

RPTB1

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

90/91 TRADE AND ECONOMIC OVERVIEW

Mission: SAN JOSE

Country: HONDURAS

Honduras is among the poorest and least developed of Central American countries. The economy is largely agricultural accounting of 25% of GDP.

The principal export crops are bananas and coffee providing 30% and 24% of foreign exchange earnings, respectively. The USA dominates Honduran trade, taking approximately 45% of Honduran exports and supplying the same proportion of imports. Canadian exports to Honduras were valued at \$14 million in 1987, and reached almost \$20 million in 1988. The leading Canadian exports are paper products (principally newsprint), food products, chemical products and plastics for industrial use.

PROSPECTS FOR CANADIAN EXPORTERS

Honduras offers limited new opportunities for Canadian exporters. It is in arrears in payments on its external debt, and in deficit on its commercial balance. Imports, accordingly, are restricted. Nevertheless, good opportunities do exist for the patient and the persistent. Possibilities exist for the supply of agricultural inputs, including agrochemicals, fertilizers, and breeding stock.

Government procurement offers limited opportunities for Canadian exporters as few capital projects are undertaken other than with concessional financing. In the current financial situation, commercial or export credit financing is largely unavailable. Honduras is off-cover for EDC.

The most active multi-lateral bank in Honduras is the Inter-American Bank. Its present sectors of concentration are rural development, education and health.