

HONDURAS: DIFFICULT MARKET REQUIRES PATIENCE, PERSEVERANCE

One reality is this: Honduras is, and for the very near future, will remain, a difficult market for Canadian exporters. The other reality is: Honduras offers opportunities — for Canadian exporters who are patient and persistent.

Trade Relations

Patience and persistence have paid off for some Canadian firms: Two-way trade in 1995 totalled \$69.6 million, with the trade balance favouring Honduras.

That year, Canadian exports (primarily paper and paper-board, chemicals and petroleum products, and cereals) amounted to \$19.75 million, up from the \$14.5 million in 1994 and the \$15.9 million in 1993.

Canadian imports from Honduras in 1995 totalled \$49.8 million, up from the \$39.5 million in 1994 and the \$18 million in 1993. Canadian imports of Honduran coffee, fruits, melons and clothing increased sharply in 1994.

Structural Adjustment

Honduras is Central America's second-largest country, both in area and in population (5.8 million) and one of the poorest (after Haiti and Nicaragua) and least developed in Latin America.

The economy is essentially agricultural. Imports are minimal, with more than 35 per cent of the government budget servicing the foreign debt.

The country is undergoing a

significant structural adjustment. Efforts to stabilize the economy have progressed with mixed results: high fiscal deficit, rising inflation, and falling central bank foreign exchange reserves.

Opportunities

That being said, the country exudes potential for economic and trade development.

Land is its most important natural resource and Canada, primarily through the Canadian International Development Agency (CIDA), is involved in numerous environmental/resource management/sustainable development projects.

Hydroelectric potential is there, as are mineral deposits, and Caribbean coast oil possibilities.

In addition to what Canada now exports to Honduras, prospects exist for the provision of construction materials, telecommunications and electrical equipment and services, autoparts, food products, medical and hospital supplies, and agricultural inputs that would include agrochemicals, fertilizers and breeding stock.

Canadian Activity

In addition to private-sector in-

volvement (Greenstone Resources, Roche International, Canadian Bank Note, SNC Lavalin), Canadian activity in Honduras centres, primarily, in development assistance projects such as those funded by CIDA whose program in Honduras is the second largest in Central America, CARE Canada (a \$5-million potable water project); a \$10.1-million Integrated Natural Resources Project begun this year; and a \$5-million Power System Master Plan Project being executed by SNC.

Business Outlook

For the time being, Canadian exports to Honduras will, for the most part, be limited to programs and projects that are financed by CIDA and the international financial institutions (IFIs), or to transactions where cash payments can be arranged.

In this regard, the Export Development Corporation (EDC) is open to short-term and foreign investment insurance in Honduras. EDC short-term insurance is preferred on the basis of irrevocable letter of credit.

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available to companies that would like to see them. INDE is preparing a compilation of potential projects."

Telecommunications

Edgar Mena, President of Telesistemas, S.A. and representing Nortel in Guatemala, says "one of the first priorities of the government is the deregulation of Guatel," the Government Tele-

phone Company of Guatemala.

"Right now," Mena says, "the position is deregulation, meaning there is the opportunity for any company that is interested in some service, to get the franchise to operate the service for some years." This would provide royalties for Guatel and allow the use of the company's infrastructure.

There should be opportunities in Internet services, possibly some

fibre optic cable projects, and in switch expansion, to name a few, speculates Mena.

Construction

Danilo Midence Monroy is president of Camara Guatemalteca De La Construccion, which represents all aspects of the industry, including housing projects, hospitals,

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