



Security Mission for Economic Prosperity in El Salvador, Guatemala, and Honduras

This trade mission to El Salvador, Guatemala, and Honduras will help participating U.S. firms gain market insights, make industry and government contacts, and increase exports by taking advantage of new opportunities in safety & security, cybersecurity/IT, ports, infrastructure, smart cities, and energy.

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The demand for safety and security equipment in the country continues to grow in Honduras. Despite statistics pointing to a significant drop in violence, crime is still widespread especially in urban areas. Poverty and unemployment along with significant street gang and drug trafficking activity have contributed to the high crime rates.

U.S. firms should plan their market entry very carefully. Given its strategic location and boasting the largest maritime port in the region, Honduras is an important gateway for U.S. exports entering the Central American market.

Decisive factors in the purchasing of safety & security equipment in Honduras are price, quality, estimated delivery times, and terms of credit. This trend puts Asian-manufactured goods at the forefront of the market. However, in recent years importers have begun looking for other supply channels in the United States and Europe, as the need for more reliable, robust, and smarter systems have become a necessity. Personalized service is paramount as the evolving market demands a higher technical knowledge of the industry in order to better approach the end users in the private and public sectors with new technologies and smarter and more efficient products.

A significant advantage for U.S. exporters exists in the positive perception of U.S.-manufactured goods and the relatively close proximity between both countries. Communication and information-sharing become another critical factor as the Honduran business community traditionally prefers to establish a level of personal relationship with their suppliers.

It is critical for a successful U.S. supplier to familiarize themselves with the dynamics of doing business in Honduras as it will vary from the other countries in Central America. Despite its smaller economy, Honduras has two major commercial centers: Tegucigalpa, the capital city and San Pedro Sula, known as the industrial capital of the country. In choosing to enter this market the selection of a representative or licensed distributor with the capacity and experience to operate in both these regions is instrumental in securing a solid market share.

The Honduran government has been investing heavily in upgrading national security assets and institutions. There is currently that a US\$300 million project from the Ministry of Security aimed at targeting narcotics and human trafficking activities. There is also a US\$150 million project from the Ministry of Defense aimed at the purchase of vehicles and military weapons and ammunition. There is a growing demand for safety and security products by the private sector; however, these items are restricted to commercial firearms and surveillance technology. Opportunities do exist for U.S. companies looking to approach the Honduran Ministry of Defense and the Ministry of Security.

The security market in Honduras is highly competitive as demand for security services grows in the region. Currently there are 300 companies registered with the Honduran Security Service Providers' Association, employing approximately 100,000 people. However, most providers can be found in the informal sector and are not licensed or trained; they provide mostly residential security services. The Honduran Security Service Providers' Association is working hand-in-hand with the Honduran National Congress to regulate the informal market and bring these unlicensed operators to comply with a national regulatory standard for the industry. Current statistics place the ratio of private security guards to national police officers at 10-1.

Professional companies operating in Honduras provide mainly prevention, monitoring, and secure transport services, as well as distribute surveillance and general safety equipment. Personal security is a growing industry subset and currently the need for highly-trained personnel as well as equipment is expanding. Major exporters of security equipment to Honduras are Israel, Colombia, Mexico, Brazil, and the United States.

The state-owned company "LA ARMERIA" is currently the only licensed distributor of commercial firearms in Honduras. A small number of retailers in Tegucigalpa and San Pedro Sula distribute tactical gear, personal defense products, and accessories.

The Security Tax Commission was established back in 2012 to provide additional funding for state run security operators. As of 2019 the commission reported collections of over \$590 millions USD. These funds have gone to the technification and logistical capacity building of the Honduran police force. Some upcoming projects to be funded by the security tax commission include the purchase of tactical aerial, marine and land vehicles, telecommunications equipment, tactical gear, firearms and ammunition, and border protection technologies. The estimated cost of these upcoming acquisitions is estimated at \$300 Million USD.

The Honduran Ministry of Defense is developing a program that will include the acquisition of encrypted telecommunications equipment, data control centers and intelligence management and analytics infrastructure. There is a large weapons refurbishment program in the works and the total cost of these projects is estimated at over \$150 million USD.

Other opportunities to explore:

Airports

Post is tracking a tender to upgrade the Roatan, La Ceiba, and San Pedro Sula airports. The tender was originally managed under the PPP entity COALIANZA and is now going to be administered by Investment Minister Luis Mata with assistance from the IDB. Potentially an \$100M USD investment. This infrastructure project presents numerous opportunities for safety & security providers.

Ports

Port Development Improvements for Puerto Castilla: \$250M Port Development Improvements for Puerto Castilla (PPP Project proposal). The need for surveillance, biometric security, perimeter control and telecommunications products is significant for these large scale projects.

Cargo Container Scanners for the Honduran Port of Cortes: \$30M tender for X-Ray Scanning Equipment for the Customs at Port of Cortés. Works to do: (1) Sale of Cargo Container Scanners. Several security upgrades for the Port of Cortes are also in the planning stages.