

Based on information collected up to September 2002

1. TARIFF MEASURES

Structure of the tariff schedule

Honduras adopted in 1993, the Central American Tariff System (SAC), an eight-digit tariff, based on the Harmonized Commodity Description that replaced the Nomenclatura Arancelaria Uniforme Centroamericano II (NAUCA). The SAC has been approved by Decree No. 222-92 of 10 December 1992. It is divided into three parts:

Part I - includes duties that have been harmonized among all CACM countries;

Part II - consists of headings in the course of being harmonized;

- and the third part incorporates a small number of headings, which are free to be altered by each member country.

Tariff publications

Under the Secretaria Permanente del Tratado General de Integracion Economica Centroamericana (SIECA), the Sistema Arancelario Centroamericano (SAC) has been published on 1 of April 1993.

11 Statutory Customs Duties

Ad valorem duties are levied on the CIF value of imported goods.

12 MFN Duties

In line with its commitments within the Central American Tariff System, Honduras applies the following m.f.n. rates on goods: 0% on raw materials, and capital goods not domestically produced; 5% on domestically produced raw materials and intermediate goods and capital goods; and 15% on finished goods.

Yet the following products do not belong to the tariff reduction scheme: alcohol, automotive vehicles, textiles, and petroleum-derived products.

14 Tariff Quota Duties

Tariff quota rates apply price band when local grain supplies are exhausted; after that, imports are levied at 1%.

15 Seasonal Duties

During farmers' main harvest period, the Government of Honduras sets seasonal duties from September to January, with a minimum levy of 20% on corn, and 15% on all other products. From February to August, duties are set according to market commodity situation.

16 Temporary reduced duties

A temporary import law enacted in 1984, and Decreto No. 37 of 20 December 1984 amended by Decree No. 190-86 of 31 October 1985 and Regulation No. 545-8 of May 1987, permit the import of raw materials, parts, and capital goods without payment of customs duties, provided the finished product be exported outside of Central America.

The temporary law applies to companies that do not operate in free zones, industrial parks, or export processing zones.

Authorization to participate in the program must be obtained from the Ministry of Economy and Commerce. The establishment of a temporary import Regime mechanism which promotes exports and the list of goods exempt from payment of taxes and surcharges are governed by Decree No. 85.84 of 31 May 1984, amended by Decision No. 545-87. Duty exemptions apply also to government agencies' imports.



Preferential duties under trade agreements

19.1 Interregional agreements

On 27 of April 1962, Honduras became member of the General Treaty on Central American Integration (Tratado General de Integracion Economica Centroamericana, that established the Central American Common Market (CACM) in 1993. The other participating members are Costa Rica, El Salvador, Guatemala and Nicaragua. Honduras as a party to the CACM grants duty-free treatment to most goods from other CACM members, excepted for few goods listed in Annex A of the General Treaty. From Annex A, only roasted coffee, alcoholic beverages and petroleum products are subject to customs duties, and the rest to import controls, by Resolution No. 24-96 (COMRIEDE IV) of 22 May 1996, as amended by Resolution 18-98 (COMIECO-VI) of 24 February 1998.



19.2 Regional and sub-regional agreements

Honduras is member of the Association of Caribbean States (Asociacion de Estados del Caribe) settled down on 23 June 1993. Its objective is to establish a framework for flexible co-operation on issues such as economic integration trade, investment, transport, communications, science and technology and environmental protection. In addition to the Caribbean island states, the Association comprises Colombia, El Salvador, Mexico, Nicaragua, Suriname and Venezuela.

On 12 February 1993, Honduras together with Costa Rica, El Salvador, Guatemala and Nicaragua, signed in Caracas, Venezuela, with the presidents of the "Group of three" member countries i.e. Colombia, Mexico and Venezuela, a framework agreement applicable as of 30 June 1993, for the establishment of a free zone in the sub-region.

The Agreement provides for the elimination of import duties on most products originating from member countries; import duties on most products will be eliminated within one to three years with respect to Central American products and within five to ten years for Colombian and Venezuelan products. Tariff reductions between Mexico and Central American countries will be agreed on a bilateral basis. The Declaration of Caracas, lays the foundation for a free trade zone between the Group of Three, Central America and the Caribbean.

In December 1994, Honduras participated in the Summit of the Americas at which, heads of state from all countries in the western hemisphere (except Cuba) agreed on a program for a Free Trade Area for the Americas (FTAA) by the year 2005.

After a meeting of Deputy foreign ministers of Central America and Chile on 17 of August 1998 in Santiago during the 2nd summit of the Americas, the presidents of Honduras, Costa Rica, El Salvador, Guatemala, Nicaragua and Chile, signed on 18 October 1999 in Guatemala City, the definitive text of the free trade agreement between Central America and Chile.

Honduras together with the other CACM members, namely Costa Rica, El Salvador, Guatemala and Nicaragua signed with the Dominican Republic, a free trade agreement which came into force on 15 October 2001.

Honduras and the other Central American governments and Mexico signed in January 1991, the Tuxtla Gutiérrez Declaration with a view to establishing a free trade area. In August 1992, the same countries signed a Multilateral Framework Agreement for a Trade Liberalization Programme.

Honduras along with El Salvador and Guatemala, have negotiated a free trade agreement with Mexico in 2000. The agreement has been ratified by Honduras in February 2001. Within the agreement, industrial goods are scheduled to be phased out in 11 years, and duties on agricultural goods are scheduled to be phased out in 12 years.

On 29 of August 2000, Honduras with Nicaragua Joined a customs union established by Guatemala and El Salvador in 1996. The aim of this customs union is to unify customs procedures and phytosanitary requirements, to harmonize tariffs and facilitate the transit of goods and people among the four countries.
Tariff harmonization should be achieved by 2002.

Honduras together with Belize, Costa Rica, El Salvador, Guatemala, Nicaragua and Panama, with Mexico, launched in 2001 the PUEBLA-PANAMA PLAN, which objectives among others is to facilitate trade by promoting the elimination of non-tariff barriers and other obstacles to intra-regional commerce.

Honduras and other 23 countries from Central America and the Caribbean area, benefit from the CBI, the Caribbean Basin Initiative in force since 1984, an US programme which grants total exemption from import tariffs until 2008 for a wide range of goods originating in the CBI area, with the exception of the following goods: clothing and textiles (for which exists a special programme guaranteeing access to the american market for clothes made in the CBI); canned tuna, petroleum and petroleum products, footwear excepted disposable articles and shoe parts, some leather rubber and plastic gloves, certain leather garments, clocks and clock parts.

Relations between CBI countries and the United States of America have been strengthened with the signature by President Clinton on 2 October 2000, of the Caribbean Basin Trade Partnership Act (CBTPA) which grants the countries of the Caribbean Basin, beneficial tariff rates and quotas in the USA, to textiles and apparel products assembled from U.S. fabrics excluded from the programme.



19.3 Bilateral agreements

Honduras maintains agreements such as :

- Honduras-Panama Free, and Preferential Trade Agreement signed in 8 November 1973;
- Honduras-Colombia Partial-Scope Agreement No. 9 signed on 8 November 1973;
- Honduras-Venezuela Partial-Scope Agreement signed on 20 February 1986.

Although a party to the agreement establishing the CACM with Costa Rica, El Salvador, Guatemala and Nicaragua, Honduras has signed separate bilateral trading agreements with Costa Rica, Guatemala, Nicaragua, and Panama. These agreements negotiated outside of the framework of the CACM, provide for free trade between Honduras and its treaty partners, except for trade in grains and a list of designated manufactured products. A trade agreement also has been signed with El Salvador.

Honduras has signed a co-operation agreement with the European Union, in 1985; the agreement grants most-favored-nation treatment and pledges to promote economic cooperation and to facilitate increased European aid and investment.



2. PARA-TARIFF MEASURES

23 Internal taxes and charges levied on imports

- Value-added tax at the rate of 12% is levied on most goods.

- The sales tax (Impuesto sobre las ventas) governed by Decreto-Ley No. 24 of 20 December 1963, amended by Decree Law 135-94 of 12 October 1994, is levied at the rate of 15% on beers, liquors, brandy and other alcoholic drinks; cigarettes and tobacco products and its derivatives. The following goods are exempted from the payment of this tax: basic foods, milk, juice, purified water, fuel medicine, agrochemicals, agricultural machines and tools, handicrafts, household cleaning products, books, magazines and educational materials, and capital goods such as trucks, tractors, cranes, and computers.

- A selective consumption tax (Impuesto Selectivo de Consumo) ruled by Decreto No. 58 of 28 of July 1982 and amendments of the Congreso Nacional, is levied on some products that are considered non-essential, such as alcoholic beverages at 20%, cigarettes at 55%; it applies also on many luxury items as jewellery, whiskey, wine, certain type of vehicles, and petroleum products.



24 Decreed customs valuation

The method of customs valuation relates to the invoice value, yet other means can be adopted such as the transaction value of identical or similar goods; deductive method as the resale price less customs duties, taxes and commissions; computed value using costs of production, profit and other expenses; customs valuation based on either FOB or CIF value; and finally, other ways such as rapidity of clearance of goods, currency convertibility, appeal privileges and rights, and publication of laws and regulations.



3. PRICE CONTROL MEASURES

33.1 Minimum import prices

A variable levy price mechanism in place since 1992, is levied at rates varying from 1-45%, and applies to imports of corn, sorghum, corn meal and groats. When imported good prices are lower or below the price ban in force, duties are assessed accordingly.

4 FINANCE MEASURES

43.9 Minimum import prices

Exporters are allowed to retain 30% of their foreign exchange proceeds to finance their own imports. Proof requirement that dollars used to purchase imports were acquired through the Honduran commercial banking system.

45 Regulations concerning terms of payment for imports

Financing of import payments is channeled through the banking system or through exchange houses, with foreign exchange purchased in the free market or with credits obtained abroad. Obligations payment of any nature made in Honduras must be settled in "Lempiras" except for those contracted and documented in foreign currency. Trade transactions with the rest of Central America may be settled in local currency or in dollars.

5. AUTOMATIC LICENSING MEASURES

57 Surrender requirement

All foreign exchange proceeds must be surrendered to authorized banks or exchange houses.

6. QUANTITY CONTROL MEASURES

61.1 Licence with no specific ex-ante criteria

The following goods not included in the list of the Free Trade Agreement are subject to import control measures and customs duty payment: unroasted coffee (0901.1), sugar (17.01), (1701.11.00, 1701.91.00, and 1701.99.00); petroleum products: (27.10, 27.12, 27.13 and 27.15).

61.71 To protect human health

Import restriction is set on cosmetics, chicken meat and pork.

61.72 To protect animal health and life

All imports of animals and animal products must be authorized by the Director General of animal husbandry and veterinary medicine.

61.78 To ensure national security

Licensing requirement from the Ministry of Defense for the importation of arms, firearms, explosives and similar products.

Prohibitions

63.3 Seasonal prohibition

The government of Honduras will, from time to time, prohibit the importation of certain goods in order to protect local industries for example, footwear and basic grain industries.



63.7 Prohibition for sensitive product categories

Import prohibition is set on goods that directly compete with certain domestic products, currently sugar, cement; beef from South America, and rice from Southeastern Asia.



63.71 To protect human health

Imports of animals, meat, milk and milk products from Belgium are prohibited for reasons of foot-and-mouth disease.



63.72 To protect animal health and life

Imports of animals, meat, milk and milk products from Belgium are prohibited for reasons of foot-and-mouth disease.



63.76 To control drug abuse

Import prohibition is set on narcotics.



63.77 To ensure human safety

Toxic chemicals are subject to import prohibition.



63.9 Prohibitions n.e.s.

Importation of used bags made of hemp or jute to be used for packing coffee produced in Honduras is prohibited as the importation of merchandise packed in bags that contained coffee. Therefore the use of used sacks or any other kinds of packing utilized for the conveyance of grains or other agricultural products in other countries is prohibited. Import prohibition is in place for pornographic materials.



8. TECHNICAL MEASURES

81 Technical regulations

COHCIT, Consejo Hondureno de Ciencia y Tecnologia, is a correspondent member of the International Standards Organization, which provides information to local firms about norms and standards required for ISO certification. Additional information regarding technical standards development is available from COHCIT, Colonia Alameda, Avenida Julio Lozano Diaz, Casa No. 1354, Tegucigalpa, M.D.C.



81.1 Product characteristics requirements

Food safety is ruled by the health code through Congressional Decree 65-91 of 28 May with its implementing Decree Nos. 0035 of 8 March 1993, and 0077 of 8 June 1998 from the Ministry of Public Health. Food safety issues dealing with animal products, pesticides and agricultural chemicals, and veterinary products are regulated by the Phytosanitary and Zoosanitary Law by Congressional Decree No. 157-94 of 4 November 1994 and its implementing regulations. Food safety issues, to a certain extent, are

carried out as well by the Consumer Protection Law and the Municipalities on a limited basis. Furthermore, regulatory agencies responsible for enforcing food safety requirements are the following: the Division of Food Control (DFC) in the Ministry of Public Health, generally responsible for the safety of processed food and beverage products; the National Plant and Animal Health Service (SENASA) responsible for raw materials used in food products. Therefore a joint commission of the two ministries was established in 1999 to facilitate coordination of enforcement efforts. Yet the Ministry of Public Health, consumer packaging, vitamin enrichment, novel foods, dietetic or special use foods, food sanitation, marine products, and alcoholic beverages; Ministry of Industry and Commerce, weights and measures; Ministry of Agriculture and Livestock, marine products and animal quarantine are main bodies responsible for issues and areas related to food safety.



81.11 To protect human health

Registration requirement with the Ministry of Public Health for the importation of pharmaceuticals and related products for human use. Included are cosmetics products and all poisonous products.

Imported food products must be registered. A request for registry must be made to the Department of Food Control of the Ministry of Public Health. In addition a health certificate and a free sale certificate must accompany all imported foodstuffs and beverages. A free sale certificate is required as well for imported pharmaceuticals. Imports of alcohol are subject to special regulations.

Special requirements apply to food colorings, only the following colorings are permitted to be used in foodstuffs: yellow number 5, yellow number 6, blue number 1, blue number 2, red number 2, red number 3, and red number 40. Shipments of alcohol are subject to special regulations.



81.12 To protect animal health and life

Registration requirement for all veterinary products with SENASA. Zoonitary requirements are set on chicken parts.

A health certificate must accompany all imports of live animals. Animal products, except those packed in steam-sterilized cans, must be covered by a sanitary certificate issued by the authorities of the country of origin.

In the same context, imports of leather require a health certificate stating that the imported goods are free of virus, foot-and-mouth disease, rinderpest, pleuroneumonia, and African swine fever; in addition they should not have been in contact with products or materials contaminated by said diseases.

Health certificate requirement for imports of poultry and poultry products, stating that the products come from areas free of Newcastle disease, avian influenza, laryngotracheitis, salmonella, and other diseases in conformity with Plant and Animal Health Law, Decree No. 157-94 published in la Gaceta of 13 January 1995; Regulations for the Campaign for the Prevention Control and Eradication of Velogenic Newcastle Disease, through Executive Resolution No. 998-99, published in La Gaceta of 29 September 1999; Regulations for the Campaign for the Control and Eradication of Avian Salmonellosis, in Executive Resolution No. 997-99, published in la Gaceta of 28 September 1999; and International Office of Epizootics (IOE) procedures to prove the non-existence in Honduras of

infectious laryngotracheitis and avian influenza.



81.13 To protect plant health

A sanitary certificate is required for the importation of plants, seeds, and other propagating material; imported rice must be accompanied by a phytosanitary certificate from an authority in the country of origin stating that the rice comes from an area free of "Tilletia barclayana fungus" and that the rice itself is free of the fungus.



81.14 Product characteristics requirements to protect environment

Registration requirement with SENASA of all pesticides.



81.2 Marking requirements

Imported packages may be marked either with stencil or brush, and importer are required to register all of their marks at the customhouse in Honduras; all identifying marks, and consignee's mark with port marks should be inscribed plainly. In addition to bearing a mark, each package must be numbered.



81.3 Labelling requirements

Labelling requirements must be either in Spanish or must have Spanish strip labels in addition to English label. They apply to pharmaceuticals and related preparations (serums and vaccines etc...), the labels should bear the therapeutic properties, directions for use, curative value, instructions of storage and name and address of the manufacturer. In addition labels on preparations for internal use must be white; on poisonous products, orange-red, and on all other preparations, red. Labels for imported foodstuffs must be in Spanish and must include information such as the name of the product and the manufacturer or packaging company, the country of origin, the lot number, and the sanitary registration number assigned by the Department of Food Control.

Labels for imported foodstuffs must be affixed prior to customs clearance and at the time of registration. The label must list the ingredients in descending order based on the initial weight of the product at the time of production; water addition excluding broth or syrup as part of an ingredient, must appear on the label as the name, purpose and concentration of additive. Products enriched with vitamins, mineral salts, and proteins must be labeled according to the following: Naturally Enriched Food Product", or "Enriched Artificial Food Product". Low-fat or low-calorie products considered as such must be labeled accordingly, and the label should specify the name and content per serving or consumption unit, as the shelf-life or perishable products; are exempt from this requirement goods such as alcoholic beverages containing 10 percent or more of alcohol by volume; bakery products normally consumed within 24 hours of production, vinegar, salt, chewing-gum, and fresh fruits and vegetables. Liquid items must be indicated in volume, solid products in weight and semi solid or viscous goods in weight or volume. Labels for foods products may be made of paper or any other material that can be attached or permanently printed on the package; writing on the label must be clear and legible and not meant to fade under normal use. Food product labels must indicate any submitted treatment, i.e. products that have been treated with radiation (ionizing energy) or products requiring refrigeration. In addition food product labeling should not be displayed on strips, bands, lids, tops, covers, caps, unless authorized by the DFC. However, stick-on labels are also permissible in order to comply with Honduran labeling requirements. Any exception to the

food labelling rules must be approved by the Division of Food Control.

Veterinary preparations must have red label with the words "uso veterinario" veterinary use. Prescription containing dangerous substances must have an extra strip label reading "precaucion" Caution. The registration number also must be placed on the label.

Labels on poisonous substances, including insecticides and pesticides should bear the word "veneno" poison, the name of the substance or substances, and a skull and crossbones. Furthermore fertilizers and insecticides of all types must be labelled clearly in Spanish to show date of manufacture, chemical formula, date of expiration, precautions in handling and use, and antidotes in case of poisoning.



81.4 Packaging requirements

Waterproof wrappings and baling irons are required and are essential as packing materials.



81.5 Testing, inspection and quarantine requirements

A certificate of analysis is required for imported food products, subject to inspection at major ports and border crossings or at the wholesale or retail level.

Imported corn is subject to inspection at the port of entry.

Imported rice in the husk must undergo fumigation treatment.

Certificate of analysis requirement for imported fertilizers and insecticides; the certificate must show quality and purity of products.



83 Special customs formalities

Imported food products clearance through customs, require the presence of a Division of Food Control inspector from the Ministry of Public Health, and possibly an enforcement official of the Ministry of Finance. The time of clearance depends on the registration status of shipments of food products.



89 Technical measures n.e.s.

Importers of food products, additives and inputs used for food processing must inform in writing the Division of Food Control in the Ministry of Public Health of, about following: the anticipated date of arrival of the shipment, the mode of transportation and port of entry, the type and quantity of the product, the name of the shipping company, the sanitary registration number, the country of origin of the product, and any useful sanitary information, all written in Spanish for customs clearance purposes.