Published September 2026

2026 Honduras Investment Climate Statement

Executive Summary

Honduras maintains several competitive advantages that would make it attractive to increased domestic and international private investment, including:

- Strong trade and investment protections under CAFTA-DR
- A strategic location near U.S. markets with a deep-water port
- A rich endowment of natural resources
- A generally strong macroeconomic position supported by continued progress on the country's IMF program and
- A large and cost-competitive labor force with a cadre of skilled labor

More than 200 U.S. companies operate in Honduras across sectors including manufacturing, textiles, and automotive components. Following the November 2025 general elections, President Nasry Asfura's government has signaled a pro-business policy approach, emphasizing the importance of private investment in driving economic growth and job creation. Investors positively received early actions by the Asfura government to provide greater legal and regulatory certainty – including initiating the process to rejoin the World Bank's International Centre for Settlement of Investment Disputes (ICSID), renewal of the Temporary Import Regime, and enactment of a new part-time employment law.

Structural challenges continue to constrain the investment climate, including:

- Inconsistent application and enforcement of tax policies and incentives
- Continuing land disputes
- High electricity costs and unreliable supply
- Crime and security concerns
- Corruption

- Gaps in workforce education and
- Weak transport and logistics infrastructure

Section 1. Openness to, and Restrictions upon, Foreign Investment

Policies toward Foreign Direct Investment

Honduras is generally open to foreign investment, and the Asfura government has made public statements that it recognizes the importance of foreign investment to bring new opportunities, generate employment, and stimulate economic growth. The legal framework for investment includes the:

- Honduran Constitution
- 2011 Law for the Promotion and Protection of Investments and
- Investment chapter of CAFTA-DR

The Honduran Constitution provides that ratified treaties are automatically considered domestic law and, in the event of a conflict with existing legislation, prevail over national laws. It also stipulates that all foreign investment should complement, rather than replace, national investment. The 2011 Law guarantees national treatment and most-favored-nation treatment for U.S. investors in most sectors of the Honduran economy and includes provisions supporting access to insurance and arbitration for domestic and foreign investors.

The following agencies all have an interest in attracting foreign investment and promoting job creation:

- The National Investment Council
- The Ministry of Economic Development
- The Ministry of Finance and
- Other investment promotion bodies

None of them, however, have broad authority to fast-track foreign investment projects, leaving companies to navigate multiple government ministries with overlapping mandates. Critics say that overlapping responsibilities and unclear mandates among these entities hinder efforts to promote Honduras as an attractive destination for foreign investment. Some officials have proposed creating a more centralized trade policy body to improve coordination on trade negotiations and external economic policy. Any reforms will require approval from the Honduran Congress. The Asfura government has prioritized attracting foreign investment through targeted measures to increase labor flexibility and streamline access to foreign exchange.

The Asfura government has reaffirmed its commitment to the IMF program which began in 2023 through an Extended Credit Facility and Extended Fund Facility arrangements. In May 2026, the IMF announced it had reached a staff-level agreement on a combined fourth and fifth review of the program. The IMF noted continued macroeconomic stability and emphasized the importance of advancing reforms in governance, transparency, and the energy sector.

International investors say certain policies have historically made the investment climate in Honduras less attractive, though sentiment has improved following the inauguration of the Asfura government on January 27, 2026. One frequently cited ongoing concern is the May 2022 electricity law, which energy producers believe could allow expropriation of investments if power-purchasing agreements cannot be renegotiated. In August 2026, Honduras passed legislation that repealed those controversial provisions and established a new legal framework for the electricity sector.

The Asfura government has pledged to facilitate foreign direct investment (FDI) as part of its economic platform and has taken steps to strengthen investor confidence. These measures include:

- Initiating Honduras's reentry into the International Centre for Settlement of Investment Disputes (ICSID)
- Renewing a tax exemption on imported equipment and inputs for qualifying companies and

- Passing a part-time employment law to support formal job creation

Limits on Foreign Control and Right to Private Ownership and Establishment

Honduras' Law for the Promotion and Protection of Investments (the "Investment Law") does not limit foreign ownership of businesses, except for those specifically reserved for Honduran investors, including small firms with capital less than 150,000 lempiras (about $6,300) and the domestic air transportation industry. For all investments, at least 90 percent of a company's labor force must be Honduran, and companies must pay at least 85 percent of their payrolls to Hondurans. Majority ownership by Honduran citizens is required for companies in:

- The commercial fishing sector
- Forestry
- Local transportation
- Radio
- Television or
- Benefiting from the Agrarian Reform Law

Foreign investors are subject to the same requirements for environmental and other regulatory approvals as domestic investors.

According to the law, investors can establish, acquire, and dispose of enterprises at market prices under freely negotiated conditions without government intervention, but some foreign business operators report difficulty closing businesses. Private enterprises generally compete fairly with public enterprises on market access, credit, and other business operations. Foreign investors have the right to own property, subject to certain restrictions established by the Honduran constitution and several laws relating to property rights. Investors may acquire, use, and dispose of property except for land within 40 kilometers (about 25 miles) of international borders and shorelines. Honduran law does permit, however, foreign individuals to purchase properties close to shorelines in designated "tourism zones."

There is currently no process for the government to screen inbound FDI. There is also no formal process for the government to identify strategic projects that would require additional review before approving foreign investment.

Business Facilitation

The Honduran government has worked to simplify administrative procedures for establishing a company in recent years, including by offering many processes online. For example, the Ministry for Economic Development launched a single window portal for registering a firm to operate within a free trade zone, in addition to an investor's guide, which explains the necessary procedures to start a business, utilize a special regime, and carry out export and import activities in Honduras. The portal effort was completed with input from the private sector groups representing Honduras' manufacturing sector and utilizing a model developed by the UN Development Program. In addition, small- and medium-sized enterprises may use the eRegulations website, which provides information on registering a business, including fees, agencies, and required documents.

The National Investment Council launched its Digital Investment Portal, an online platform designed to integrate government agencies and fast-track investment processes, in September 2025. The portal currently encompasses over 120 government services, and the Honduran government hopes it will one day cover all import, export, and tourism procedures at the national and municipal levels.

Companies seeking to operate in the ZOLIs may use the SOL – Citizen Portal. Government procurement notices, conducted by the Regulatory Office for State Contracting and Procurement (ONCAE) can be found on the Honducompras electronic procurement platform. Government officials have expressed interest in expanding the digitalization of business, import, permitting and licensing, and taxation processes across the government to increase efficiency and transparency.

Honduras supports the WTO Investment Facilitation for Development Agreement, which aims to improve the global investment and business climate and to make investing easier in all sectors. At the same time, investors report that procedural red tape and the solicitation of bribes to obtain approval for investment activities remain common, especially at the local level and within certain ministries.

Section 2. Investment and Taxation Treaties

A bilateral investment treaty (BIT) between the United States and Honduras entered into force in 2001. The U.S.-Honduras Treaty of Friendship, Commerce, and Consular Rights (1928) provided for most-favored-nation treatment for investors of either country. CAFTA-DR governs most investment-related matters between the United States and Honduras and supersedes most overlapping investment provisions of these earlier agreements.

Provisions for investment are included in free trade agreements between Honduras and:

- The United States
- Canada
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- El Salvador
- The European Union
- Guatemala
- Mexico
- Nicaragua
- Panama
- Peru and
- Republic of Korea

These agreements govern investment relations with the respective parties and have replaced many investment-related provisions previously governed by BITs. Honduras and China signed an Early Harvest Arrangement in February 2024.

Honduras also has BITs with:

- Cuba
- Ecuador
- France
- Germany
- Kuwait
- The Netherlands
- Spain
- Switzerland and
- United Kingdom

Honduras formally maintains a Preferential Commercial Agreement with Venezuela, though it is largely inactive and has limited practical relevance for current trade.

Following the March 2023 decision to recognize China, exporters to Taiwan reported the government rescinded their certificates of origin, which are needed for importing into Taiwan under the FTA between Honduras and Taiwan.

Honduras does not have any bilateral tax treaties in force.

Section 3. Legal Regime

Transparency of the Regulatory System

The government has made progress toward developing digital single windows to consolidate the application and approval process, for example, for firms registering in a free trade zone. These steps have reportedly allowed for greater transparency in the regulatory system. Both U.S. and Honduran firms, however, cite concerns regarding transparent policies and effective laws to foster market-based competition. This lack of clarity allegedly stems from overly complex and sometimes overlapping authorities given to multiple government entities to approve permits for foreign investors. Ongoing issues relating to corruption also hinder transparent investment opportunities, according to investors. Honduras lacks an indexed legal code so lawyers and judges must maintain their own libraries of law publications. While most regulations are at the national level, municipal level regulations also exist. These entities vary considerably in terms of how they respond to foreign investments and their requirements for permitting.

Investments in the following sectors generally require approval from the Honduran government via permits:

- Mining
- Energy
- Healthcare

- Telecommunications
- Air transportation
- Agriculture
- Forestry and
- Education

Many U.S. investors have reported long waiting periods for environmental permits and other regulatory and legislative approvals. Generally, companies report that regulatory requirements are complex and lengthy and vulnerable to rent-seeking and perceived corruption due to weak institutions. Regulatory approvals require congressional intervention if the time exceeds a presidential term of four years. Current regulations are available at the government's eRegulations website.

There is no legal requirement for the government to solicit public comment on proposed regulatory changes or legal reforms. It is generally understood that a legal or regulatory change does not take effect until the government publishes approved regulations in the Gazette, which represents the centralized location for legislative and regulatory actions. Public comments received by regulators are not published. While Honduras has a system for developing government regulations, investors report these regulations are not always developed transparently and with input from the private sector or civil society groups.

CAFTA-DR requires host governments to publish certain laws, regulations, procedures, and administrative rulings affecting matters covered by the agreement and to promote transparency in regulatory processes. Honduras publishes many trade-related regulations online. The Customs Administration (Aduanas) and Sanitary Regulatory Agency (ARSA) have improved publication of regulations through their official online portals.

International Regulatory Considerations

Honduras is a member of the Central American System of Integration (SICA), along with:

- Belize

- Costa Rica
- Dominican Republic
- El Salvador
- Guatemala
- Nicaragua and
- Panama

Under SICA's Secretariat for Economic Integration (SIECA), Honduras and Guatemala negotiated a customs union in 2017. SIECA is also supporting the expansion of this customs union to include El Salvador. Article 335 of the Honduran Constitution states the government should manage its international economic relations in a fair and cooperative way, support economic integration in Central America, and respect its treaties and agreements, as long as they do not conflict with national interest. As a member of the World Trade Organization (WTO), Honduras notifies relevant draft technical regulations to the WTO Committee on Technical Barriers to Trade in accordance with WTO notification requirements.

Legal System and Judicial Independence

Honduras has a civil law system. The Commercial Code, enacted in 1950, regulates business operations and falls under the Honduran civil court system's jurisdiction. The Civil Procedures Code, which entered into force in 2010, introduced the use of open, oral arguments for adversarial procedures. This code provides for protection of commercial transactions, property rights, and land tenure. It also established a process for the enforcement of rulings issued by foreign courts.

Commercial law and contractual law are regulated through the 1950 Commercial Code and the 1909 Civil Code. There are civil courts where commercial cases are tried. There are also arbitration chambers where issues regarding contracts with an arbitration clause may be resolved.

There are frequent reports of corruption within the judicial branch both in local courts, and in cases before the Supreme Court. U.S. firms report concerns about judicial independence, including allegations of favoritism, external pressure, and the solicitation of bribes. Resolving an investment or commercial dispute in Honduran courts is often a lengthy process. Foreign investors report dispute resolution typically involves multiple appeals and decisions at different levels of the judicial system. Each decision can take months or years, and it is usually not possible for the parties to predict the time required to obtain a decision. Final decisions from local courts or from arbitration panels often require subsequent enforcement from lower courts to take effect, requiring additional time. Foreign investors sometimes prefer to resolve disputes with suppliers, customers, or partners out of court when possible. Investors report that alternate dispute resolution mechanisms, particularly arbitration, are generally viewed as more reliable than the court system. The Investment Law promotes solving disputes between investors through mediation, conciliation, and arbitration prior to using the judicial system.

Laws and Regulations on Foreign Direct Investment

The Investment Law requires all local and foreign direct investment to be registered with the National Investment Council. Article 22 of the law guarantees recognition of arbitral awards, permits parties to choose foreign law to govern their contracts, and establishes a framework for prevention of conflicts. Article 29 recognizes arbitration as the most efficient mechanism for dispute resolution and permits parties to pursue arbitration even in the absence of an arbitration clause in their contract. Upon registration, the National Investment Council issues certificates affirming international arbitration rights under CAFTA-DR. A qualified investor who believes the government has not honored a substantive obligation under CAFTA-DR may pursue resolution through CAFTA-DR's dispute settlement mechanism, as detailed in the Investment Chapter. The claim's proceedings and documents are generally made available to the public.

Honduras requires authorization for both foreign and domestic investments in the following areas:

- Basic health services
- Telecommunications

- Generation, transmission, and distribution of electricity
- Air transport
- Fishing, hunting, and aquaculture
- Exploitation of forestry resources
- Agricultural and agro-industrial activities exceeding land tenancy limits established by the Agricultural Modernization Law of 1992 and the Land Reform Law of 1974
- Insurance and financial services and
- Investigation, exploration, and exploitation of:
  - Mines
  - Quarries
  - Petroleum and
  - Related substances

The government offers one-stop business set-up at its Mi Empresa en Línea (My Business Online) website, which helps domestic and international investors submit initial business registry information and provides step-by-step instructions. However, formalizing a business still requires visiting a municipal chamber of commerce window for registration and permits, a process reportedly vulnerable to rent-seeking and corruption.

Competition and Antitrust Laws

The Commission for the Defense and Promotion of Competition, established under the 2005 Competition Law, is the primary competition authority and reviews transactions for potential anti-competitive effects. Its members are appointed by the Honduran Congress, and it operates as an independent regulatory body.

Laws that give a single company exclusive distribution rights for imported goods have created artificial monopolies in Honduras, reducing availability and increasing prices in the local market.

Expropriation and Compensation

The government has the authority to expropriate property for purposes of land reform or public use. The National Agrarian Reform Law allows the government to expropriate unused farmland and redistribute it to indigent and landless individuals via the Honduran National Agrarian Institute. In 2013, the government passed a law allowing it to recover and reassign concessions on underutilized assets. Local and foreign firms have raised concerns that the law does not clearly define what qualifies as "underutilized." The government has not published implementing regulations for the law nor indicated plans to use the law against any private sector firm.

On August 31, 2026, the Asfura government passed new legislation in Congress aimed at restructuring the electricity sector and improving the financial sustainability of state utility ENEE. The legislation includes measures related to sector governance and facilitate the restructuring and unbundling of ENEE. It also repeals key provisions of the 2022 electricity law that allowed the state, under certain circumstances, to terminate contracts or acquire power plants at an undefined "fair price" if it cannot reach agreement with operators on renegotiated Power Purchase Agreements in certain sectors, or if it determines such action is in the public interest, including for national security reasons. In May 2024, the government invoked its authority under the May 2022 electricity law to carry out a temporary intervention of Bonaca Electric Company (BELCO), a private Honduran power producer, by assuming control of its operations to reduce energy prices and improve service. The WTO's 2023 Trade Policy Review noted the law "could lead to even greater uncertainty among private generators and undermine investment in the generation sector."

Government expropriation of land owned by U.S. companies is reportedly rare. CAFTA-DR's Investment Chapter states that no party may expropriate or nationalize a covered investment either directly or indirectly, except for a public purpose and subject to the conditions set out in Article 10.7 that require, among other things, prompt and adequate compensation. Under the Agrarian Reform Law, the Honduran government must compensate expropriated land partly in cash and partly in 15-, 20-, or 25-year government bonds. The portion to be paid in cash cannot exceed $1,000 if the expropriated land has at least one building and it cannot exceed

$500 if the land is in use but has no buildings. If the land is not in use, the government will compensate entirely in 25-year government bonds.

Land invasions by squatters on both Honduran and foreign-owned land are common, especially in agricultural areas. Owners of disputed land have found pursuing legal avenues costly, time consuming, and ineffective in resolving these property disputes and enforcing property protections for legal owners.

Dispute Settlement

ICSID Convention and New York Convention

Honduras is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). On March 6, 2026, President Asfura signed the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention), beginning the process of re-establishing Honduras as a contracting state after it withdrew from the ICSID Convention in August 2024. Honduras will rejoin the ICSID Convention upon completion of its domestic ratification procedures, including congressional approval and deposit of its instrument of ratification.

Investor-State Dispute Settlement

CAFTA-DR provides dispute settlement procedures between the United States and Honduras. The agreement's Investment Chapter dispute settlement mechanism also allows an investor who believes the government has not honored a substantive obligation under CAFTA-DR to request a binding international arbitration. Proceedings and documents submitted to substantiate the claim are generally made available to the public. The agreement provides basic protections, such as:

- Non-discriminatory treatment
- Limits on performance requirements
- The free transfer of funds related to an investment

- Protection from expropriation other than in conformity with customary international law
- A minimum standard of treatment and
- The ability to hire key managerial personnel regardless of nationality

Over the past 10 years, there have been several commercial disputes brought by U.S. persons or firms that remain unresolved. While many of these cases remain in litigation, others are pending final agreements between the Honduran government and U.S. parties. The Office of the Solicitor General has been willing to meet with U.S. persons and firms to negotiate a resolution to these outstanding cases. Administrative processes and judicial procedures can also reportedly take significant time.

International Commercial Arbitration and Foreign Courts

The Conciliation and Arbitration Law outlines procedures for arbitration and defines the procedures under which they take place. The Investment Law permits investors to request arbitration directly, reportedly a swifter and more cost-effective means of resolving disputes between commercial entities. Arbitrators and mediators may have specialized expertise in technical areas involved in specific disputes. The law provides for recognition and enforcement of foreign arbitral awards issued against the government. Judgments from foreign courts may be recognized and enforced by Honduran courts in accordance with applicable law.

The following organizations provide more localized information:

- Tegucigalpa Chamber of Industry and Commerce – Center for Conciliation and Arbitration
- Cortés Chamber of Industry and Commerce – Center for Conciliation and Arbitration
- The Atlántida Chamber of Industry and Commerce – Center for Conciliation and Arbitration and
- The Honduran Bar Association – Center for Conciliation and Arbitration

Numerous U.S. and other international investors report a strong preference for international or local alternative dispute resolution mechanisms, citing concerns that the local judicial system can be inefficient, lacks transparency, and can be subject to political influence and/or corruption. International donors have worked with the judicial system and prosecutors to try to improve the justice system's capabilities, effectiveness, and transparency.

Bankruptcy/Insolvency Regulations

Companies that default in payment of their obligations can declare bankruptcy. A Honduran court must ratify a bankruptcy for it to take effect. These cases are regulated by the country's Commercial Code.

The judicial ruling declaring a company bankrupt establishes:

- The value of the company's assets
- The recognition and classification of creditors' claims
- The procedure for the sale of assets and
- The schedule for the payment of the creditors' claims if the company cannot continue operating

The ruling must be published in the Gazette. The liquidation of companies is always a judicial matter, except in the case of banking institutions, which are liquidated by the National Banking and Insurance Commission (CNBS).

Liquidation proceedings may be initiated by either a creditor or the company itself and are generally treated as a civil matter. A judge appoints a liquidator to oversee the process. To avoid bankruptcy, a company may request a suspension of payments. If approved by both a judge and creditors, the company may reach an agreement that allows its existing management to maintain control of the company.

A company may be prosecuted for:

- Fraudulently declaring bankruptcy if the administrative board or shareholders withdraw their assets before the declaration
- Altering accounting records, making it impossible to determine the company's true financial situation or
- Favoring certain creditors, granting them benefits to which they would not otherwise be entitled

Section 4. Industrial Policies

Investment Incentives

Honduras offers a variety of incentives to attract FDI, particularly in strategic sectors such as manufacturing, tourism, and infrastructure.

The Law on the Promotion and Protection of Investments provides benefits including stability agreements that lock in tax and regulatory conditions for up to 15 years, as well as preferential tax treatment for strategic projects. The Tourism Incentives Law grants tax holidays, exemptions from import duties on construction materials, and other fiscal benefits for qualifying tourism-related developments. Additional measures include:

- Access to financing through government-supported credit programs
- Expedited permitting in designated industrial parks and
- Reduced land lease costs for projects that meet strategic development objectives

Honduras has numerous tax incentive programs that, depending on the type of business, may exempt income, sales, and/or municipal taxes in addition to customs duties. These incentives should apply uniformly to both domestic and foreign investors when they comply with the necessary requirements.

Honduras maintains active public-private partnerships (PPPs), particularly for projects of national interest, but no single government entity currently serves as the lead agency for PPP development and oversight. The Asfura government has, however, proposed creating a new unit to identify, structure, and promote PPP projects.

By law, investment incentives are intended to be applied uniformly within each legal framework. In practice, however, certain benefits – particularly those involving access to land, infrastructure support, or project-specific concessions – may be negotiated individually, resulting in case-by-case application even within the same sector.

Foreign Trade Zones/Free Ports/Trade Facilitation

The government offers four primary tax-advantaged structures to incentivize investment:

- The Free Trade Zone (ZOLI)
- The Free Tourism Zone (ZOLITUR)
- The Industrial Zone for Export Processing (ZIP) and
- The Temporary Import Law (RIT)

ZOLIs and ZIPs allow foreign investors tariff and tax incentives for export-only manufacturing. The following cities have been designated as free trade zones:

- Puerto Cortés
- Omoa
- Choloma
- Tela
- La Ceiba and
- Amapala

Honduras allows the establishment of ZIPs anywhere in the country. As of 2026, ZIPs are primarily located in:

- Choloma

- Buffalo
- La Lima
- San Pedro Sula
- Tegucigalpa and
- Villanueva

Companies operating in ZIPs are exempt from paying import duties and other charges on goods and capital equipment. The Temporary Import Regime, renewed in January 2026 for an additional 10 years, allows exporters to import raw materials, parts, and capital equipment (except vehicles) duty-free, provided the inputs are incorporated into products for export (with up to 5 percent permitted for domestic sale). Additional information on these incentive programs is available from the National Investment Council.

In September 2024, the Supreme Court of Justice declared the legal framework for Honduras' Zones for Employment and Economic Development (ZEDEs) unconstitutional and applied the decision retroactively to ZEDEs' inception. ZEDEs were largely autonomous economic zones created by the National Congress in 2013. In December 2022, the promoter and developer of one ZEDE filed an arbitration claim at ICSID alleging the government's actions violated Honduras' CAFTA-DR obligations and other international agreements and alleging damages that could reach nearly $11 billion. The case remains pending.

Honduras ratified the WTO Trade Facilitation Agreement (TFA) in 2016, agreeing to expedite the movement, release, and clearance of goods, including goods in transit. The TFA also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. Honduras, Guatemala, and El Salvador operate a trilateral customs union to foster and increase efficient cross-border trade, but implementation challenges persist. Honduras uses digitized import permits for agricultural products to reduce costs and dispatch times. Honduras and Guatemala also use an online pre-arrival screening protocol to reduce border times and transit costs for goods.

Honduras has advanced several initiatives to facilitate trade and reduce dispatch times and costs at key land and sea borders. Since its launch in August 2021, the Customs Administration (Aduanas) has used high-specification tablets for processing at the Port of Cortés. During the program's initial months, dispatch times fell by more than 30 percent, generating significant savings for companies. In February 2026, the Asfura government announced a $100 million expansion and modernization project for the Port of Cortés aimed at reducing wait times and addressing inefficiencies. Authorities also plan to expand the use of the tablets to El Amatillo (land border with El Salvador) and La Mesa (San Pedro Sula airport). Additional reforms – including the adoption of a streamlined inspections manual by Customs and the National Health and Agrifood Safety Entity (SENASA), as well as further IT integration of their inspection systems – will further reduce processing times and costs at key land and border crossings. Government agencies responsible for inspecting and clearing agricultural, processed food, and medicinal products have also taken steps to expedite import clearance, including the introduction of online permitting systems.

Many U.S. companies in Honduras take advantage of CAFTA-DR's commercial framework. Substantial intra-industry trade now occurs in textiles and electrical machinery, alongside continued trade in traditional exports, such as coffee and bananas.

Performance and Data Localization Requirements

The government encourages foreign investors to hire locally and to make use of domestic content, especially in manufacturing and agriculture. Article 137 of the Honduran Constitution requires at least 90 percent of employees be Honduran citizens and that those employees receive no less than 85 percent of total payroll.

The government and courts can require foreign and domestic investors to turn over data for use in criminal investigations or civil proceedings. Honduran law enforcement, prosecutors, and civil courts have the authority to make such requests.

Section 5. Protection of Property Rights

Real Property

Land title procedures are reportedly particularly challenging for U.S. investors, given the overlapping government authorities and a paper-based titling process where archived files are often difficult to locate and authenticate, thereby making it difficult to confirm the true title holder. Further, a 2022 World Bank report estimated that approximately 80 percent of privately held land in Honduras is either untitled or improperly titled. Title insurance is available, though not widely purchased. U.S. investors should take steps to only work with accredited legal and real estate professionals when conducting property transactions. The national property registry is managed by the Property Institute, although property survey information is managed by the Survey Institute. These two registries have not always aligned, leading to legal disputes regarding property. There have been past efforts to reconcile both lists, though progress remains unclear. However, a person who has had uninterrupted and peaceful possession of a property for more than 20 years may petition a court to obtain ownership through acquisitive prescription, even without formal title.

Land disputes resulting in occupations have continued to increase year on year, reaching a crisis point in certain rural areas. Some U.S. companies report land invasions by "*campesino*" groups claiming title to the land and by armed criminal groups. Companies also report inadequate responses from local authorities and law enforcement to these incursions. Resolution of property disputes in court reportedly takes years. There are claims of widespread corruption in land sales, deed filing, and dispute resolution, including claims against attorneys, real estate companies, judges, and local officials. Despite past progress, the property registration system remains widely perceived as unreliable and a constraint on investment. Investors note that a lack of implementing regulations continues to delay issuing titles in some regions.

Honduran law recognizes secured interests in movable and real property. The Chamber of Commerce and Industry of Tegucigalpa, the Chamber of Commerce and Industry of Cortés, and the Chamber of Commerce and Industry of the South all manage their own merchant records.

The authority of these chambers to administer their own merchant registries stems from a concession granted under Honduras' secured transactions law.

Intellectual Property

Honduras does not appear on USTR's 2025 Priority Watch List or Watch List, although the report discusses certain IP enforcement concerns involving Honduras. Honduras is not mentioned in USTR's 2025 Review of Notorious Markets for Counterfeiting and Piracy.

Honduras' legislative framework for the protection of intellectual property rights includes provisions intended to deter piracy and counterfeiting, such as the seizure, forfeiture, and destruction of infringing goods and the equipment used to produce them. The law also provides for statutory damages in cases of copyright and trademark infringement, allowing courts to award compensation even when actual losses are difficult to quantify. This framework, comprising copyright and industrial property laws, is generally considered adequate on paper. However, industry stakeholders report that enforcement remains weak. Honduras has enacted legislation to implement its obligations under the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights. Honduran law provides for five years of data exclusivity and protects process patents but does not recognize second-use patents. Responsibility for IP protection and enforcement rests with the Property Institute and the Office of the Attorney General. No new IP-related laws or regulations were enacted in the past year.

CAFTA-DR Chapter 15 on Intellectual Property Rights provides for the protection and enforcement of a range of intellectual property rights consistent with U.S. and international standards, including provisions to deter piracy and counterfeiting. It also authorizes authorities to confiscate pirated goods and initiate intellectual property investigations.

There are concerns regarding IP protection and enforcement in Honduras, including with respect to:

- Online and software piracy
- Cable signal piracy and

- The distribution and sale of counterfeit and pirated goods

Honduras continues to have one of the highest rates of signal piracy in Latin America and the Caribbean. Digital piracy is reportedly widespread and frequently ignored in Honduras, especially by telecommunications companies. There are also concerns that a major state-owned cable provider offered unlicensed programming and is using pirated content to expand its market share. The Special Prosecutor for Intellectual Property will not investigate a case unless it receives a complaint from a rights holder. However, rights holders allegedly do not submit complaints because they do not want to navigate the bureaucratic process or fear they will lose business. In addition, sentencing for intellectual property crimes remains ineffective to deter future violations. The United States continues to express concerns about IP enforcement in Honduras. For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles.

Section 6. Financial Sector

Capital Markets and Portfolio Investment

There are no government restrictions on foreign investors' access to local credit markets, though the local banking system generally extends only limited amounts of credit.

A limited number of credit instruments are available in the local market. The only security exchange operating in the country is the Central American Securities Exchange (BCV) in Tegucigalpa, but investors should exercise caution before buying securities listed on it. Supervised by the National Banking and Insurance Commission, the BCV theoretically offers instruments to trade bankers' acceptances, repurchase agreements, short-term promissory notes, government private debt conversion bonds, and land reform repayment bonds. In practice, however, the BCV is almost entirely composed of short- and medium-term government securities and no formal secondary market for these bonds exists.

A few banks have offered fixed rate and floating rate notes with maturities of up to three years, but outside of the banks' issuances, the private sector does not sell debt or corporate stock on the exchange. Any private business is eligible to trade its financial instruments on the BCV, and firms that participate are subject to a rigorous screening process, including public disclosure and ratings by a recognized rating agency. Historically, most traded firms have had economic ties with the other business and financial groups represented as shareholders of the exchange. As a result, risk management practices are reportedly lax and public confidence in the institution is limited.

The Honduran financial guarantee program, CONFIANZA, provides loan guarantees to regional banks to facilitate financing to micro-, small-, and medium-sized enterprises.

Money and Banking System

The Honduran financial system consists of:

- Commercial banks
- State-owned banks
- Savings and loans institutions and
- Financial companies

The banking sector includes 15 commercial banks and nine financial groups operating across the system. While access to credit remains limited, the financial sector is generally considered a source of economic stability. The country maintains a professional central bank and banking regulator, the National Banking and Insurance Commission (CNBS). Honduras does not have an offshore banking sector or a significant domestic blockchain industry.

Foreign Exchange and Remittances

Foreign Exchange

In principle, the Investment Law guarantees foreign investors access to foreign currency needed to transfer funds associated with their investments in Honduras, including:

- Imports of goods and services necessary to operate
- Payment of royalty fees, rents, annuities, and technical assistance and

- Remittance of dividends and capital repatriation

Investors report that access to U.S. dollars through the Central Bank has improved following recent policy adjustments. Honduras maintains a managed exchange rate regime, under which the Central Bank continues to play a central role in foreign exchange operations. In February 2026, authorities streamlined access to foreign currency by reducing documentation requirements. Businesses have reported fewer constraints in obtaining foreign exchange compared to previous years and generally report improved ability to meet foreign currency needs.

Remittance Policies

Although the Investment Law guarantees investors the right to remit returns and repatriate capital, in practice access to foreign exchange has at times constrained the timely execution of these transfers. The Central Bank does not provide currency exchange for this purpose. These exchange transactions are subject to the same foreign exchange process and regulation as other transactions.

Sovereign Wealth Funds

Honduras does not have a sovereign wealth fund.

Section 7. State-owned Enterprises

Most state-owned enterprises are in telecommunications, electricity, water utilities, mail services, hospitals, railroads, banking, and commercial ports. There is no comprehensive, publicly available list of Honduran state-owned enterprises. Hondutel remains the state-owned telecommunications provider, although the sector is now open to competition from private, including foreign, operators licensed by telecommunications regulator CONATEL.

The state-owned electricity company National Electric Energy Company (ENEE) remains a significant source of fiscal risk and a central focus of ongoing economic reform efforts. ENEE continues to pose fiscal risks, with operating losses estimated around 1 percent of GDP and total debt approaching 10 percent of GDP. A substantial portion of this debt is in the form of arrears to energy producers, who report extended payment delays. The electricity law passed on August 31, 2026, aims to improve ENEE's financial sustainability through corporate restructuring, strengthened governance, and measures to reduce technical and commercial losses.

The Honduran electricity system continues to face structural challenges, including aging transmission and distribution infrastructure, electricity theft, billing inefficiencies, and periodic supply constraints during periods of peak demand or reduced hydroelectric generation. ENEE continues to rely on higher cost thermal generation and purchases from the regional market to meet demand during such periods. While large-scale nationwide blackouts have become less frequent, localized outages and service interruptions remain common in some areas. In response to reliability concerns and electricity costs, many businesses have invested in on-site generation or alternative energy solutions to supplement grid supply.

Honduran law grants municipalities the right to manage water distribution and to grant concessions to private enterprises. Major cities with public-private concessions include San Pedro Sula, Puerto Cortés, and Choloma.

The state water authority, the National Autonomous Service of Aqueduct and Sewers (SANAA), manages water distribution in Tegucigalpa. Persistent water shortages, particularly during the dry season, remain a constraint on private enterprise in Honduras.

The Honduran National Port Company (ENP) is the state-owned entity responsible for managing the country's government-operated maritime ports, including:

- Puerto Cortés
- La Ceiba
- Puerto Castilla and
- San Lorenzo

Private companies, such as the Central American Port Operators and Maritime Ports of Honduras, have 30-year concessions to operate container and bulk shipping facilities at Honduras' principal port Puerto Cortés.

Honduras has two state-owned banks:

- The National Agriculture Development Bank (BANADESA) and
- The Honduran Bank for Production and Housing (BANHPROVI)

Privatization Program

The Asfura government has not announced plans to privatize state-owned enterprises.

Section 8. Corruption

U.S. businesses and citizens report corruption in the public sector and that the judiciary is a significant constraint to investment. Corruption is pervasive in:

- Government procurement
- Issuance of government permits
- Customs
- Real estate transactions (particularly land title transfers)
- Performance requirements and
- The regulatory system

Honduras ratified the United Nations Convention against Corruption (UNCAC) in 2005 and the Inter-American Convention against Corruption (OAS Convention) in 1998.

Section 9. Political and Security Environment

Crime and violence rates remain high and continue to add costs and disincentivize investments. Demonstrations occur periodically in Honduras and can disrupt business operations. While the change in government has reduced some uncertainty, investors continue to monitor the stability of the investment climate.

Although violent crime remains a persistent problem, Honduras' intentional homicide rate declined to 23.92 per 100,000 inhabitants in 2024, according to the Organization of American States' Inter-American Security Observatory. Cases of violence, extortion, and kidnapping are still common, particularly in urban areas where gang presence is more pervasive. Drug traffickers continue to use Honduras as a transit point for cocaine and other narcotics en route to the United States and Europe, which fuels local turf battles in some areas and injects illicit funds into judicial proceedings to distort justice. The business community has in the past been a target of kidnapping for ransom, but the number of overall kidnappings dropped from 92 in 2013 to 15 in 2025, primarily through the work of the U.S. government-supported Honduran National Police National Anti-Kidnapping Unit. Although violent crime rates are trending downward, corruption and white-collar crime, including money laundering, negatively affect economic prosperity and stability for the business community.

Section 10. Labor Policies and Practices

The Honduran Labor Law prescribes a maximum eight-hour workday, 44-hour workweek, and at least one 24-hour rest period per week. However, in certain circumstances, the workday may be extended up to 12 hours with overtime compensation. The Labor Code provides for paid national holidays and annual leave. Most employment sectors also receive two one-month bonuses as part of the base salary, known as the 13th and 14th month salary, issued in mid-December and mid-June, respectively. New hires receive a prorated amount based on time-in-service during their first year of employment. The Labor Code requires companies to pay one month's salary to employees terminated without cause. Companies do not owe severance to employees who resign or are terminated for cause. Employees terminated for cause can contest the basis for the termination in court to claim severance. There are no government-provided unemployment benefits in Honduras, although unemployed individuals may have access to their accumulated pension funds.

The Secretariat of Labor and Social Security (SETRASS) is responsible for registering collective bargaining agreements. The Labor Code prohibits the employment of persons under the age of 14. Minors between the ages of 14 and 18 must receive special permission from SETRASS to work. Most violations of the labor-related provisions of the children's code occur in the agricultural sector and informal economy.

Honduras has a significant informal economy and has implemented measures to encourage formalization, including simplified and low-cost business registration processes. However, many informal business owners cite the tax system's complexity and limited incentives as factors that continue to discourage formalization.

While Honduran labor law closely mirrors International Labor Organization standards, the U.S. Department of Labor has raised serious concerns regarding the effective enforcement of Honduran labor laws. Labor organizations alleged SETRASS fails to enforce labor laws, including laws on:

- The right to form unions
- Reinstating employees unjustly fired for union activities
- Child labor
- Minimum wages
- Hours of work and
- Occupational safety and health

In March 2026, the Asfura government enacted a new part-time employment law establishing a regulated framework for part-time work. The law permits part-time hiring with compensation proportional to hours worked and includes provisions on social security contributions, benefits, and limits on working hours. The government has presented the measure as a means of increasing labor market flexibility and promoting formal employment.

The U.S. Department of State Country Report on Human Rights Practices describes a number of labor and human rights compliance issues that affect the Honduran labor market. These include:

- Employers' anti-union discrimination
- Refusal to engage in collective bargaining and
- Employer control of unions

Section 11. Contact for More Information

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