

# Investing in **HONDURAS**



The choice you won't regret.



# ALTIA

BUSINESS PARK

In Sync with Perfection



# Investing in **HONDURAS**

## **Demographic Profile**

# POPULATION/LANGUAGE/LABOR

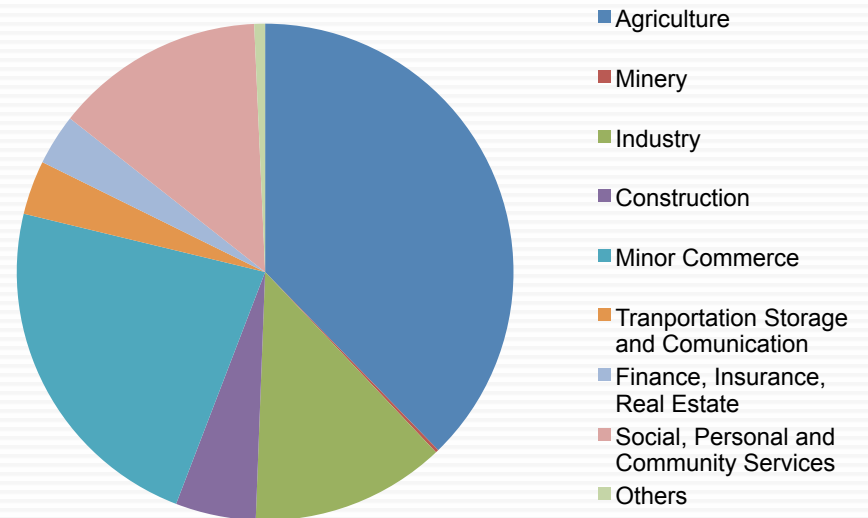
Population in Honduras	8,576,532
San Pedro Sula Population (est.)	1,409,637
Tegucigalpa Population (est.)	742,118
Median age	19.5
Population growth	1.91%
Population breakdown	
Less than 17 years	39.90%
18 - 59	56.70%
60 years and over	3.40%
25 km radius population (Major City)	San Pedro Sula
Literacy Rate in Honduras	85.1%
Languages	Spanish, English
Bilingual Population In Honduras	95,000
Annual Bilingual School Graduates in Honduras	3,600
Number of Bilingual School in Honduras	824
English as a 2nd language programs (Schools, Current Enrollment)	22,156
Labor force	3.6 million

Source: Instituto Nacional de Estadísticas (INE)/ Banco Central de Honduras/ Ministry of Education





## Labor force-by occupation



Source: Instituto Nacional de Estadísticas (INE)/ Banco Central de Honduras/ Ministry of Education

# POPULATION CONCENTRATIONS

City	Population
Tegucigalpa	1,190,230
San Pedro Sula	742,118
Choloma	242,974
La Ceiba	180,512
El Progreso	310,000

Source: Instituto Nacional de Estadísticas (INE)/ Banco Central de Honduras/ Ministry of Education



# EDUCATION & LITERACY SAN PEDRO SULA

Education levels	Pre School
	Elementary School
	High School
Higher Education Institutions	University or Higher Education
	UNITEC
	Universidad Autónoma de Honduras
	CEDAC
	UTH
	Universidad Pedagógica Nacional
	Universidad de San Pedro Sula
	Universidad Católica de Honduras
Higher Education Enrollment	28,426
Higher Education Bilingual Graduation #'s	3,600
Bachelor's Degree	2,900
Master's Degree	484
English Academies	13
Bilingual Schools in San Pedro Sula	200
English required in public schools	None
Annual graduation #'s from English as 2nd language Programs	2,339 graduate each year in San Pedro Sula
Workforce/Labor organization that maintains database of available bilingual labor and how often is database updated	Secretaria de Educación , Updated every year
English speaking population in San Pedro Sula	42,500
Altia Business Park data base	13,500
Literacy percentile	94.2% San Pedro Sula

Source: Honduras Secretary of Education/Honduras Central Bank /FIDE/COHEP/ Altia Business Park



# EDUCATION & LITERACY TEGUCIGALPA

Education Levels	Pre School Elementary School High School University or Higher Education
Higher Education Institutions	UNITEC Universidad Autónoma de Honduras CEDAC UTH Universidad Pedagógica Nacional Universidad Cristiana Guaymura Universidad Católica de Honduras Universidad Jose Cecilio del Valle UNIMETRO
Higher Education Enrollment	28,426
Bachelor's Degree	2,900
Master's Degree	484
English Academies	13
Bilingual Schools in Tegucigalpa	199
English required in public schools	None
Annual graduation #'s from English as 2nd language programs	2,339 graduate each year in Tegucigalpa
Workforce/Labor organization that maintains database of available bilingual labor and how often is database updated	Secretaria de Educacion , Updated every year
English speaking population in Tegucigalpa	42,500
Literacy percentile	94.2% Tegucigalpa

Source: Honduras Secretary of Education/Honduras Central Bank /FIDE/COHEP/Altia Business Park





# Hourly Paid Program Cost Chart

Honduras	Company Deductions	Employee Deductions
<b>Base Salary From 1-10 Employees</b>	\$343.79	
<b>Yearly Salary</b>	\$5,280.69	
<b>20% Compensation (includes: INFOP, Vacation, Holidays, 13th month, 14 months)</b>	\$68.76	
<b>Social Security (Ceiling Salary \$253) (Company pays 7% &amp; Employee pays 3.5%)</b>	\$27.50	\$13.75
<b>Hourly Wage</b>	\$1.82	
<b>Monthly Fringe Benefits</b>	\$96.26	
<b>Monthly Wage</b>	\$343.79	
<b>Fully Loaded Monthly Salary</b>	\$440.06	
<b>Fully Loaded Hourly Labor Cost</b>	\$2.33	

# Hourly Paid Program Cost Chart

Honduras	Company Deductions	Employee Deductions
Base Salary From 11-50 Employees	\$3534.11	
Yearly Salary	\$5,439.11	
20% Compensation (includes: INFOP, Vacation, Holidays, 13th month, 14 months)	\$70.82	
Social Security (Ceiling Salary \$253) (Company pays 7% & Employee pays 3.5%)	\$28.33	\$14.16
Hourly Wage	\$1.88	
Monthly Fringe Benefits	\$99.15	
Monthly Wage	\$354.11	
Fully Loaded Monthly Salary	\$453.26	
Fully Loaded Hourly Labor Cost	\$2.40	

# Hourly Paid Program Cost Chart

Honduras	Company Deductions	Employee Deductions
<b>Base Salary From 51-150 Employees</b>	\$370.15	
<b>Yearly Salary</b>	\$5,685.54	
<b>20% Compensation (includes: INFOP, Vacation, Holidays, 13th month, 14 months)</b>	\$74.03	
<b>Social Security (Ceiling Salary \$253) (Company pays 7% &amp; Employee pays 3.5%)</b>	\$29.61	\$14.81
<b>Hourly Wage</b>	\$1.96	
<b>Monthly Fringe Benefits</b>	\$103.64	
<b>Monthly Wage</b>	\$370.15	
<b>Fully Loaded Monthly Salary</b>	\$473.80	
<b>Fully Loaded Hourly Labor Cost</b>	\$2.51	

# Hourly Paid Program Cost Chart

Honduras	Company Deductions	Employee Deductions
Base Salary From 150 or more Employees	\$373.67	
Yearly Salary	\$5,739.60	
20% Compensation (includes: INFOP, Vacation, Holidays, 13th month, 14 months)	\$74.73	
Social Security (Ceiling Salary \$253) (Company pays 7% & Employee pays 3.5%)	\$29.89	\$14.94
Hourly Wage	\$1.98	
Monthly Fringe Benefits	\$104.63	
Monthly Wage	\$373.67	
Fully Loaded Monthly Salary	\$478.30	
Fully Loaded Hourly Labor Cost	\$2.54	

# Hourly Paid Program Cost Chart Suggested for English Speaking Agent

Honduras	Company Deductions	Employee Deductions
Base Salary (Any Amount of agents)	\$400.00	
Yearly Salary	\$6,144.00	
20% Compensation (includes: INFOP, Vacation, holidays, 13th month, 14 months)	\$80.00	
Social Security (Ceiling Salary \$253) (Company pays 7% & Employee pays 3.5%)	\$32.00	\$16.00
Hourly Wage	\$2.12	
Monthly Fringe Benefits	\$112.00	
Monthly Wage	\$400.00	
Fully Loaded Monthly Salary	\$512.00	
Fully Loaded Hourly Labor Cost	\$2.72	

# Hourly Paid Program Cost Chart Suggested for Spanish Speaking Agent



Honduras	Company Deductions	Employee Deductions
Base Salary	\$373.67	
Yearly Salary	\$5,739.60	
20% Compensation (includes: INFOP, Vacation, holidays, 13th month, 14 months)	\$74.73	
Social Security (Ceiling Salary \$253) (Company pays 7% & Employee pays 3.5%)	\$29.89	\$14.95
Hourly Wage	\$1.98	
Monthly Fringe Benefits	\$104.63	
Monthly Wage	\$373.67	
Fully Loaded Monthly Salary	\$478.30	
Fully Loaded Hourly Labor Cost	\$2.54	

# Hourly Paid Program Cost Chart Suggested for English Speaking Agent (Part Time)

Honduras	Company Deductions	Employee Deductions
Base Salary	\$243.34	
Yearly Salary	\$3,737.69	
20% Compensation (includes: INFOP, Vacation, Holidays, 13th month, 14 months)	\$48.67	
Social Security (Ceiling Salary \$253) (Company pays 7% & Employee pays 3.5%)	\$19.47	\$9.73
Hourly Wage	\$1.29	
Monthly Fringe Benefits	\$68.13	
Monthly Wage	\$243.34	
Fully Loaded Monthly Salary	\$311.47	
Fully Loaded Hourly Labor Cost	\$1.65	

# Hourly Paid Program Cost Chart Suggested for Spanish Speaking Agent (Part Time)

Honduras	Company Deductions	Employee Deductions
<b>Base Salary (Any Amount of agents)</b>	\$200.00	
<b>Yearly Salary</b>	\$3,072.00	
<b>20% Compensation (includes: INFOP, Vacation, holidays, 13th month, 14 months)</b>	\$40.00	
<b>Social Security (Ceiling Salary \$253) (Company pays 7% &amp; Employee pays 3.5%)</b>	\$16.00	\$8.00
<b>Hourly Wage</b>	\$1.06	
<b>Monthly Fringe Benefits</b>	\$56.00	
<b>Monthly Wage</b>	\$200.00	
<b>Fully Loaded Monthly Salary</b>	\$256.00	
<b>Fully Loaded Hourly Labor Cost</b>	\$1.36	



# Standard System: Labor Cost Chart Suggested Spanish Agent

Honduras	Company Deductions	Employee Deductions
Monthly Salary in US\$	\$349.69	
Monthly Salary in Lps.	L. 6,651.18	
Yearly Salary	\$4,196.33	
INFOP (Government Training Program) 1% of Payroll	\$3.50	
Social Security (Ceiling Salary Lps. 7,000 x 7%.) (Company pays 7% & Employee pays 3.5%)	\$24.48	\$12.24
10 days Vacations	\$9.71	
11 Holidays	\$10.69	
13th Month (payable in December)	\$29.13	
14 Month (Payable in June)	\$29.13	
Scholar Bonus (Payable first trimester of the year). Only to employees with children in school age which salary is up to two minimum salaries	\$6.52	
Monthly Fringe Benefits	\$113.15	\$12.24
Monthly Wage	\$349.69	
Fully Loaded Monthly Salary	\$462.84	

**Note: Exchange Rate: US\$ 1.00 = 19.05**

# Standard System: Labor Cost Chart Suggested Bilingual Agent

Honduras	Company Deductions	Employee Deductions
Monthly Salary in US\$	\$400.00	
Monthly Salary in Lps.	L. 7,608.00	
Yearly Salary	\$4,800.00	
INFOP (Government Training Program) 1% of Payroll	\$4.00	
Social Security (Ceiling Salary Lps. 7,000 x 7%.) (Company pays 7% & Employee pays 3.5%)	\$25.76	\$12.88
10 days Vacations	\$11.11	
11 Holidays	\$12.22	
13th Month (payable in December)	\$33.32	
14 Month (Payable in June)	\$33.32	
Scholar Bonus (Payable first trimester of the year). Only to employees with children in school age which salary is up to two minimum salaries	\$6.52	
Monthly Fringe Benefits	\$126.25	\$12.88
Monthly Wage	\$400.00	
Fully Loaded Monthly Salary	\$526.25	

**Note: Exchange Rate: US\$ 1.00 = 19.05**

No.	Name of University
1	Universidad Nacional Autónoma de Honduras (UNAH)
2	(CURC) Comayagua
3	(CURLP) Choluteca
4	(CURN) Juticalpa
5	(CURLA) La Ceiba
6	(CURN) San Pedro Sula
7	(CUROC) Santa Rosa de Copan
8	(CURVA) Valle de Aguan
9	UNAH TEC- Danli
10	Distance Educational System (Different cities countrywide)
11	Universidad José Cecilio del Valle
12	Universidad de San Pedro Sula
13	Universidad Tecnológica Centroamericana (UNITEC) Tegucigalpa
14	UNITEC San Pedro Sula
15	Universidad Pedagógica Nacional "Francisco Morazán" Tegucigalpa

No.	Name of University
16	Univ. Pedagógica San Pedro Sula
17	Univ. Pedagógica La Ceiba
18	Univ. Pedagógica Santa Rosa de Copan
19	Universidad Tecnológica de Honduras (UTH)- San Pedro Sula
20	UTH Tegucigalpa
21	UTH La Ceiba
22	UTH Puerto Cortes
23	UTH El Progreso
24	Universidad Católica Nuestra Reina Señora de la Paz (UNICAH) - Tegucigalpa
25	UNICAH San Pedro Sula
26	UNICAH Santa Rosa de Copan
27	UNICAH Siguatepeque
28	Universidad Cristiana Evangélica Nuevo Milenio (UCEM)
29	Universidad Metropolitana de Honduras
30	Seminario Mayor "Nuestra Señora de Suyapa y clero Diocesano en Honduras"

No.	Name of University
31	Escuela Agrícola Panamericana (EAP)
32	Escuela Nacional de Ciencias Forestales (ESCINAFOR)
33	Centro de Diseño Arquitectura y construcción (CEDAC)- Tegucigalpa
34	CEDAC- San Pedro Sula
35	Instituto Superior de Educación Policial
36	Universidad Jesus de Nazareth- San Pedro Sula
37	Universidad Cristiana de Honduras- San Pedro Sula
38	Incae Business School- San Pedro Sula
39	Universidad Nacional de Agricultura
40	Instituto Tecnológico Sampedrano

Source: Central Bank of Honduras

# Hotels in Tegucigalpa

Hotel	Tel & Fax Number	E-Mail
Real Intercontinental	(504) 2290-2700 (504) 2231-2828	<a href="mailto:Inter.tgu@r-hr.com">Inter.tgu@r-hr.com</a>
Marriott	(504) 2232-0033	<a href="mailto:Eduardo.hernandez@mariott.com">Eduardo.hernandez@mariott.com</a>
Hotel Honduras Maya	(504) 2220-5000	<a href="mailto:Reserve@hondurasmaya.hn">Reserve@hondurasmaya.hn</a>
Clarion Hotel	(504) 2286-6066 (504) 2286-6015	<a href="mailto:Clario.tgu@r-hr.com">Clario.tgu@r-hr.com</a>
Hotel Plaza San Martin	(504) 2220-7272	<a href="mailto:Reservaciones@plazasanmartinhotel.com">Reservaciones@plazasanmartinhotel.com</a>
Hotel Plaza del Libertador	(504) 2220-7272	<a href="mailto:Reservaciones@plazalibertador.com">Reservaciones@plazalibertador.com</a>
Hotel Plaza del General	(504) 220-7272	<a href="mailto:Reservaciones@hotelpalzadelgeneral.com">Reservaciones@hotelpalzadelgeneral.com</a>
Holiday Inn Express	(504) 2275- 3400	<a href="mailto:hiexpress@mhotelsgroup.com">hiexpress@mhotelsgroup.com</a>
Hyatt Place	(504) 2221-6000	-

# Hotels in San Pedro Sula

Hotel	Tel & Fax Number	E-Mail
Real Intercontinental	(504) 2545-2500	<a href="mailto:Instant.sapha@r-hr.com">Instant.sapha@r-hr.com</a>
Crowne Plaza	(504) 2550-8080	<a href="mailto:ecruz@mhotelsgroup.com">ecruz@mhotelsgroup.com</a>
Hilton Princess	(504) 2556-9600	<a href="mailto:Reservas.sanpedrosula@hiltonprincess.com">Reservas.sanpedrosula@hiltonprincess.com</a>
Holiday Inn Express	(504) 2540-3000	<a href="mailto:hiexpress@mhotelsgroup.com">hiexpress@mhotelsgroup.com</a>
Clarion Hotel	(504) 2553-6070 (504) 2552-4570	<a href="mailto:reservaciones@hotelclarionsps.com">reservaciones@hotelclarionsps.com</a>
Hotel Sula	(504) 545-2600 (504) 552-7000	<a href="mailto:reservaciones@hotelsula.hn">reservaciones@hotelsula.hn</a>
Hotel Casa Del Arbol	(504) 2566- 4201	<a href="mailto:reservaciones@hotelcasadelarbol.com">reservaciones@hotelcasadelarbol.com</a>
Hotel Latitud 15	(504) 2508-1717	<a href="mailto:reservaciones@hoteleslatitud.com">reservaciones@hoteleslatitud.com</a>

# GOVERNMENT

<b>Government type</b>	Democratic Constitutional Republic
<b>Gross Domestic Product - 2007 in bill.</b>	8.038 Billions
<b>GDP--real growth</b>	3.9%
<b>GDP--per capita</b>	\$1,818
<b>Inflation</b>	5.82%
<b>Currency</b>	Lempira
<b>Exports</b>	\$1,385,000
<b>Exports commodities</b>	Banana, , Coffee, Palm Oil, Shrimp, Silver, Sugar ,Wood, Yellow Corn
<b>Exports partners:</b>	United States Germany Costa Rica Republic of Korea Guatemala Belgium United Kingdom Mexico

Source: Consejo Hondureño de la Empresa Privada (COHEP)/Honduras Central Bank



<b>Imports</b>	\$3,286,780
<b>Imports commodities</b>	Machinery and transport equipment, Industrial raw materials, Chemical products, Fuels, Foodstuffs, Vehicles , Pharmaceutical Products
<b>Imports partners</b>	United States China Colombia Ecuador El Salvador Guatemala Mexico Panamá
<b>Econ. aid recipient</b>	
<b>Major International Free Trade Agreements</b>	North America Central America Colombia Dominican Republic Taiwán

Source: Honduras Central Bank

# GOVERNMENT EFFECTIVENESS & TRANSPARENCY

## **Incorporation Deed**

It's a public and legal document, which contains the shareholders name and address, the company's trade name and type (Sociedad Anónima or Limited Liability), corporate capital and term, and its main purpose.

### **Requirements:**

- Company's name
- Describe the company's main purpose
- Copy of personal documents (ID or passport) of each shareholder,
- Copy of the corporation bylaws and the documents of the legal representative in case the shareholder is other corporation.
- Deposit Certificate in favor of the corporation by the 25% of the corporate capital.
- Receipt of Registry tax payment.

The First Copy of the Incorporation Deed has to be registered in the corresponding Registry of Commerce with all the requirements previously listed.

## **Authorization as user of a Free Zone**

Companies wishing to operate under Free Zone status must apply to the Government Commerce department through a legal representative, submitting information on the company's services activity, location and contact information, export markets, and support services.

### **Requirements:**

- Application presented by a attorney at law
- Power of attorney
- Copy incorporation deed
- Descriptive blueprint drawings of the property and installations where the project will be developed, demonstrating compliance with building regulations,
- Property title or leasing agreement for a period no less than five (5) years.

Once all requirements are complied with, the Government Commerce department issues a resolution in favor of the company to operate under free zone status. Once approved the company signs an operation contract with the Dirección Ejecutiva de Ingresos prior to an inspection of the property where the company operate.

Source: Altia Business Park Database (2010)



### **Tax Exemption**

Once the company is authorizing by the Government Commerce Department as user of a Free Zone, will have the benefits of tax exemption established by the Free Zone Law, this benefit is authorized by the Dirección Ejecutiva de Ingresos (DEI).

#### **Requirements:**

- Application presented by attorney at law
- Incorporation Deed
- Corporation RTN copy
- Power of attorney
- Copy of authorization of Government Commerce department
- Extended record by the Free Zone, explaining that the company is a user of the free zone
- Extended record by the customs Sub-manager, explaining that the company is a user of the free zone
- Copy of authorization extended by the General Department of Productive areas of the Commerce department, where certify the record of the company as a user of a free zone

Source: Altia Business Park Database (2010)



# POLITICAL LANDSCAPE

- The political landscape in Latin America is only a reflection of geopolitical movements.
- Political stability and democracy have been a characteristic in Honduras recent history.
- Due to the check and balances system we have, Honduras didn't follow the same path as Venezuela, Ecuador, Bolivia or Nicaragua.



## U.S. Policy Toward Honduras

U.S. policy toward Honduras is aimed at consolidating democracy, protecting human rights, and promoting the rule of law, and U.S. policy regarding the June 2009 coup pursued those aims. U.S. Government programs are aimed at promoting a healthy and more open economy capable of sustainable growth, improving the climate for business and investment while protecting U.S. citizen and corporate rights, and promoting the well-being of the Honduran people. The United States also works with Honduras to meet transnational challenges—including the fight against terrorism, narcotics trafficking, money laundering, illegal migration, and trafficking of persons—and encourages and supports Honduran efforts to protect the environment.

# INFRASTRUCTURE & ACCESABILITY

<b>Telephones/Internet</b>	
<b>Fixed</b>	27.1% of the total population
<b>Mobile</b>	90.5% of the total population
<b>Internet Access Infrastructure</b>	14.1% of the total population
<b>Time Zone</b>	Central Time
<b>Airport</b>	San Pedro Sula: Ramon Villeda Morales
<b>Airports Honduras: 4</b>	Roatan: Juan Manuel Galvez
	La Ceiba: Goloson
	Tegucigalpa: Toncontin
<b>Airlines</b>	see airline tab
<b>Accessibility (flight time from Miami)</b>	1:50min

Source: Instituto Nacional de Estadística: Hogares/Interairports Honduras



# COMPETITION/UTILITIES/MISC

## COMPETITION

### Call Center Presence:

# of call centers companies	13
# of employees (estimated)	6400

## UTILITIES

Electricity Cost (\$/kw hr)	\$0.22/kw hr
Water Cost (\$/m3)	\$0.77/m <sup>3</sup>
Fiber Cost	

## MISC

Free Trade Zones	23
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Source: AHTI/ENEE/Aguas de San Pedro/(AHM) Asociación Hondureña de Maquiladores



# Telecom Competitive Costs

Country	1 Mbps	5 Mbps	10 Mbps	DS3
Honduras	\$90	\$425	\$800	\$3400
Guatemala	\$225	\$1100	\$2000	\$6600
El Salvador	\$150	\$450	\$900	\$4050
Nicaragua	\$100	\$450	\$900	\$4000

Source: Navega

# Inland Transportation Cost from Puerto Cortes to main cities and vice versa (Southbound and Northbound- Honduras)



From/To: Puerto Cortes Transport Service: <u>Dole Ocean Liner</u>	Cost	From/To: Puerto Cortes Transport Service: <u>Sea Board Honduras</u>	Cost
Tegucigalpa	\$618.00	Tegucigalpa	\$920.00

From/To: Puerto Cortes Transport Service: <u>Grupo Croa Panalpina</u>	Cost
Tegucigalpa	\$763.00





# Investing in **HONDURAS**

## **Country Financial Data**

# FINANCIAL DATA INCLUDING GDP, GNP

Central Bank of Honduras  
Deputy Manager of Economic Studies

## PER CAPITA INCOME AND PRODUCT <sup>1/</sup> In U.S. \$

	2000	2001	2002	2003	2004	2005	2006	2007 <sup>r/</sup>	2008 <sup>p/</sup>	2009 <sup>e/</sup>
<b>GROSS DOMESTIC PRODUCT</b> (U.S. \$)	7,188	7,654	7,861	8,232	8,871	9,757	10,917	12,392	13,976	14,318
<b>GDP per capita</b> (U.S. \$)	1,130	1,172	1,174	1,200	1,262	1,356	1,482	1,644	1,813	1,818
<b>GROSS NATIONAL PRODUCT</b> (million U.S. \$)	6,966	7,395	7,562	7,866	8,416	9,300	10,376	11,993	13,552	13,827
<b>GNP per capita</b> (U.S. \$)	1,095	1,132	1,130	1,146	1,197	1,292	1,408	1,591	1,758	1,755
<b>NATIONAL INCOME</b> (U.S. \$)	5,914	6,258	6,420	6,719	7,163	7,891	8,742	10,088	11,553	11,947
<b>NATIONAL INCOME per capita</b> (U.S. \$)	929	958	959	979	1,019	1,096	1,187	1,338	1,499	1,517
<b>POPULATION</b> (thousand people) <sup>2/</sup>	6,363	6,530	6,695	6,861	7,028	7,197	7,367	7,537	7,707	7,877

<sup>r/</sup> Revised <sup>p/</sup> Preliminary <sup>e/</sup> estimated

<sup>1/</sup> Exchange rate used, BOP's credits

Source: <sup>2/</sup> National Statistical Institute/ Central Bank of Honduras(2010)

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INVESTING IN HONDURAS/ COUNTRY FINANCIAL DATA

THE CHOICE YOU WON'T REGRET



# Investing in **HONDURAS**

## **Major Employers**

# MAJOR EMPLOYERS

Company	Sector
Cervecería Hondureña	Beverages
Gildan	Manufacturing
Grupo Lovable	Manufacturing
Fruit of The Loom	Manufacturing
Characol Knits	Manufacturing
Grupo Kattan	Manufacturing
Grupo Karims	Textiles & Real Estate
Lear Corporation	Manufacturing
Dole	Fruit exporter
Grupo Terra	Energy
Grupo Intur	Fast food
Corporación Dinant	Palm Oil and Food
Islena Airlines	Travel & Leisure
Easy Sky	Travel & Leisure
Aerolineas Sosa	Travel & Leisure

 CERVECERÍA  
HONDUREÑA

 Lovable

 Caracol  
Knits  
ISO 14001 CERTIFIED

 GK  
GRUPO KARIM'S  
(Una red, siempre en constante expansión)

 Dole

 INTUR

 GILDAN

 FRUIT OF THE LOOM

 KATTAN  
GROUP

 LEAR  
CORPORATION

 GRUPO  
TERRA

 DINANT

 ALTIA  
BUSINESS PARK  
In Sync with Perfection

INVESTING IN HONDURAS/ MAJOR EMPLOYER

THE CHOICE YOU WON'T REGRET



# Investing in **HONDURAS**

## **International Companies**

Company	Business
Sea Board Marine	Cargo
APL	Cargo
Crowley	Cargo
Maersk	Cargo
DHL	Cargo
UPS	Cargo
FEDEX	Cargo
Kimberly Clark	Mfg
Bay Island Sportswear	Mfg
Fruit of The Loom	Mfg
Hanes Brands	Mfg
Delta Apparel	Mfg
ACME/Mccray	Mfg
Coats of America	Mfg
Russell	Mfg
Gildan	Mfg
Lear	Mfg
JKK	Mfg
PACSA	Mfg
Dickies	Mfg
Southern Glove	Mfg
Hawkings Apparel	Mfg
Jockey	Mfg
New Holland	Mfg
Rio Garment	Mfg
Skips	Mfg
Sunny Garment	Mfg

Anvil Knitwear	Mfg
Wintex	Mfg
Burger King	Fast Food
Baskin & Robbins	Fast Food
Dunkin Dounts	Fast Food
Little Ceasars	Fast Food
Chillis	Fast Food
Popeyes	Fast Food
Wendys	Fast Food
Dennys	Fast Food
Applebee's	Fast Food
TGI Fridays	Fast Food
Chicago Uno Grill	Fast Food
Sab - Miller	Beverage
American Airlines	Airlines
Continental Airlines	Airlines
Delta Airlines	Airlines

Source: AHM (Asociación Hondureña de Maquiladores)



# Investing in **HONDURAS**

## Flights

# Honduras is the only country in Central America to have 4 International Airports



## DIRECT FLIGHTS FROM TEGUCIGALPA

### Avianca Airlines

Miami  
Los Angeles  
El Salvador  
Costa Rica  
Guatemala  
New York

### American Airlines

Miami

### Continental Airlines

Houston

### Delta Airlines

Atlanta

### Copa Airlines

Panama

### Aerolineas Sosa

La Ceiba & Guatemala



Source: Interairports





## DIRECT FLIGHTS FROM SAN PEDRO SULA

### Avianca Airlines

Miami

Los Angeles

El Salvador

Costa Rica

Guatemala

New York

Tegucigalpa

### American Airlines

Miami

### Continental Airlines

Houston

### Delta Airlines

Atlanta

USA

### Spirit Airlines

Ft. Lauderdale

Copa Airlines

San Jose

Panama

Aero Caribbean

Cuba

### Aero Mexico

Mexico City



Source: Interairports

INVESTING IN HONDURAS/ FLIGHTS

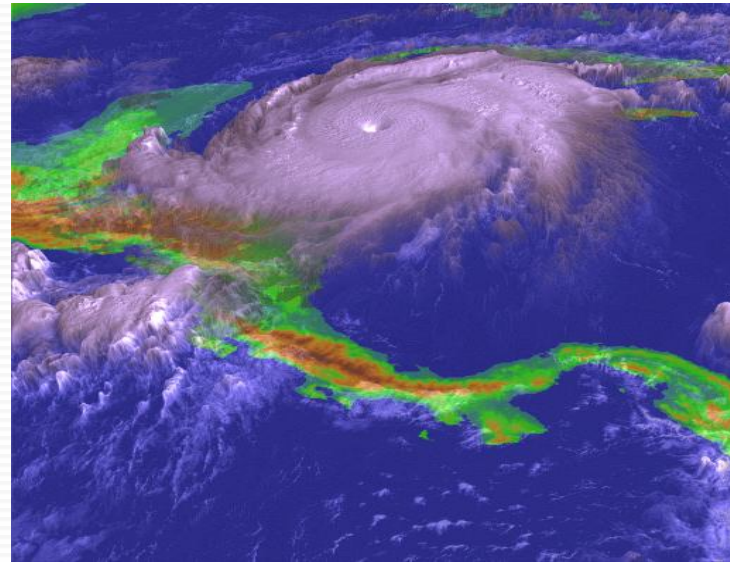
THE CHOICE YOU WON'T REGRET



# Investing in **HONDURAS**

## **Natural Risks**

Honduras suffered the strike of a major damage in 1998 caused by Hurricane Mitch; since then, the country has heavily invested in designing infrastructure that can withstand this type of natural disasters, such as channel and river flow control systems statistically. Honduras is hit by a major hurricane every 25-30 years.



## 1. Natural Hazards

Minor earthquakes due to proximity to Central American countries located in the San Andres earthquakes line.

Susceptible to damaging hurricanes and floods along the Caribbean coast.

There are no active volcanoes (The only Central American country without them).

## 2. Environment Current Issues

Urban population expanding; deforestation results from logging and the clearing of land for agricultural purposes; further land degradation and soil erosion hastened by uncontrolled development and improper land use practices such as farming of marginal lands; mining activities polluting Lago de Yojoa (the country's largest source of fresh water), as well as several rivers and streams, with heavy metals.

Source: Altia Business Park/Honduras COPECO/ U.S.A Central Intelligence Agency /Miami Hurricane Center (2010)





# Investing in **HONDURAS**

## **Infrastructure**

# ELECTRICITY (BROWNOUTS)

- Availability of energy: 99.8%
- Voltage Imbalance <0.3% between phases
- Surge Protection and restorative phase losses (claims) in medium voltage
- Lightning protection (lightning arrester in Building and medium voltage systems)

## **Backup Power System**

- CAT Generator 1,825 Mw
- Automatic Transfer (ENEE energy loss, self-starter and go load generator)
- Full Capacity Building load completely.

Source: Green Valley's Backup system/ENEE (2010)

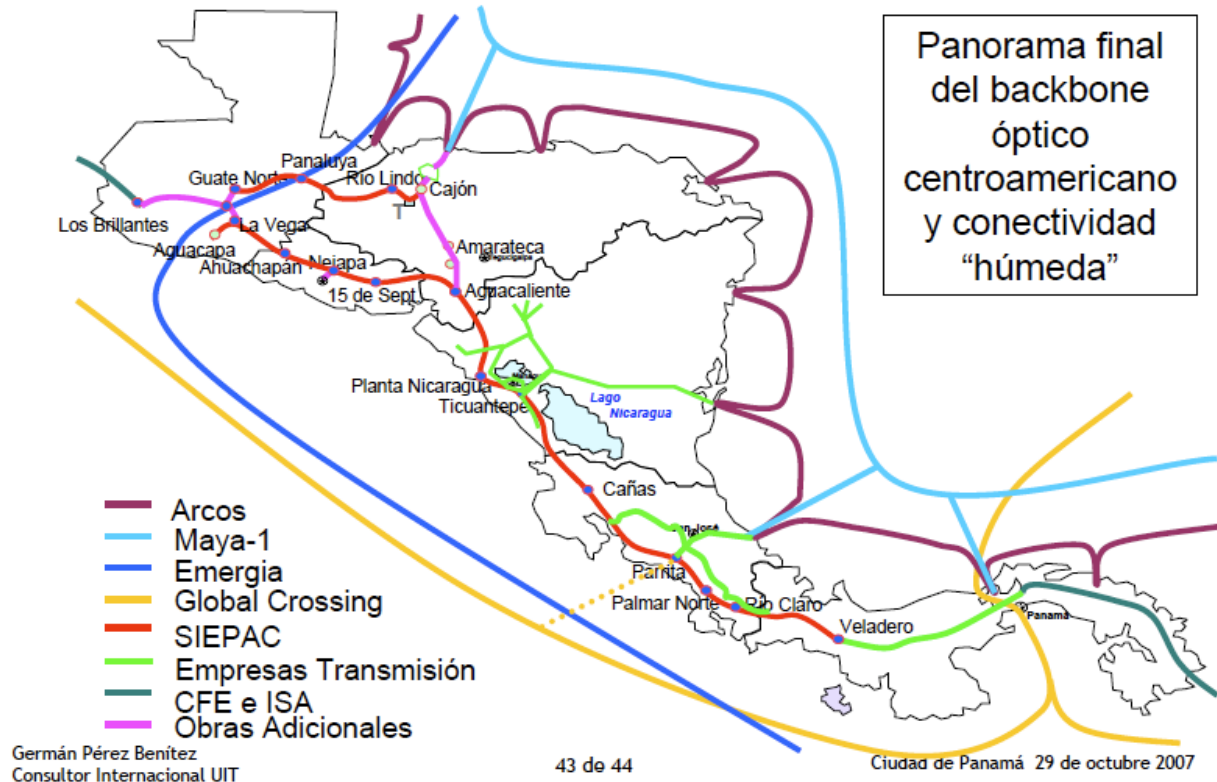
# REDUNDANCY OF TELECOMMUNICATIONS

- Regarding redundancy of telecommunications, Altia Business Park has two different wired entry points for the data links that connect the site with the rest of the world (fiber optic communications). A third wireless entry point will be provided in the future. This gives Altia's tenants the assurance that there will always be an active data channel for external communications.
- Altia Business Park has partnered with two of the biggest telecommunication service providers in Honduras and Central America: TeleCorp and Navega. Both companies offer redundancy in telecommunications with several urban and interurban communication rings.
- Furthermore, Altia Business Park and its partners offer redundancy beyond Honduran borders. There are agreements from the telecommunication service providers to route their data traffic through three different submarine communications cables.
- As a plus, there is the support from tier-1 network infrastructures of Internet service providers, such as AT&T, Sprint, Verizon and Global Crossing.

Source: Navega/Telecorp (2010)



# FIBER OPTIC ACCESS





# Investing in **HONDURAS**

## **Free Trade Zone**



# CUSTOMS OFFICER ON-SITE

- A free zone is a closed area guarded by a customs officer, and has to be fenced with their own security.
- Since it has an assigned customs officer in the premises, all the import and export activities can be done on-site.
- Some benefits are:
  - Currency conversion without restrictions
  - No import or export duties on all machinery, raw materials and components needed for operating
  - Quick dispatch of incoming and outgoing shipments in less than one day with minimal paperwork
  - 100% foreign property ownership
  - Tax exemption on sales, corporate and municipal taxes and profits
  - 100% repatriation of income and capital at any time

Source: Free Zones Law published in La Gaceta

# FREE ZONES LAW

It has been established a special law for export companies operating under the Free Zone mode that provides the following benefits:

- They can be located at the place of your convenience at home.
- Free of charge on the import or export of materials, equipment, office supplies, etc., required by the factory.
- They are exempt from income tax and municipal taxes.
- They have the right to repatriate 100% currency.
- Minimum formalities for shipments entering or leaving.

Source: FIDE (2010)

# OPERATING UNDER THE FREE ZONE REGIME

- It allows companies to build buildings anywhere within the national territory, provided that the building is fully fenced and possesses 24-hour security permission of the authorities. For free zone status (permission), you pay an annual fee to the government of Honduras, through the Ministry of Industry and Commerce and the Executive Directorate of Revenue (DEI).

Source: FIDE (2010)



## FACTORIES LOCATED WITHIN THESE ZONES ENJOY THE FOLLOWING BENEFITS:

- Unrestricted currency conversion.
- Free import of all machinery, raw materials and supplies.
- Clearance of inbound and outbound shipments in less than a day with minimal documentation.
- Foreign ownership permits in 100%.
- Exemption from sales tax, corporate and income tax.
- Unrestricted repatriation of profits and capital at any time.
- Wide availability of productive labor at low cost.
- Wide range of raw materials such as textiles, timber, fruits, sugar, vegetables, meats, seafood, leather, coffee, cocoa and spices, etc., Available for processing and manufacturing industries.
- FTAs with the U.S. (CAFTA), Mexico, Dominican Republic, Central American Common Market, Taiwan and others.
- Currently there are several treaties under negotiation.
- Generalized System of Preference for Europe, Canada, Japan and Australia.

Source: FIDE (2010)



# Investing in **HONDURAS**

## **Labor Pool Summary**

# GENERAL LABOR POOL

## General Labor Pool

### SUMMARY

Economically Active Population	276,423
Current Graduate Student General Population in Universities	28,426
Current Post Graduate Student General Population in Universities	4,844
Estimated General number of Graduates per year	2,900
Estimated General number of post Graduates per year	484
Estimated General High School Graduates per year	3,600

**GENERAL = Spanish and other language speaking population**

Source: INE/UNITEC/FIDE/Central Bank of Honduras(2010)



# SKILLS SHORTAGE....?

Based on the data before, the cities San Pedro Sula and Tegucigalpa will not suffer from insufficient qualified candidates to fill the market-place demands for employment. The region has bilingual labor force that grows yearly due to the great number of bilingual schools in Honduras. The country offers a very good pool of bilingual personnel that are ready to start working, at the same time, skill tests have demonstrated that most of these bilingual people have no accent and can be easily trained.

# LABOR SUSTAINABILITY

**410 bilingual schools:** Largest English speaking and IT population in the region, almost 100% more than the rest of Central American countries.

Many bilingual schools have been accredited by international certifications, such as: the Southern Association of Colleges and Schools (SACS), the Council of International Schools (CIS), among others

**Population:** 802,598

**Population Growth Rate:** 2.16% per year

**Population by Age (%)**

Less than 17: 39.90%

18-59: 56.70%

60 and more: 3.40%

**Unemployment rate:** 44%

**Underemployment rates:** 40.30%

**Literacy rates in the largest cities are:** 92 – 94%



# NUMBER OF BILINGUAL SCHOOLS

## HONDURAS: NUMBER OF FULL BILINGUAL EDUCATION CENTERS PRE-SCHOOL, ELEMENTARY, MIDDLE, JUNIOR HIGH AND HIGH SCHOOLS BY DEPARTMENT 2015

No.	Department	Schools
1	Atlántida	52
2	Colón	10
3	Comayagua	25
4	Copán	8
5	Cortés (San Pedro Sula)	215
6	Choluteca	8
7	El Paraíso	5
8	Francisco Morazán (Tegucigalpa)	163
9	Gracias a Dios	1
10	Intibucá	3
11	Bay Islands	15
12	La Paz	7
13	Lempira	4
14	Ocotepeque	4
15	Olancho	13
16	Santa Bárbara	14
17	Yoro	19
18	Valle	2
TOTAL CENTERS		568

Source: FIDE Research: Secretariat of Education / Department of Planning and Evaluation Management (UPEG)  
Department of Institutional Information Statistic

# NUMBER OF BILINGUAL HIGH SCHOOLS

BILINGUAL EDUCATION CENTERS (KINDERS, SCHOOLS) 2015	
Department	HIGH SCHOOLS
Atlántida	83
Colón	22
Comayagua	27
Copán	18
Cortés (San Pedro Sula)	310
Choluteca	13
El Paraíso	12
Francisco Morazán (Tegucigalpa)	213
Intibucá	6
Islas de la Bahía	26
La Paz	8
Lempira	7
Ocotepeque	5
Olancho	27
Santa Barbara	19
Valle	6
Yoro	22
<b>Total</b>	<b>824</b>

Source: FIDE Research: Secretariat of Education 2010

# ENGLISH LEARNING INSTITUTES

- English classes are given to teach English as a second language in different schedules (for people who did not study in a bilingual school).
- Honduras counts with 80 English learning institutes in the whole country with the best qualified personnel for teaching.

Source: Cofinsa/FIDE Study 2007



# Investing in **HONDURAS**

## **Current Situation in Honduras**

# POLITICAL FACTOR

1. Honduras, according to its constitution and other laws, is a country based on the rule of law
2. Government Type: Republican and Democratic representative.  
For the first time an unprecedented event in our history happened, a political achievement, in which today, all sectors and parties are duly registered and are participating in the electoral process (the most participatory election of our democracy), which indicates maturity and political stability.
3. Honduras is respectful with the international laws, treaties and agreements and submits unreservedly to the international courts.
4. Actively involved for many years in missions for peacekeeping in many countries, upon request and in collaboration with the United Nations.

**Note:** In the International political field, we have not been accepted by the OAS, due to the hegemonic control of the ALBA countries, but in the context of United Nations we have expanded our relationships, even with countries with which we never had diplomatic relations.

Source: The Political Constitution of the Republic of Honduras/Foreign Secretary/Governance Structure/  
International Courts(2010)



# ECONOMICAL FACTOR

At present and as a result of the critical economic situation, which particularly affects the developing countries, mostly, our country, in addition to macroeconomic factors, we have not reached a sustainable development, however, efforts continue to lead in this direction, in which are the following:

1. Expanding free trade agreement between C.A. and the countries of North America.
2. Free Trade Agreement in 2010 C.A. and European Union.
3. Internally, programs to revitalize the economy through incentives in productivity and exports.
4. Programs and incentives to attract foreign investment as “Honduras is Open for Business”.
5. Program supporting the development of Tourism Industry (modest but steady growth).
6. Market expansion program at the Fair Expo in Shanghai-2010.

**Note:** The challenge is to achieve sustainable growth in the coming years.

By reducing the fiscal deficit, currently at 3.5% decline among other things, government is spending in terms of wages from 11.1 today to 10.1, agreed with the IMF. (Stand-By Agreement) by streamlining the administrative system of the Government.

Source: Central Bank of Honduras/International Monetary Fund/Ministry of Finance/Ministry of Foreign Affairs



# SOCIAL FACTOR

Honduras is a free country where citizens enjoy all the guarantees, that respects human rights and private property.

Although efforts have not been effective in achieving the most important goal according to our constitution: "The supreme goal of the state is the common good" the good of society, also referred to in the objectives of the Millennium Challenge Account.

**The main objective is poverty reduction.**

Instead of diminishing, has increased the number of households in extreme poverty, 546.300 in 2001 to 614, 800 in 2009 relative to GDP and population growth.

This, however, can become a development opportunity, as the current high unemployment rate, properly managed, may present an opportunity for domestic and foreign investment, as well as to increase our economically active population (EAP).

In addition to the previous paragraph, it has been recently approved by the Honduran Congress, Temporary Employment Law, with the purpose of encouraging employment creation.

Health and education are also in short, medium and long term considered in the social field as a Goal.

Source: The Political Constitution of the Republic of Honduras/Millennium Account/UNDP(2010))

# SAFETY

**Honduras has very advanced laws in the following terms:**

1. Labor Code.
2. Precautions for the regulation of occupational accidents and diseases.

**Policies, Regulations and Procedures at ALTIA:**

1. ALTIA has contingency, natural disasters and emergencies plans, duly approved and certified by competent authority (Fire Department).
2. ALTIA has Safety Policies, Procedures and Regulations.
3. ALTIA requires each client to settle in the Park, to submit its own Safety Policies and Procedures in order to integrate and be part of the Safety Committee.
4. Establishment of an Integrated Safety Committee: ALTIA / Clients.

Source: Labour Code/ Regulation of preventive measures of occupational accidents and diseases (2010)





# SECURITY

1. Professional certified and committed personnel.
2. Access control systems for vehicles and personnel, integrated, automated and manual.
3. CCTV System.
4. Countermeasures based on the Layered Defense Concept or “Onion Philosophy”.
5. Countermeasures to Deter, Delay, Detect and Deny.
6. Security Operations Center (SOC) that includes CCTV, Lighting, and access controls, vehicle barriers and personnel, Elevators, A/C, Fire protection and alarm annunciation for all Systems.

Source: Altia Business Park Policies and Procedures (2010)



# OUR MISSION...

## TO PROTECT PEOPLE AND PROPERTY.

"In order to accomplish the mission, by protecting occupants, assets, and buildings from human aggressors."

The Master Plan address and meet aesthetics, function, environmental impact, sustainability, codes and design guidelines and cover planning anywhere from one to ten years with annual validation of conditions.

### The Goals of the Security Master Plan are to:

1. Prevent loss of life and minimize injury.
2. Protect Critical Assets.
3. Prevent loss of operation.
4. Deter criminal and terrorist acts.
5. Enhance Long-Term Security for personnel and Assets.
6. To provide our customers with timely information and intelligence for Security and decision making related.

Source: Altia Business Park Policys and Procedures (2010)



# DATA PROTECTION

To physically protect the information stored in equipment, Altia has taken different security measures. For authorized people to enter the premises and access controlled areas, they have to present their credentials when entering the park, the building, and the elevators. A fourth security control may be in the floor where critical equipment is located. Also, there are CCTV cameras set to record every action in the building, with security personnel actively monitoring the activity 24/7.

Likewise, security in telecommunications is a very important aspect for data protection. Currently, Navega, one of Altia's partners, is about to finish the certification process for ISO/IEC 27001.2005 security standard.

On the other hand, Cyber crime has become a major threat for companies since the advent of the Web. In the past few years we have seen initiatives to pay more attention to this phenomenon through professional conferences. This has attracted the involvement of public entities, such as the Supreme Court of Justice (CSJ), the National Commission of Telecommunications (CONATEL), and the Honduran Counsel of Science and Technology (COHCIT), among others.

Source: Det Norske Veritas (2010), Letter of recommendation for ISO 27001:2005 certification/Computer Law - Honduras (2005), First Congress of Computer Law, Tegucigalpa/El Heraldito (2010)





# Investing in **HONDURAS**

## **Other Country Incentives**

# HONDURAS COMPETITIVE ADVANTAGES VS. OTHER OFFSHORE LOCATIONS

CRITERIA	PHILLIPINES	INDIA	CANADA	IRELAND	PANAMA	BRAZIL	HONDURAS
AVERAGE AGENT SALARY PER YEAR (US \$)	4,000-6,000	3,500-5,000	25,000-40,000	25,000-40,000	6,500-8,500	7,500-10,000	4,000-6,000
REAL ESTATE COST (RENT PER SQUARE METER)	26	18	35	38	26-28	40	18
REAL ESTATE COST (RENT PER SQUARE FT/YR)	29	20.07	39.03	42.38	31.23	44.61	20.07
REAL ESTATE COST (BUYOUT PER SQUARE METER)	3,000	2,000	3,800	4,000	3000-3500	4,000-4,500	1,800
TELECOMMUNICATION (E1)	1,000 - 1,400	1,100 - 1,500	650 - 800	1,300 - 1,700	1,200 - 1,500	1,000 - 1,500	900 - 1,200

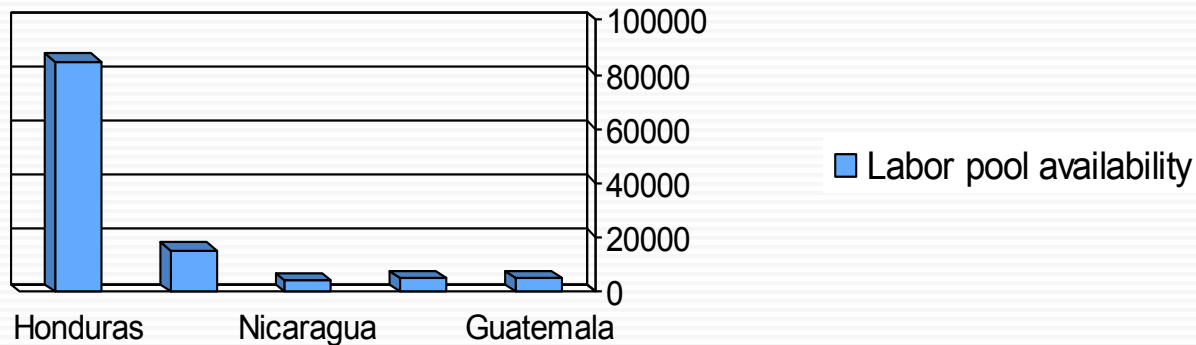
Source: AT Kearney report.

CRITERIA	HONDURAS	MEXICO	COSTA RICA	CHILE
AVERAGE AGENT SALARY PER YEAR (US \$)	4,000-6,000	10,000-12,000	8,000-10,000	10,000-12,000
REAL ESTATE COST (RENT PER SQUARE METER)	18 - 20	35	26	30
REAL ESTATE COST (RENT PER SQUARE FT/YR)	20.07	39.03	29	33.46
REAL ESTATE COST (BUYOUT PER SQUARE METER)	1,800	3,800	2,700-3,500	3,000-3,500
TELECOMMUNICATION (E1)	900 - 1,200	1,200 - 1,700	2,000-3,100	1,200 - 1,500

Source: AT Kearney report.

# PLENTY OF LABOR POOL AVAILABILITY

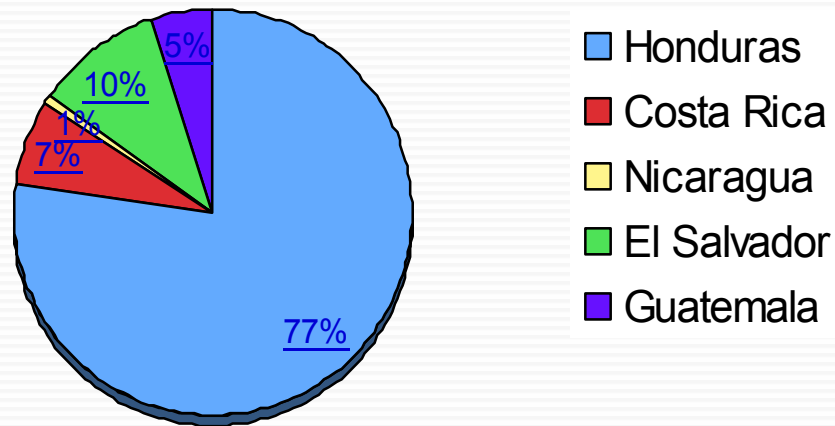
## Labor Pool Availability



Source: Ministry of Labour (HN), Conversations with officials from CINDE and PROESA, Luis Lopez - INCAE

# 100% MORE BILINGUAL SCHOOLS THAN THE REST OF CENTRAL AMERICA

## Bilingual School Distribution in Central America

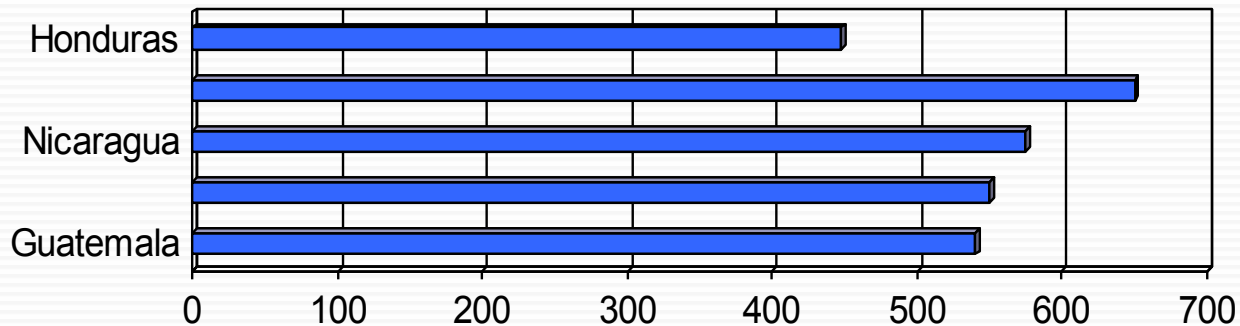


Source: CINDE (CR), PROESA (ES), Invest in Guatemala (GUA), ProNicaragua (NI), FIDE (HN)



# LOWEST AVERAGE AGENT SALARY

**Average Agent Salary (includes  
fringes and benefits)**



Source: FIDE, meeting with Ana Maria Romero (CINDE), Juan Diego Villegas (Language Line)



# Investing in **HONDURAS**

## **Security Issues**

## Clarification on the number of Americans killed in Honduras ?

Honduras has been the murder capital of the world in recent years. In 2011, the homicide rate peaked in the country, with the UNAH's Violence Observatory recording 86.5 murders per 100,000 people -- the United Nations Office on Drugs and Crime (UNODC), however, recorded a homicide rate of 91.6 for Honduras over the same year.

Since 2011, however, statistics show Honduras' homicide rate has been decreasing, **falling to 66 per 100,000 at the end of 2014.**

Source: Altia Business Park Policies and Procedures (2010)



## Clarification on the number of Americans killed in Honduras ?

According to the National Violence  
However, tens of thousands of U.S. citizens and other nationalities visit Honduras each year for study, tourism, business, and volunteer work without incident.



U.S. citizens do not appear to be targeted based on their nationality. Resort areas and tourist destinations generally have lower levels of crime and violence than other areas of the country. Moreover, tourists traveling with group tours rarely report criminal incidents. Tens of thousands of U.S. citizens safely visit Honduras each year for study, tourism, business, and volunteer work."

Source: Altia Business Park Policies and Procedures (2010)

**ALTIA**  
BUSINESS PARK  
In Sync with Perfection

## The single morgue reporting issue

Honduras has three national refrigerated morgues available at no cost, located in Tegucigalpa, San Pedro Sula and La Ceiba. The Regional Forensic Office Director, Dr. Hector Hernandez, that the morgue located in the city of San Pedro Sula attends the North- Occidental area specifically the departments of Yoro, Puerto Cortés, Copán, Santa Barbara, Lempira and Ocotepeque.

Source: Altia Business Park Policys and Procedures (2010)



## Information on the new President's security focus.

Officials on the elected government are working in strategists to implement. Information will be release in the next few weeks. However there is a plan of action on course with Judges at different levels, district attorneys and police officers on trial for corruption. Reengineering of the Department of Security and Defense, together, with this new organization, new Strategies will take place.

The new Government in Honduras has announced its government plan, it is based on three pillars:

- **Peace Recovery:** Juan Orlando pushed 22 laws on security, highlighting the purification of the National Police, the creation of the Administrative Offices of Seized of the Oversight Board of the Public Ministry, the Military Police and Public Order Troop Intelligence and Special Response Group Security, as well as constitutional reforms to allow extradition and the prohibition of two men on motorcycles.
- **Employment Generation:** Generation the government will support the promotion of investments and also will implement a new program "Chamba para vivir mejor" which is seeking to enter into the labor market 25,000 young Honduran.
- **Social program "Vida Mejor":** The program will improve the life of 800 families, with Ecofogons, cement floors, decent housing, home garden, water filter and medicine.

Source: Altia Business Park Policys and Procedures (2010)



## New extradition laws

A number of bilateral agreements on extradition signed between Honduras and other States. For receipt of application for extradition, judicial model follows:

1. The requesting country forwards the request through the diplomatic track.
2. The Ministry of Foreign Affairs sent to the Interior Ministry and the latter to the Supreme Court.
3. After reviewing the application and ordered that the execution be administratively, documentation will be returned to the requesting State following the same route by which it was received. All based on the due process.

Source: Altia Business Park Policies and Procedures (2010)



# Thank You!