

# Country Profile : Honduras

**Main cities :** Tegucigalpa (1 126 534 inhab) ; San Pedro Sula (638 259 inhab) ; Choloma (222 828 inhab) ; La Ceiba (174 006 inhab) ; Le Progrès (131 125 inhab).  
**Urban population :** 57.1%



Technology	Environmental	Economic issues	Political Stability	Customs posture
The country's strengths are the irreproachable quality of its port infrastructure.	The increased efficiency of coffee production in Brazil has caused international prices for arabica coffee to drop to their lowest level in 13 years, preventing producers from harvesting all their crops due to their inability to pay wages or to acquire fertilizers.	According to the IMF, Honduras' GDP increased by 3.5% in 2018 and is expected to increase by 3.6% in 2019 and 2020. A favorable business scenario with the United States and expatriate workers' remittances have favored and will continue to promote growth (COFACE). The IMF has calculated the public debt for 2018 at 39.7% of GDP and forecasts similar levels of 40% and 39.1% in 2019 and 2020. It also noted that the inflation rate in Honduras was 4.4% in 2018, with neighboring projections for 2019 (4.5%) and 2020 (4%).	Honduras signed an agreement with the IMF between 2014 and 2017 aimed at reducing the public deficit to 3% of GDP. He carried out a reform of the VAT, while reducing the public wage bill and optimizing the collection of taxes. The reform program was followed, which helped stabilize the economy, restore confidence and pave the way for accelerated growth and poverty reduction. The economic outlook is positive but requires continued efforts to improve social indicators. Despite the planned reduction in public debt, public spending on infrastructure, health and social programs has increased in an attempt to achieve more inclusive growth. The Honduras 2020 investment plan, aimed at creating 600,000 jobs and increasing GDP by 20% in five years, has not yet been finalized. Despite the success of its fiscal consolidation policies and its promises to reduce organized crime and drug-related violence, widespread corruption angered the protests with many deaths.	A project between El Salvador, Honduras and Nicaragua for the Gulf of Fonseca was presented in 2019; this includes ferries between key cities as well as the establishment of a logistics park, a free trade area and a sustainable tourism hub. According to the World Bank, foreign trade represents 102% of the country's GDP. The country's strengths are the impeccable quality of its port infrastructure and a relatively open commercial environment conducive to trade. Tariff and non-tariff barriers are relatively low. Taiwanese companies have invested in or established branches in Honduras since 2015. Sugar exports from Honduras to Taiwan will also increase from 60,000 to 70,000 tonnes per year. Honduras opened a trade office in Jerusalem after President Juan Carlos Hernández officially recognized Jerusalem as the capital of Israel.

**Who is this country already trading with?**

Honduras' main exporting partners are the United States (36.7%), Germany (10.7%), El Salvador (8.6%), Guatemala (6.5%), the Netherlands (5.4%) and Nicaragua (5.3%). The main importing partners also include the United States (32.8%), China (14.1%), Guatemala (8.9%), Mexico (7.3%) and El Salvador (5.7 %).

**What are the problems facing Honduras today?**

- Current GDP growth is not enough to improve the standard of living of almost 65% of the population living in poverty (on less than 2 USD per day);
- The crime rate in Honduras is high;
- Transparency International ranked Honduras 132nd out of 180 according to its 2018 corruption perception index;
- Obsolete labor regulations, a lack of qualified labor and inefficient financial management hamper the country's commercial and economic development;
- Brain drain to the USA;
- Honduras imports goods with very high added value (oil, medicines, motor vehicles, radio transmission tools) but exports products with low added value (coffee, insulated electrical conductors, crustaceans, palm oil, bananas, gold and soap);
- Honduras has a large trade deficit (-4.18 billion USD in 2017).