply. In addition to providing the link between buyer and seller, the trade commissioner acts as an export-market consultant to Canadian exporters in all phases of marketing, including identification of export opportunities, assessment of market competition, introductions for foreign businessmen and government officials, screening and recommending agents, guidance on terms of payment, and assistance with tariff or access problems. The trade commissioner service responds annually to more than 35,000 requests for assistance from Canadian businessmen and directs more than 45,000 enquiries from foreign buyers to Canadian firms listed in the Business Opportunities Sourcing System being developed. Trade commissioners also play an active role in developing trade relations with countries abroad, watching for market opportunities, encouraging promotional efforts, and developing joint industrial co-operation agreements.

If you want the trade commissioner service to assist your company to find overseas markets for your products, contact your nearest regional office of the Department of Industry, Trade and Commerce (ITC). These offices, located in each province, assist exporters with market planning and can arrange for the assistance of overseas trade commissioners. A list of their addresses is at the end of this section.

ITC's International Bureaux provide the following types of information:

- *Market information* giving economic outlooks for individual countries, and information on the market for particular products;
- *market access information* on tariff rates, regulations, licensing, non-tariff barriers, product standards, required documents, etc; and
- *publications*, including editions of this publication, "Markets for Canadian Exporters," for other countries.

Recognizing that the United States is our major export market, a special in-depth advisory service is provided on U.S. Customs and other access requirements.

Export Insurance and Guarantees

The major form of federal financial support for your exports is provided by the Export Development Corporation (EDC), a federally owned corporation with a multi-billion-dollar capacity to finance export sales through loans, loan guarantees and export insurance.

- *Credit insurance*: Provides insurance against up to 90 per cent of losses caused by non-payment of foreign buyers.
- *Loans and loan guarantees*: Provide loans and loan guarantees needed by overseas purchasers of Canadian goods and services when commercial financing is not available for the purchase. EDC provides loans and guarantees at internationally competitive rates, thereby promoting the sales of such exports as capital equipment engineering services.

- *Foreign Investment Guarantees*: Insure new Canadian investments in developing countries from loss or damage; the investor carries 15 per cent co-insurance.
- *Surety and Performance Guarantees*: Insure Canadian firms against foreign calls on the guarantee, or non-performance by a consortium partner.

Export Market Development

Trade promotion is encouraged through the promotional projects program (PPP), which helps you to expand your export markets through three general types of trade promotion techniques:

- *Trade fairs abroad*, for which a complete exhibition service is provided on a shared-cost basis;
- *trade missions*, covering travel and other costs for outgoing missions to negotiate trade agreements, and for incoming missions to promote Canadian products and capabilities; and
- *trade visitors*, covering travel and living costs for influential foreign representations and technical trainees.

Companies are invited to participate in PPP projects by the Department of Industry, Trade and Commerce, choosing from firms listed in the business opportunity sourcing system. If you want to be considered, you should ensure that your firm is listed.

While PPP supports federal initiatives for export development, the Program for Export Market Development (PEMD) responds to requests by firms. This program provides incentives for Canadian firms to enter new export markets or expand existing markets overseas or in the U.S. It provides grants of up to 50 per cent of your costs incurred in breaking into new markets. Specifically, PEMD now supports the following types of export initiatives:

- Participation in capital projects abroad;
- market identification (visits by business people to new market areas);
- participation in trade fairs abroad (not included in PPP);
- incoming buyer visits; and
- export consortium assistance (to promote small and medium-sized firms to form export consortia).

If export sales are achieved as a result of the PEMD assistance, the federal grant is repayable at a rate of one per cent of your gross sales for up to three years.

Publicity

Canada Commerce, published every month in English — *Commerce Canada*, the French edition — provides vital information on export opportunities and international market conditions and terms of access. It keeps Canadian business up to date on Industry, Trade and Commerce services from both domestic and international standpoints. Both publications are available to Canadian manufacturers without charge and can be obtained by writing to the Public Information Directorate, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Industrial Co-operation with Developing Countries

The Canadian International Development Agency (CIDA) stimulates the involvement of Canadians in investment projects in developing countries. CIDA's Industrial Co-operation Program makes non-reimbursable contributions to assist Canadian companies with their travel and consultancy expenses to investigate the feasibility of investment and joint-venture opportunities; with the cost of their preparatory studies to help executing agencies bring capital projects to the stage where they can be financed by the Interamerican Development Bank and other sources of funds; and with their expenses to test and demonstrate Canadian technology, to the mutual benefit of Canada and the developing world.

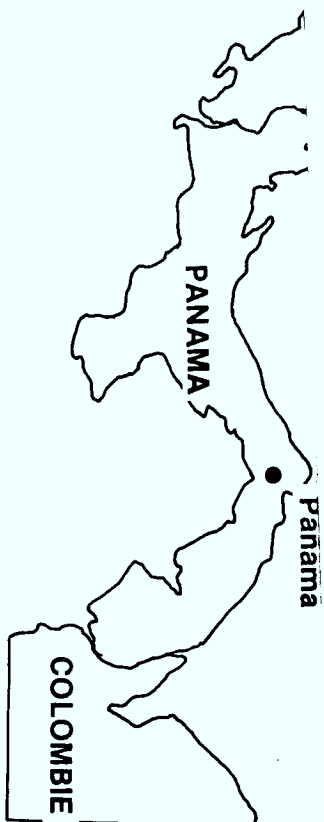
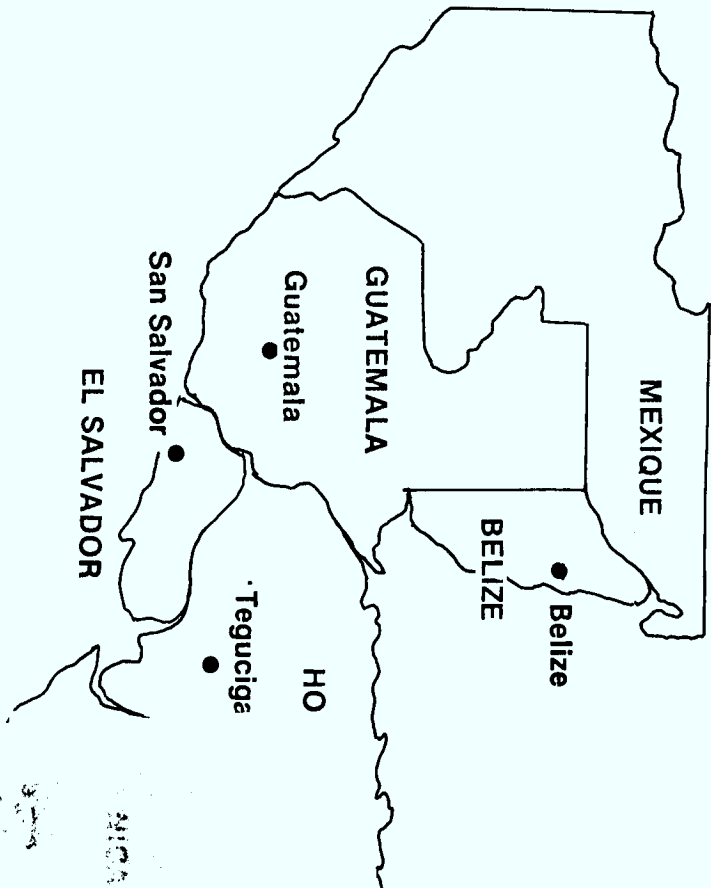
REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT ANY REGIONAL OFFICER OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE AT THE ADDRESSES LISTED BELOW

NEWFOUNDLAND	215 Water Street St. John's, Newfoundland A1C 6C9	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1P3	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Suite 642 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 452-3190 Telex: 014-46140
PRINCE EDWARD ISLAND	P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	C.P. 1270, Succursale B Pièce 600 685, rue Cathcart Montréal (Québec) H3B 3K9	Tél: (514) 283-6254 Télex: 055-60768
	Pièce 620, 2 Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312

ONTARIO	P.O. Box 98, Suite 4840 No. 1, First Canadian Place Toronto, Ontario M5X 1B1	Tel: (416) 369-4951 Telex: 065-24378
MANITOBA	507 Manulife House 386 Broadway Avenue Winnipeg, Manitoba R3C 3R6	Tel: (204) 949-2381 Telex: 075-7624
SASKATCHEWAN	Room 980 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 359-5020 Telex: 071-2745
ALBERTA AND NORTHWEST TERRITORIES	500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 420-2944 Telex: 037-2762
BRITISH COLUMBIA YUKON	P.O. Box 49178 Suite 2743 Bentall Centre, Tower III 595 Burrard Street Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191

Océan Pacifique



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