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LETTER FROM THE EDITOR: Honduras offers opportunities for foreign investors

by John Groh, 08/18/2008

Recently, I toured Honduras at the invitation of the country's Foundation for Investment & Export Development, better known by its acronym, FIDE. The tour included visits to a wide array of agricultural interests, including a banana-processing facility, two Oriental vegetable packinghouses, a melon- growing operation, an impressive private international university that focuses on agriculture, two aquaculture farms, a cocoa processing facility and a crocodile farm.

Yes, a crocodile farm.

A busy five days indeed, but a wholly enriching time that enlightened me about all this Central American nation, which is about the size of Tennessee and sits 1,000 miles southwest of Miami, has to offer.

With seaports on both the Caribbean Sea and the Pacific Ocean and a varied terrain that results in a host of microclimates, Honduras is looking to raise its profile in the spectrum of global agriculture. As such, it is seeking to attract foreign investments, especially from the United States, which it considers a key trading partner and an important element in its quest for development.

Antonio Young, executive vice president of FIDE, said that in addition to the free trade agreements Honduras has with the United States, the European Union, Canada, Taiwan, the Dominican Republic and Mexico, the most distinct advantage with regard to agriculture is Puerto Cortes, which is on the Caribbean Sea in the northwestern part of the country. Mr. Young described it as Latin America's only megaport, a designation granted to it by the U.S. Department of Homeland Security by virtue of its anti-terrorism initiatives.

The port has a verification system in place for containers as well as a U.S. Customs office on site, which together allow for quick processing and release of all goods shipped from the port. Once cleared, goods are only 48 hours by sea to the U.S. Southeast and just two hours by air.

Additionally, the country is nearing completion of a four-lane highway that will run from the south near the border of Nicaragua to Puerto Cortes, which Mr. Young referred to as a "dry Panama Canal" for its ability to move goods from the Pacific Ocean to the Caribbean Sea.

Some of the other advantages detailed by Mr. Young for foreign companies looking to invest in Honduras are the fact that 100 percent foreign ownership is permitted; zero import and export duties; no municipal or sales tax, as well as no tax on profits or profit repatriation; an available workforce, with wages in the neighborhood of a dollar an hour; low union involvement; simplified administrative procedures; and 28 years of socio-political stability.

The incentives seem to be working, as foreign direct investment has climbed from \$391 million in 2001 to \$815 million in 2007, according to Mr. Young, who stated that after Chile, Honduras has the fastest-growing economy of all Latin American nations.

Yet, FIDE is still hard at work, looking to attract more foreign investments that will help create jobs and lower the country's unemployment and underemployment rates, which together affect more than a third of the workforce.

Having never traveled to Honduras, I must say that I was pleasantly surprised by the sophistication of some of the operations we visited. Of particular note was the tilapia farm, Aquafinca Saint Peter Fish S.A., which was impressive for many reasons, not the least of which were its ecofriendly method of operation and the way it treats its employees.

At Aquafinca Saint Peter Fish, tilapia are raised from the very early stages through adulthood, before being processed into fillets and packed for distribution. A tour of the facilities revealed that sanitation and food safety are top of mind for owner Israel Snir, as all visitors are required to don protective clothing, hair nets and face masks, and wash and disinfect their hands when moving between areas within the facility.

With regard to the treatment of its employees, the slogan at the entrance to the facility says it all: "It's not about the fish, it's about the people."

There are many examples of how this motto is carried out within the company. Several of the employees we met during our tour came to the company lacking the ability to read and write. Aquafinca Saint Peter Fish provided the resources to educate and train them, and now many are in managerial positions. The company also has a medical clinic on site and subsidizes the cost of medicine and food for its employees, provides

day care for children of employees, offers a form of social security and a savings plan, and is in the process of constructing 200 houses for its employees.

Also impressive at Aquafinca Saint Peter Fish is that the company has virtually no waste in its operation. Once tilapia are processed and filleted, the remains are sent for further processing at another area of the facility, where they are turned into fishmeal, which is used as feed for livestock, and biodiesel, which is used to power machinery and vehicles at the plant.

Another noteworthy visit during the week was to Zamorano, a private university on 17,000 acres about 30 kilometers from the capital city of Tegucigalpa. The university was founded by Samuel Zemurray, former president of the United Fruit Co., the precursor of Chiquita Brands International, and has the mission of training future generations of leaders in the fields of food agro-industry, agribusiness management, agricultural science and production, and socioeconomic development and responsible environmental management.

At Zamorano, students from throughout Latin America are placed in a rigorous four-year course of study that exposes them to various agricultural disciplines.

On site are dairy and livestock farms, aquaculture facilities, fruit and vegetable operations, and even a retail store that sells some of the school's production. Also, a research lab led by Dr. Maria Mercedes Roca is doing advanced research on plant pathology, specifically trying to develop an effective and quick test to detect pathogens such as Salmonella and E. coli. We got a small taste of life at Zamorano, boarding in the spartan dormitory-style accommodations and taking our morning meal at the student mess hall at 5 a.m. before heading to the dairy operation to watch as a fourth-year student supervised the early-morning milking operation.

From there, we visited the aquaculture area and then an herb-growing operation, where students were raising basil, chives and other herbs using organic soil they created. The production was bound for the Wal Mart-owned Paiz supermarket chain.

The goal of the university is to prepare students to begin work immediately upon graduation, with very little training required by employers. And by my observations and in speaking with some of the students and faculty, that goal is being achieved.

Overall, the opportunity to travel to Honduras was extremely enlightening. I came away with a positive impression of the country and its people, and it seems that there are many opportunities for U.S. companies that are looking to expand by tapping into

foreign resources and production.

I also want to extend a special thanks to Kristine Heine and Ashley Drake at Global Communicators LLC for organizing the trip, and to Liliana Sanchez Iglesias and Fabian Nolasco at FIDE for their invaluable insights about Honduras, not to mention their talents at translation.