

Voluntary Report – Voluntary - Public Distribution

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Report Name: Food Processing Ingredients 2022

Country: Honduras

Post: Tegucigalpa

Report Category: Food Processing Ingredients

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Report Highlights:

In 2021, Honduras was the 48th largest export market of U.S. totaling US\$6.51 billion. The total value of Agricultural only U.S. exports was US\$1.14 billion, including US\$316.78 million in processed food. The market for food processing ingredients in Honduras has increased steadily over the past few years and further increases are expected in the years to come. The United States continues to be Honduras' largest supplier of food processing ingredients enjoying a strong acceptance for high quality.

HONDURAS FACT SHEET EXECUTIVE SUMMARY

Located in the geographic heart of Central America, Honduras has a democratic government and a free market economy. Exports to Honduras continue to perform well as it was the 44th largest export market for the United States in 2020 (0.34 percent of total U.S. exports) and 48th in 2021. [International Trade Administration](#)

Total bilateral trade with the United States in both goods and services was US\$11.7 billion in 2021, with a trade surplus of US\$1.29 million in favor of the United States. [United States Census](#)

IMPORTS OF FOOD PROCESSING INGREDIENTS

In 2021, U.S. export levels to Honduras were the highest since at least 1970 for the following categories: alcoholic beverages, processed/prepared dairy, condiments, sauces, jams & jellies, processed vegetables & pulses, non-alcoholic beverages, snack foods, pasta & processed cereals & canned, dried, frozen fruit.

At the end of January 2022, Honduran imports of food and beverages totaled US\$151.3 million (13.6 percent of the total imports), US\$31.4 million higher than that reached in January 2021. Imports of processed foods stood out, which grew US\$36.9 million; In this category, imports of processed foods for the industry increased US\$18.8 million, especially refined oils used for products for human consumption, milk and cream, malt and cereal flours.

MARKET SITUATION

In 2021 the United States is Honduras' most important economic partner followed in

order of importance by Mainland China, Guatemala, and Mexico. Imports products were mainly food preparations, mineral waters, preparations for sauces and pork meat.



Source: [International Monetary Fund](#)

TOP 5 Exports for the Processing Ingredients Industry – Cumulative 2021 value in Millions of Dollars.

Product	US\$
1. Yellow corn	179.30
2. Soybean meal	155.83
3. Others pork meat nesoi (frozen)	105.54
4. Rice in husk	57.14
5. Wheat & meslin, not durum wheat (excl. seed)	54.09

Source: [Trade Data Monitor](#)

Honduras Demographics	
Population, total (millions)	9.9
Population growth (annual)	1.6
Median Age	31.0
GDP (current US \$ Billion)	23.8
GDP growth (annual percent)	-9.0
Inflation, GDP deflator (annual percent)	4.6
GNI per capita PPP (current international US\$):	5,050

Source: [World Bank](#)

SECTION I. EXECUTIVE SUMMARY

Although the pandemic has negatively impacted the Honduran economy, the food processing sector remains promising for U.S. exporters. Honduran preference for U.S. products has increased steadily over the years. The Government of Honduras raised its forecast for economic growth to between 8 and 9 percent for 2021 and 3.2 and 5.2 percent for 2022 due to increased export expectations.

In 2022 the food processing sector is expected to grow, supported by the increased habit of eating at fast food chains. Remittances create and feed purchasing power in Honduras; in 2021, remittances increased by 28.3 percent, totaling US\$7.37 billion. The government of Honduras estimates that some 60 percent of remittances is spent on consumer goods.

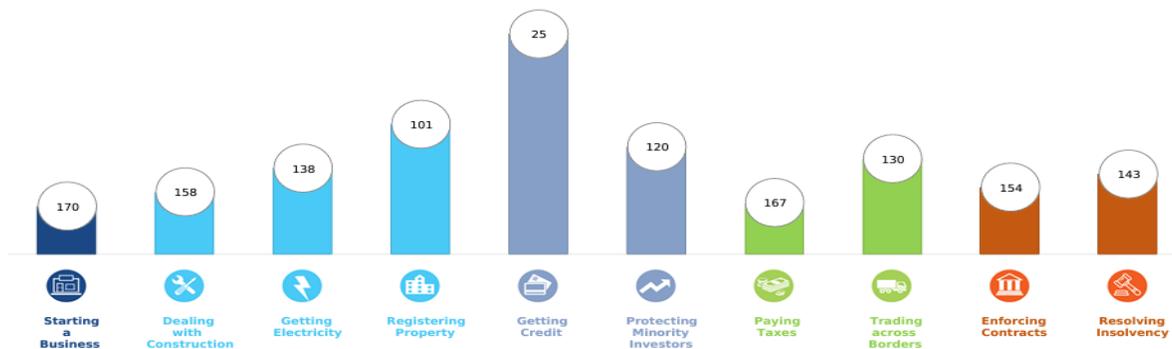
U.S. exporters enjoy a strong position in the Honduran market, thanks to the CAFTA-DR agreement. More than 95 percent of U.S. industrial and commercial goods can enter the country duty free, with the remaining tariffs to be phased out by 2025.

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Entry Strategy

U.S. firms may export directly to Honduran companies, but it is encouraged to have a local representative or an envoy who can personally travel to Honduras and oversee the operations. U.S. companies can also benefit from opening their own offices in Honduras. In the 2020 Doing Business (DB) country economic profile, Honduras' DB rank is 133 out of 190 countries evaluated, and Honduras received a DB score of 56 (0 = lowest performance to 100 = best performance).

Rankings on Doing Business topics - Honduras



Source: [World Bank Group](#)

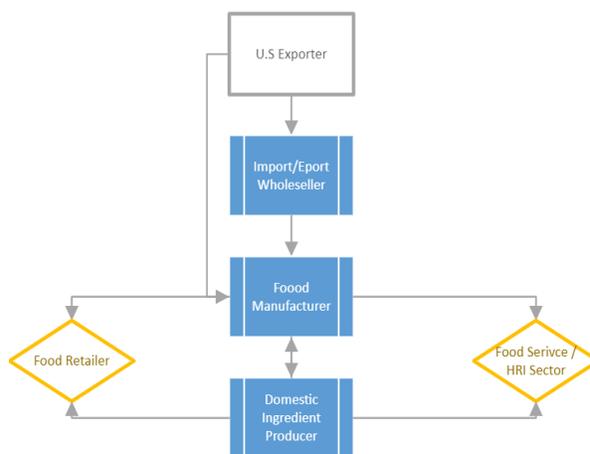
2. Import Procedure

The Central American Free Trade Agreement (CAFTA-DR) eliminates most tariffs and other barriers for U.S. goods destined for the Central American market, provides protection for U.S. investments and intellectual property, and creates more transparent rules and procedures for doing business. CAFTA-DR also aims to eliminate inter-Central American tariffs, as well as facilitate increased regional trade.

The Honduran government generally welcomes foreign investment, and restrictions and performance requirements are limited. This openness to investment, geographical proximity to the United States, and the development of the port of Puerto Cortés, which is the largest deep-water port in the region, have made Honduras increasingly attractive to investors. In January 2022, Honduras inaugurated the longest highway in the region, known as Canal Seco (330 Km) or the Dry Corridor, which connects Puerto Cortes and the Caribbean Sea with El Salvador’s Cutuco Port at the Pacific Ocean, providing improved coast-to-coast access.

3. Distribution Channels

The distribution flow varies depending on the origin of ingredients and the size of the food processor. While local inputs are mainly sourced directly from the producer, foreign products are commonly purchased from distributors and food ingredients importers. Large food processors can import directly due to volume and expertise. Price is one of the most important elements that influence the receptivity score of most Honduran imports. In many cases, Honduran firms buy directly from exporters if cost reductions can be achieved.



4. Market Structure

The chart the below indicates the advantages and challenges for United States exports of ingredients for the processing food sector in Honduras.

Advantages and Challenges for U.S. Exporters Targeting Honduran’s Food Processing Sector

STRENGTHS	CHALLENGES
The United States is the leading supplier of food processing ingredients.	Honduras maintains some non-tariff barriers for services.
Consumers strong preference for high-quality U.S. products and increasing consumption of processed foods.	The current economic situation in the country limits purchasing power.
Under CAFTA-DR, more than 95 percent of U.S. industrial and commercial goods can enter the region duty-free. Pork and yellow corn enter duty-free since January 2020.	The CAFTA-DR requires important reforms of the domestic legal and business environment.
Port to port travel time, from gateway cities in the United States, for containerized sea cargo is two to three days.	Occasionally restrictive labeling, phytosanitary and zoo-sanitary import requirements.
Under CAFTA-DR, Honduras recognizes the U.S. inspection services as equivalent. No Honduran GoH certification is required for U.S. Plants.	U.S. food products are not geared for the Honduran “traditional” market which sells items packaged in small sizes.

5. Share of Major Segments in the Food Processing Industry

U.S. exports of processed food products to Honduras, for the fiscal year 2021 (Sept-Oct), ascended to US\$ 317.760 million dollars (see Table 1.), of the total exports 99.7percent were agricultural food products. Six categories represent approximately 83 percent of the total exports' dollar amount: alcoholic beverages (40.1 percent), food preparations and ingredients (16.6 percent), processed &/prepared dairy Products (13.4 percent), condiment sauces, jams & jellies (4.8 percent) and processed vegetables & pulses (4.1 percent) and Fats & Oils (4 percent).

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Table 1. U.S. Exports Of Processed Food Products To "Honduras" FY 2017 - 2020 And Year-To-Date Comparisons (In Thousands Of Dollars)

Export Market: "Honduras"

Product	Fiscal Years (Oct-Sept)					Oct - Dec Comparisons		%Chg
	2017	2018	2019	2020	2021	2021	2022	
Baby Food	560	595	379	340	355	119	80	-33.02
Chocolate and Confectionery	9,573	6,561	7,800	4,515	7,535	1,859	2,037	9.55
Condiments, Sauces, Jams & Dog & Cat Food	11,509	12,266	14,344	11,227	15,357	3,006	4,284	42.49
Fats & Oils	2,676	2,400	3,168	2,678	5,038	853	996	16.76
Food Preparations & Ingredients	14,401	16,344	15,465	14,124	12,764	3,104	6,551	111.03
Non-Alcoholic Beverages	47,740	54,027	61,320	44,734	52,596	13,176	13,544	2.79
Alcoholic Beverages	3,389	4,324	5,994	4,877	9,889	2,314	2,261	-2.28
Pasta & Processed Cereals	11,000	24,623	30,507	38,434	127,335	29,888	21,922	-26.65
Prepared/Preserved Meats	5,386	5,734	6,394	6,342	7,408	1,688	1,921	13.78
Prepared/Preserved Seafood	11,722	8,211	7,210	7,390	10,121	2,462	4,979	102.26
Processed Egg Products	1,226	2,079	514	1,287	982	263	414	57.27
Canned, Dried & Frozen Fruit	105	64	50	77	172	42	45	7.23
Processed Vegetables & Pulses	675	1,218	1,276	1,003	1,298	332	473	42.37
Processed/Prepared Dairy	12,630	10,722	11,043	9,956	12,935	2,512	3,848	53.17
Snack Foods	17,319	36,936	30,508	32,647	42,641	9,704	16,783	72.96
Soups	7,915	7,884	8,725	6,506	8,888	2,388	3,091	29.45
Syrups & Sweeteners	953	523	482	206	328	157	12	-92.38
Processed Food Total (ag only)	569	651	423	475	1,264	292	414	41.87
Processed Food Total	798	608	912	1,097	855	318	288	-9.37
Processed Food Total (ag only)	158,921	193,690	206,000	186,628	316,779	74,215	83,528	12.55
Processed Food Total	160,147	195,769	206,513	187,915	317,760	74,478	83,942	12.51

Prepared: Trade & Economic Analysis Division/GMA/FAS/USDA
 Source: U.S. Census Bureau Trade Data
 Notes: The definition of "processed food" used in this table includes products that go beyond what USDA classifies as agricultural products. They are provided here as a convenience to the food industry and the public. The "ag only" total processed foods category excludes distilled spirits, other alcoholic beverages, and prepared/preserved seafood.

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6. Company Profiles

The table below shows the leading food processing companies in Honduras. Some of these companies are already using U.S. food ingredients, while others are potential users.

Company Shares of Cooking Ingredients and Meals in Honduras
 % Share (NBO) - Retail Value RSP - 2021

Grupo Jaremar SA de CV	17.7%	▲
Dinant SA	11.6%	▲
Unilever de Centroaméric...	6.9%	▼
Wal-Mart de México SAB d...	6.9%	▲
Nestlé Hondureña SA	5.9%	▼
Distribuidora Solis SA d...	4.9%	▲
McCormick de Centro Amer...	4.1%	▼
Juan N Kawas & Cia Suces...	3.6%	▲
Fábrica Especies Don Jul...	3.1%	▼
Cía Distribuidora (Codis...	2.5%	▼
Distribuidora de Product...	2.0%	▼
Zamorano Agro Industrial...	2.0%	▼
Productos Importados Ame...	0.4%	▼
Others	28.3%	▲

Source: Euromonitor International 2022

SECTION III. TRENDS AND COMPETITION

Sector Trends

Consumption trends influencing the type and quality of inputs being used in processed foods are as follows: a wide variety of ingredients are used for mass consumption products such as bread, poultry, snacks, and food preparations. Honduran importers prefer U.S. products due to their high quality as inputs for processed foods.

The food processing industry has limited foreign direct investment (FDI); some of the foreign companies that were formerly established in Honduras have been transferred to other Central American countries or Mexico due to a variety of issues.

In 2021 Honduran agricultural sector imports surpassed US\$2.57 billion. The United States of America was the number one trading partner with a 45 percent market share, followed by Guatemala with 16 percent, Costa Rica with 8 percent, Mexico with 7 percent, El Salvador with 6 percent, and Nicaragua with a 4 percent share.

Consumption trends and competition of the major ingredients used by the food processing sector in Honduras:

Other Processed Food Ingredients and Beverages: Between the years 2018 and 2019 the percentage of growth for this category was in the one-digit numbers. In the past two years, this category's total imports have grown at a rate of over 22 percent. Imports in this category rose to US\$287 million in 2021. This same year, the main exporting countries were Costa Rica (33 percent), Guatemala (20 percent) and the United States (14 percent).

Coarse grains: Honduras imported 158.67 MT valued at US\$261,568. The United States is the leading exporter of course grains: in 2021, U.S. coarse grains made up 57.6 percent of total Honduran coarse grain imports. The main competitors of the United States are Peru (29 percent), and Ukraine (11 percent). Given the dominance of the United States, the United States is positioned to expand overall exports to Honduras as demand for coarse grains increases. Coarse grains are an important basic input for the growing poultry, shrimp, and tilapia sectors in Honduras.

Bakery Goods, Cereals, and Pasta: Total imports for 2021 closed at US\$169 million. U.S exporters face strong competition from other Central American countries: Guatemala US\$62 million, El Salvador US\$34 million, US\$21 million Mexico, and Costa Rica US\$17 million; however, many of the regional products may include U.S. ingredients. The market share held by U.S. exporters is roughly 17 percent equivalent to US\$29 million.

Wheat: In 2021, the United States was the only exporter of wheat to Honduras except for a 4 kg shipment imported as a sample from Norway. U.S. exports to Honduras have increased steadily over the years, in 2021 wheat exports (exc. Seed) were approximately US\$85.7 million. Bolstered by the strong demand for bread, bakeries in Honduras range from many small, family bakeries to a handful of large commercial bakers. The bakeries largely source their flour from Honduran mills which import wheat from the United States.

Processed Vegetables: The U.S. is very competitive in the processed vegetables. Honduras imports for 2021 stood at US\$ 62 million. The U.S. had the largest market share with 29percent, Belgium 18percent and Costa Rica 15percent. Due to the proximity between Honduras and the U.S., it is very plausible to increase its market share in the short future.

Canned Vegetable: Last year’s imports from the United States were around US\$10.4 million, which represents 34 percent of the US\$31 million Honduran imports in this category.

Meat Products (NESOI): Honduras importer US\$18.1 million in meat products not elsewhere specified or included. Of those products, \$17.02 million are in the subcategory Sausages and Similar Products, Of Meat, Meat Offal or Blood; Food Preparations Based on These Products. Except for animal guts, all the other subheading in this category had a 20 percent or more growth by dollar amount in imports when compared to the previous year.

HS Sub heading	Description	Million US\$		Percentage
		2020	2021	▲ 21/20
160100	Sausages And Similar Products, Of Meat, Meat Offal or Blood; Food Preparations Based on These Products	\$ 13.45	\$ 17.02	26.6
050400	Animal Guts, Bladders and Stomachs (Other Than Fish), Whole and Pieces Thereof, Fresh, Chilled, Frozen, Salted, In Brine, Dried or Smoked	\$ 1.03	\$ 0.96	-6.7
160210	Homogenized Preparations of Meat, Meat Offal or Blood	\$ 0.45	\$ 0.55	21.9
020442	Meat Of Sheep, Cuts with Bone In, nesoi, Frozen	\$ 0.07	\$ 0.12	81.0
021099	Meat & Edible Meat Offal, Salted, In Brine, Dried, Smoked, Including Edible Flours & Meals of Meat or Meat Offal, n	\$ 0.03	\$ 0.06	136.5
160290	Meat Or Meat Offal Prepared or Preserved, nesoi, Including Preparations of Blood of Any Animal	\$ 0.01	\$ 0.05	527.9
020443	Meat Of Sheep, Boneless, Frozen	\$ 0.01	\$ 0.04	256.6
020890	Meat And Edible Meat Offal, nesoi, Fresh, Chilled or Frozen	\$ 0.00	\$ 0.01	106.2

Source: <https://tradedatamonitor.com/>

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

The Honduran food processing sector is expected to continue to grow, providing opportunities for U.S. ingredients to satisfy the demand of local food and beverage manufacturers. Food and beverage manufacturers offering high-value products to consumers present the best opportunities for U.S. ingredient suppliers.

HONDURAS 2021 (calendar year): Top 10 Food Processing Ingredients sub-sectors by import value in USD, Quantity and change:

Description	Unit	January - December 2021 (Unit Value: USD/T)		Change 2021/2020	
		Value 2021	Quantity 2021	Unit Value Amount	Unit Value Percent
food preparations nesoi	T	\$ 40,118,752	9,039	435	10.87
Powders for the preparation of puddings, creams, ice creams, hors d'oeuvres, jellies and similar preparations, whether sweetened or not	USD/T	\$ 713,977	350	-950	-31.76
Compound preparations for the beverage industry, except those of subsection 3302.10.20.00	USD/T	\$ 5,426,800	233	8504	57.52
dairy product substitutes, whether or not containing products of headings 04.01 to 04.06	USD/T	\$ 2,928,754	2,411	140	13.07
Exclusively imitations of processed cheese	USD/T	\$ 1,186,553	497	-10	-0.41
Others	USD/T	\$ 9,166,276	499	2761	17.69
Liquid preparations based on corn syrup and partially hydrogenated palm kernel oil, of a kind used for decoration and filling of pastry products, in containers or packages with a content exceeding 2 kg	USD/T	\$ 4,259,902	1,393	371	13.79
Stabilizers and emulsifiers (art. 2, agreement n° 4402016)	USD/T	\$ 1,059,042	220	637	15.25
Preparations of the kind used as flavorings in the food industry, based mainly on milk solids, caseinates, sodium chloride, carbohydrates and fats	USD/T	\$ 3,521,661	621	242	4.46
Others	USD/T	\$ 10,155,339	2,551	122	3.16

Source: Trade Data Monitor

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

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For more information on exporting U.S. agricultural products, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>

Attachments:

No Attachments.