

Introduction

The country of Honduras is located in Central America bordering the Caribbean Sea and the Gulf of Fonseca. Neighboring countries include Guatemala, El Salvador, and Nicaragua. The Honduran territory consists mainly of mountains, with narrow plains along the coasts, the undeveloped lowland jungle La Mosquitia region in the northeast, and the populated lowland Sula valley in the northwest. The government system is a presidential republic; the chief of state and head of government is the president. Honduras has a mixed economic system which includes a variety of emerging private freedom, combined with centralized economic planning and government regulation.



Location: Central America

Capital City: Tegucigalpa (-6 GMT)

Chief of State: President Iris Xiomara Castro de Zelaya

Head of Govt.: President Iris Xiomara Castro de Zelaya

Currency: Lempira (HNL)

Major Languages: <p>Spanish (official), Amerindian dialects</p>

Primary Religions: <p>Evangelical/Protestant 48%, Roman Catholic 34%, other 1%, none 17% (2020 est.)</p>

Calling Code: 504

Voltage: 110

Key Websites

Main Government Page: presidencia.gob.hn

Export Promotion Agency: fidehonduras.com

Investment Promotion Agency: fidehonduras.com

Key Economic Facts

| | |
|--|----------------------------|
| Income Level (by per capita GNI): | Lower Middle Income |
| Level of Development: | Developing |
| GDP, PPP (current international \$): | \$70.33 billion (2022) |
| GDP growth (annual %): | 4.00% (2022) |
| GDP per capita, PPP (current international \$): | \$6,741.10 (2022) |
| External debt stocks, total (DOD, current US\$): | \$11,850,075,702.80 (2021) |
| Manufacturing, value added (% of GDP): | 16.01% (2022) |
| Current account balance (BoP, current US\$): | -\$1.07 billion (2022) |
| Inflation, consumer prices (annual %): | 9.09% (2022) |
| Labor force, total: | 4,610,868 (2022) |
| Unemployment, total (% of total labor force) (modeled ILO estimate): | 7.10% (2022) |
| Imports of goods and services (current US\$): | \$20.56 billion (2022) |
| Exports of goods and services (current US\$): | \$13.04 billion (2022) |

GDP Composition %

Agriculture Services Industry Manufacturing



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

| Index | Rank |
|---|-----------|
| Corruption Perceptions Index | 154 / 178 |
| Global Competitiveness Index | 101 / 141 |
| Global Enabling Trade Index | 86 / 136 |
| Index of Economic Freedom | 94 / 176 |
| International Logistics Performance Index (LPI) | 93 / 160 |
| Inward FDI Potential Index | 109 / 139 |
| KOF Index of Globalization | 72 / 185 |
| Networked Readiness Index (NRI) | 94 / 139 |
| Open Budget Index | 31 / 114 |

Risk Assessment (Provided by Coface)

Country rating: C - A very uncertain political and economic outlook and a business environment with many troublesome weaknesses can have a significant impact on corporate payment behavior. Corporate default probability is high.

Business Climate rating: C - The business environment is difficult. Corporate financial information is often unavailable and when available often unreliable. Debt collection is unpredictable. The institutional framework has many troublesome weaknesses. Intercompany transactions run major risks in the difficult environments rated C.

Strengths

- Privileged relations with the US (preferential trade agreement under DR-CAFTA, military presence)
- Agricultural resources
- Support from multilateral donors, in particular the IMF, to support the current government's economic reforms

Weaknesses

- Political instability and polarisation maintaining the opposition between the executive and the legislature
- Dependence on the US economy (exports, FDI and expatriate remittances)
- Dependence on fuel and cereal imports
- High emigration exacerbated by insecurity
- High level of informality in the economy (80% of employment by 2023) and widespread poverty (50%)
- Fiscal resources durably too low (21% of GDP in 2022)
- High unemployment rate (8.1% in 2023)
- Vulnerable to climatic events such as hurricanes, droughts and tropical storms
- Lack of infrastructure (particularly electricity) and public services

U.S. Embassy

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