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Report Highlights:

U.S. exporters enjoy a strong position in the Honduran market, thanks to the CAFTA-DR agreement. More than 95 percent of U.S. industrial and commercial goods can enter the country duty free, with the remaining tariffs to be phased out by 2025. Import tariffs for rice and chicken leg quarters will be eliminated in 2023, as well as for dairy products in 2025. The top U.S. agricultural exports to Honduras are corn, soybean meal, pork and pork products, wheat, and rice. Beer, pork meat, dairy, chocolate and cocoa and non-alcoholic beverages are the products with the highest export growth potential. We are experiencing a consumers push back, buying less food and trading down to less expensive items and brands. Rising inflation is forcing customers to reevaluate their budgets and make the necessary cuts to help stretch their dollars as much as possible.

Executive Summary

The United States is Honduras's main trading partner in total trade and in agricultural products. U.S. agricultural exports increased with the implementation of the Dominican Republic-Central America-Free Trade Agreement (CAFTA-DR) in 2006. Most U.S. agricultural products have duty-free access to Honduras.

Agricultural, fishery, and forestry exports from the United States to Honduras totaled \$1.1 billion in 2021, an increase of 60% over the previous year. Honduras's agricultural imports from the world saw increases in both value and volume of 43.84 and 37 percent, respectively.

Nevertheless, consumers are trying to make their budgets stretch as far as possible, and this means trading down or cutting back on certain foods. In most parts of the world, including Honduras the average consumer has been forced to rethink their household spending.

Strengths	Weaknesses
<i>Expedited on-line import process</i>	<i>Socio-political instability, weak institutions, and rule of law</i>
Opportunities	Challenges
<i>Growing demand for US pork, traditional and craft beer</i>	<i>Volatile market due to increased vulnerability to natural disasters</i>

Imports of Consumer-Oriented Products

In 2021, Honduras imported about \$1.5 billion of consumer-oriented food products from the world. The United States had a leading 31 percent (\$475 million) market share.

Food Processing Industry

The total market for food processing in Honduras has increased steadily over the past few years. The United States continues to be the largest supplier of food processing ingredients and enjoys a high level

of acceptance and a reputation for high quality products for human and animal consumption.

Food Retail Industry

Honduras's retail food sector is by far the largest market for imported food. Retail sales of imported consumer-oriented products are mostly in supermarkets, mini-markets, and convenience stores. The two leading chains are La Colonia and Walmart.

Quick Facts CY 2020

Imports of Consumer Oriented Products (USD 475 million)

List of Top 10 U.S. Products in Honduras:

- | | |
|---------------------------|-----------------------------|
| 1) Corn | 6) Beer & Wine |
| 2) Soybean meal | 7) Soups & other food prep. |
| 3) Pork and Pork Products | 8) Cheese |
| 4) Wheat | 9) Broiler Meat |
| 5) Rice | 10) Oil Seed |

Top 6 Honduras Retailers:

- | | |
|------------------------|------------------|
| 1) La Colonia | 4) Maxi Despensa |
| 2) Despensa Familiar | 5) Paiz |
| 3) Walmart Supercenter | 6) El Colonial |

Honduras Agricultural Imports from the U.S.: \$1.1 billion

Honduras Agricultural Imports from the World.: \$2.5 billion

Honduras Agricultural Exports to the World.: \$3.3 billion

GDP/Population

Population (millions): 10.294

GDP (billion USD): 28.49

GDP per capita (USD): 2,480

Sources: BICO, Trade Data Monitor and Honduras Central Bank

Data and Information Sources: BICO, Trade Data Monitor and Honduras Central Bank

SECTION I. MARKET OVERVIEW

The population of Honduras is 10.2 million people, of which 56.3 percent live in urban areas. The agricultural sector was the largest employer of all sectors with 23 percent in 2021. Agriculture, Livestock, Forestry and Fisheries, reflected 0.3 percent drop in the IV quarter of 2021, due to the downward result in the cultivation of agricultural products (African palm and sugar cane), as well as the minor banana production partly due to increased reported in the previous quarter; although it should be noted that this activity has not yet recovered from the effects adverse effects on plantations caused by tropical storms in late 2020. However, fishing activities denoted increase by shrimp farming, like the cultivation of coffee.

In annual terms, the growth of the economy Honduras in 2021, was concentrated in Hotels and Restaurants (45.8%), manufacturing industry activities (29.6%), Commerce (17.5%) Financial Intermediation (11.7%). Also, in line with the recovery of economic activity, an increase was reported in the tax collection. Per capita Gross Domestic Product (GDP) was USD 2,480 in 2021, inflation rate for 2021 was 5.3 percent, up 1.3 percent from 2020. 2022 is expected to close with 6.2 percent inflation rate.

The United States is Honduras's main trading partner, both in terms of total trade and in agricultural products. In 2021, the United States was the source of 45 percent of all Honduras' agricultural imports; 33 percent of all Honduran exports to the US in 2021 were agricultural products. The COVID-19 pandemic limitations did not considerably lower imports from the United States; rather, they grew in 2021.

The value of 2021 remittances were USD 7.4 billion, up 28.3 percent from 2020. Remittances contributed 26 percent of GDP, about 50 percent more than agriculture. The Central Bank of Honduras indicated that family remittances, sent mainly by Honduran immigrants residing in the United States, exceeded the 5,741.1 received during 2020 by 1,628.9 million.

In 2021 foreign investment was reactivated by almost 14 percent. U.S. foreign direct investment (FDI) reached USD 96.2 million in 2021, a decrease from USD 119 million compared to 2020. Colombia, Guatemala, and Panama were the largest investors in Honduras, each with 24 percent share of total FDI. The largest U.S. investments are in the garment assembly sector, tropical fruit production (bananas, melons, and pineapple), tourism, energy generation, shrimp farming, animal feed production, telecommunications, fuel distribution, cigar manufacturing, insurance, leasing, food processing, and furniture manufacturing.

Honduras's tariffs on most goods outside the Central American Common Market (CACM) are currently within the zero to 15 percent range. Under CAFTA-DR, more than 95 percent of U.S. industrial and commercial goods can enter the region duty-free, with the remaining tariffs to be phased out from 2020 to 2025. Pork and yellow corn entered duty-free starting in January 2020. Chicken leg quarters, rough and milled rice will be duty-free starting in January 2023. Under CAFTA-DR, Honduras recognizes the U.S. inspection services as equivalent. This equivalence eliminates the requirement of a certification by Honduras of the U.S. plant to export to the Honduran market.

The strengths, market opportunities, and challenges of U.S. suppliers are illustrated in the following table:

Advantages	Challenges
Proximity to the United States allows containerized cargo from gateway cities to be transported to Honduras in 2 to 3 days. New public-private logistical hubs at Puerto Cortes have increased refrigerated/frozen storage capacity and reduced customs clearance time.	Direct competition from other Central American countries. FTAs have been signed with the Dominican Republic, Mexico, Chile, Colombia, Panama, Canada, European Union, Republic of Korea, and Taiwan.
CAFTA-DR eliminated most tariffs and other barriers to United States goods destined for the Central American market, protects U.S. investments and intellectual property, and creates more transparent rules and procedures for doing business.	Maintaining macroeconomic stability and fostering an environment for investment.
Consumers have strong preferences for U.S. products. U.S. products enjoy a high-quality image among Hondurans. Importers prefer trading with U.S. exporters because of reliability and quality consistency.	The current economic situation in the country limits purchasing power, and customers are price sensitive.
Honduras is not self-sufficient in food supply, and reliance on American suppliers for pork, rice, corn, and other foods has increased in 2021.	Relatively high duties on some products that are not under the CAFTA-DR agreement.
Increases in infrastructure and facilities have permitted the year-round availability of U.S. fruits such as apples, grapes, and pears. Direct imports by warehouse outlets have diversified foods imports.	Regulatory compliance with local labeling requirements: manufacture and expiration dates.

SECTION II. EXPORTER BUSINESS TIPS

Market Research

In the past five years, consumption habits and the Honduran market have been changing significantly towards more international trends. Concern for health, emphasis on nutrition, and increased purchasing power are some of the variables that set the pace for food product commercialization. However, the domestic processing sector is not keeping pace with market demands, making it necessary to import products that meet these requirements.

The top 5 U.S. consumer-oriented imports for FY 2021, listed by sales value in descending order were: soups and other food preparation, followed by bakery goods, cereals and pasta, and dairy products, pork & pork products, and non-alcoholic beverages.

Local Business Customs and Trends

Consumers are increasingly aware of international offerings due to rising imports, and even before the pandemic there was a trend toward healthy, fresh, and vitamin-enriched products. Most observers agree that both trends are likely to continue and accelerate.

The Honduran government is generally open to foreign investment. Restrictions and performance requirements are limited. Relatively low labor costs, proximity to the U.S. market, and the Caribbean port (Puerto Cortés is the largest deep-water port in the region) make Honduras attractive to investors.

Under CAFTA-DR, U.S. investors typically enjoy parity with local investors in terms of the right to establish, acquire, and operate investments in Honduras. In the investment chapter of CAFTA-DR, Honduras committed to provide a higher level of protection for U.S. investors than under the 2001 Bilateral Investment Treaty. Exporters who offer attractive financing terms on sales have the best chance of gaining market share.

As in most Latin American countries, a good personal relationship with prospective customers is required to penetrate the market. While it may take a little longer to establish a business relationship than is customary in the United States, the investment in time can pay off in long-lasting and mutually profitable alliances. Although a U.S. firm may export directly to Honduran companies, U.S. suppliers are strongly advised to have a local representative or a distributor who can personally travel to Honduras. For further information, please refer to the Honduras Country Commercial Guide: [Honduras - Market Overview \(trade.gov\)](#)

Consumer Tastes and Trends

Foodservice and retail sales of fermented ingredients have grown quickly, partly because of the purported health benefits of fermentation and the rising popularity of sour flavors. Over the past five to seven years, street food has become much more popular and formalized. This is closely related to the Sweet Plus trend, capitalizing on consumer demand for more sophisticated tastes that frequently come from the combination of chili varieties with sweet ingredients to create a complex flavor sensation.

Honduran preference for U.S. products has increased steadily over the years. The number of U.S. franchises and subsidiaries or affiliates operating in Honduras has grown rapidly. About 215 U.S. firms now operate in Honduras; 34 of these firms are U.S. fast-food and casual restaurants with more than 345 establishments in the country. In addition, Honduran consumers traditionally prefer the quality, convenience, and value of U.S. products. Some companies are combining Honduran and American foods as an attractive tool in restaurants.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

The institutions responsible for food matters are the Secretariat of Agriculture and Livestock (SAG) and the Sanitary Regulatory Agency (ARSA). The National Plant, Animal Health and Food Safety Service (SENASA) is SAG's regulatory agency. SENASA establishes regulations, procedures, and oversees compliance regarding plant, animal health, and the food safety of agricultural products imported and

exported. SENASA issues import permits for plant, animal, processed, and consumer ready food products and inputs used in food processing that enter Honduras. The Customs Administration of Honduras oversees fiscal and administrative harmonization of customs processes in Honduras. The Customs Administration collects customs taxes and looks for voluntary compliance of customs obligations to reduce tax fraud through security controls.

In 2017, the Honduran Government created ARSA. ARSA issues product sanitary registration, licenses, and other sanitary authorizations for food and beverages, medicines, natural products, cosmetics, medical devices, and hygiene products. ARSA oversees supervision, review, control surveillance and inspection of processed products that are sold to consumers at the retail and wholesale levels.

In response to the COVID-19 pandemic, both ARSA and SENASA enabled online services platforms by the end of 2020 that have significantly reduced the time to obtain import permits and sanitary registrations to an average of four hours and ten working days, respectively.

The standards and import regulations of the above-mentioned institutions are found in the following GAIN reports for Honduras: Food and Agricultural Import Regulations and Standards (FAIRS) Country Report Number HO1905, and FAIRS Export Certificate Number HO1906.

Information on import regulations, customs procedures, and other requirements for exporting to the Honduran market are detailed in our annual Food and Agricultural Import Regulations and Standards Report (FAIRS) and FAIRS Export Certificate report. Please review the latest edition, available at our Global Agricultural Information Network:

<https://www.fas.usda.gov/regions/honduras>

For further information please refer to the Honduras Country Commercial Guide:

[Honduras - Market Overview \(trade.gov\)](https://www.trade.gov/honduras)

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Entry Strategy

U.S. exporters should keep in mind the relatively small size of the Honduran market and the high elasticity of demand for consumer products when devising marketing strategies. Price is one of the most important elements for Hondurans. In many cases, purchasers buy from abroad if they feel that the cost of imports available in the local market is too high. U.S. exporters should carefully analyze both their cost and market approaches when making pricing decisions.

U.S. exporters who offer attractive financing terms on sales to Honduran traders have the best chances of gaining market share. This is particularly true for large-scale projects. It is important to emphasize, however, that international firms must exercise due caution when granting credit to Honduran trading partners. U.S. firms should investigate the creditworthiness and reputation of potential partners before granting credit. Under CAFTA-DR, tariffs on a wide range of consumer-oriented products for U.S. products were eliminated, and market demand for U.S. products in this sector looks promising. Consumer-oriented products have witnessed significant increases in the past few years.

State Regional Trade Groups

▶ Food Export Association of the Midwest USA	www.foodexport.org
▶ Food Export USA-Northeast	www.foodexport.org
▶ National Assn. of State Department of Agriculture	www.nasda.org
▶ Western U.S. Agricultural Trade Association	www.wusata.org
▶ Southern United State Trade Association	www.susta.org

Food Retail Market

Honduras's retail food sector is by far the largest market for imported food. Retail sales of imported consumer-oriented products are conducted mostly by supermarkets, mini-markets, and convenience stores. The supermarket retailing industry is growing rapidly. Supermarkets have opened stores in various medium and large urban locations and most populated cities in the country. Most of the regularly employed population takes advantage of promotions and buys their food at these supermarkets. Many supermarket chains are also expanding, remodeling, and modernizing.

In recent years, the Honduran market for imported processed foods has become increasingly competitive, with supermarkets entering the market and taking the spotlight away from importers, which has meant that they have had to invest in advertising.



Importer-Distributor

- The importers-distributors market most of the imported products, take care of the paperwork, import processes and supply supermarkets, popular markets, grocery stores and, in some cases, hotels and restaurants.
- They are considered the most important distribution channel for exporters, due to their knowledge of the market and the dynamics between suppliers and buyers.
- The growing competitiveness in the category has made importers-distributors need to invest in advertising, promotions and demonstrations in supermarkets to achieve satisfactory market shares, so they generally request the collaboration of the exporter (in some cases with the total contribution of the cost of the promotional activity) and on the other hand, they keep looking for new products to add to their portfolio, especially under exclusive brands.



Supermarket

- Large supermarkets also buy directly from overseas, achieving price and time efficiencies by dealing directly with the supplier.
- Despite representing about 1/3 of food product sales, it is estimated that ¾ of imported products are sold through this channel, which denotes its growth potential as a direct importer.
- Supermarkets work with credits from 30 to 120 days, and it will depend on the negotiation or good relations with the supplier for the outstanding position of the product on the shelves.
- Some supermarkets ask the distributor for a free batch of products when they are new to the market.

Source: Mercaplan

Easter, besides being a religious holiday and “Semana Morazanica”, a Honduras national holiday are also “vacation” time for most Hondurans. These vacation periods begin well before and extend beyond the two to three-day holidays. Christmas gift baskets are also increasingly popular. In recent years, it has become common to include a high percentage of U.S. products in these baskets. Most included are traditional favorites such as candy, nuts, whiskey, and wines. Easter, Semana Morazanica, Christmas, and Mother’s Day are the main peaks for retail sales. By law, in June and December of every year, the

government and private sector must provide a bonus to their employees. This bonus is equivalent to a month's salary. Many families make special purchases or buy high quality products at this time of the year.

Various marketing approaches could be developed for the different sectors. It is always important to appoint a local distributor in Honduras who can provide a good market presence. However, many U.S. suppliers are discouraged by small initial volumes, and do not provide the needed support. U.S. exporters looking to establish and maintain a share of the market should be willing to go the extra mile in developing sales from the ground up and servicing their growing markets. They should work with their customers to satisfy local manufacturing and expiration date requirements and provide their customers with competitive pricing, credit alternatives, catalogs, and samples to test the market. They should be willing to consider sharing advertising costs for launching new brands. Moreover, they should be willing to provide technical and sales support, as well as training in various areas such as category management, merchandising, and product handling. There are franchises owned by the same company, which makes it easier to approach a wide market. For more information about the Food Retail Report, please visit the latest version: <https://gain.fas.usda.gov/#/search>

Hotel, Restaurant, and Institutional Sector

Hotels and Restaurants present an interannual growth of 45.8 percent for 2021, spurred by widespread vaccinations against Covid-19 that helped the tourism industry recover; however, this sector still has not seen occupancy levels observed prior to the pandemic.

International travelers increased by 23.4 percent from 2020 to 2021, according to the National Institute of Statistics and the Honduran Institute of Tourism (825 vs. 669 million). International visitor numbers in 2021 were 180 percent lower than in 2019 and are predicted to continue improving somewhat through 2022. The number of overnight visitors arriving in Honduras increased significantly (by almost 50%) in 2021, reaching close to 460 thousand. According to the Honduran Institute of Tourism (IHT), Honduras received 919,098 visitors during the first half of 2022

The growing popularity of pizza and burger restaurants nationwide and the firm foothold of fried chicken have created solid demand for U.S. shredded pizza cheese, french fries, chicken nuggets, chicken wings, chicken thighs, dairy product alternatives, and condiments. Consumers have not returned to their pre-pandemic habits of dining in restaurants so far in 2022. In part due to the convenience and boom in food delivery services providers such as HUGO, Glovo, PedidosYa, Sompopo, UBER Eats, RYTE, Yuuju, Ocho and Speedy.

Honduras has more than 140 franchises, surpassing El Salvador, which was the country that led the number of franchises in the region. INTUR (Burger King, Little Caesars, Church's Chicken, Popeye's, Dunkin', Baskin Robins, Chili's, Pollo Campero, It's Just Wings and Circle K) and Grupo de Comidas (Pizza Hut, Kentucky Fried Chicken and Denny's) manage 13 fast food brands and are the leaders in the fast-food industry in Honduras. INTUR with 226 stores in Honduras and 19 in Guatemala has registered 12 percent sales growth the past two years.

For more information about the Hotel, Restaurant & Institutional Report, please visit the latest version: <https://gain.fas.usda.gov/#/search>

Food Processing Sector

The total market for food processing in Honduras has increased steadily over the past few years and has not been slowed down. The United States continues to be the largest supplier of food processing ingredients enjoying a high level of acceptance and reputation for high quality products for human and animal consumption. Demand for U.S. pork and pork products increased 54 percent in 2021.

Honduran exporters are pursuing expansion plans to increase production and improve the quality of their exports, particularly non-traditional agricultural products such as melons, watermelons, oriental vegetables, okra, winter vegetables, shrimp, jalapeño peppers, and flowers. With CAFTA-DR, producers are looking for opportunities to export new products to the U.S. market. More companies are offering processed products such as tortillas, processed wheat, soy or oats, dehydrated fruits, and vegetables.

Central American Customs Union (CACU) members agreed that for products produced or processed in their countries, when a product obtains a Sanitary Registration Number (SRN) in a CACU country, it does not need to be registered in another. Products produced in the United States are not eligible for the registration exemption. However, it is important to note that the origin of the product is a CACU country if the product is processed in a CACU country, even if the raw material is not from a CACU member country. For more information about the Food Processing Report, please visit:

<https://gain.fas.usda.gov/#/search>

Competitive Situation

The main trade competitors in agricultural products for the United States are Guatemala, El Salvador, Nicaragua, and Mexico. The United States has a leading 60 percent market share.

In 2021, Honduras imported about USD 1.5 billion of consumer-oriented agricultural products from the world. The United States was the largest supplier with 31 percent (USD 475 million) market share.

SECTION V. AGRICULTURAL and FOOD IMPORTS

Honduras Agricultural and Food Imports from the World / Calendar Year 2017-2021 (millions of USD).

Product Total	2017	2018	2019	2020	2021
Consumer Oriented	\$948	\$1,000	\$1,030	\$1,040	\$1,515
Bulk	\$231	\$312	\$295	\$308	\$450
Intermediate	\$427	\$470	\$416	\$440	\$608
Agricultural Related Prod.	\$49	\$56	\$49	\$66	\$108
Total	\$1,655	\$1,838	\$1,790	\$1,854	\$2,681

Sources: BICO, U.S. Trade Data Monitor

Imports of U.S. consumer-oriented food products increased 31 percent in 2021 compared to 2020. The bulk category of imports had an increase in value in 2021, particularly corn (41percent). Soybean meal

rose in the intermediate products for the same year (29 percent). The volume of imports climbed by 21 and 15 percent respectively.

Best 10 Consumer-Oriented Product Prospects Categories (million of USD)

Description	2017	2018	2019	2020	2021
Soup & other food preparations	\$161	\$166	\$179	\$229	\$292
Bakery goods, cereals, & pasta	\$151	\$134	\$127	\$111	\$169
Dairy products	\$92	\$131	\$117	\$119	\$152
Pork & pork products	\$60	\$69	\$75	\$80	\$127
Non-alcoholic bev. (ex. juices, coffee, tea)	\$74	\$70	\$81	\$70	\$124
Beer	\$34	\$47	\$59	\$44	\$84
Fresh fruit	\$48	\$50	\$53	\$55	\$82
Condiments & sauces	\$51	\$51	\$55	\$53	\$80
Processed vegetables	\$44	\$44	\$47	\$47	\$62
Poultry meat & prods. (ex. eggs)	\$33	\$36	\$38	\$35	\$48
Total, Consumer Oriented	\$948	\$1,008	\$1,031	\$1,041	\$1,516

Sources: BICO, U.S. Trade Data Monitor

Compared to the previous year, imports of U.S. beer, non-alcoholic beverages (such as juices, coffee, and tea), pork and pork products, condiments and sauces, bakery goods, cereal, and pasta increased by at least 30 percent. With sales of more than USD 50 million, beer experience the highest growth (70%) among consumer-oriented categories in 2021.

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Secretariat of Agriculture and Livestock (SAG):

National Plant, Animal Health and Food Safety Service (SENASA)

Name: Angel Emilio Aguilar

Title: General Director

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Sanitary Regulations Agency (ARSA):

Name: Dorian Salinas

Title: President Commissioner

Agencia de Regulación Sanitaria (ARSA)

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For more information on exporting U.S. agricultural products, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>

Attachments: No Attachments

For detailed reports, please visit: www.fas.usda.gov/gats/BicoReport.aspx?type=country

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No Attachments