

# [Good example of honduras term paper](https://assignbuster.com/good-example-of-honduras-term-paper/)

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## Part 1: Background information

Honduras is approximately 1000 miles from Miami. It is located in the north- central part of Central America. It borders El Salvador, Guatemala and Nicaragua. Honduras is a mountainous country, with river valleys and coastal plains. It is a small country with an area of 48, 200 square miles. The capital city of Honduras is Tegucigalpa. The main language is Spanish. In 2012, statistics showed that the population of Honduras was 8, 296, 693. Honduras is a democratic constitutional republic. As of 2014, the president of Honduras is Juan Orlando Hernández and he won with a National Party ticket. Honduras has a constitution, and its basis lies in civil and common laws.
Honduras ascribes to a mixed economy system that combines elements of the market and command economy. The government and private companies run economic activities in Honduras. The GNI per capita: PPP was last measured in 2011 by World Bank, and it was at 3800. GNI is derived from purchasing power parity. Major resources in Honduras are; arable land for agricultural activities, natural resources such as timber and coal and exports such as shrimps. Major economic resources in Honduras that are exported include; agricultural products, in particular fruits and coffee, fish, cigars, assembled electrical appliances, manufactured products, textiles and tourism. 41 % of exports go to USA. Major imports are; mineral products (fuel), chemical products, electric products and food. 40% of the imports are from USA, 19% are from Central America, 27% from the rest of the world, 8% from Europe and lastly 6% from Mexico (Rogers, 2014).
Honduras is a member of different economic integrations. CAFTA- RD is a free trade agreement between Central American Countries with the US. It was enforced in 1st April, 2006. Honduras has a free trade policy with all Central American nations, and Mexico, Dominican Republic, China, Chile, Panama, Colombia, Canada and EU.
Honduras is a member of Puebla- Panama Plan (PPP), which is a Mesoamerican integration aimed at improving the economic conditions from South Mexico to Panama. PPP focuses on environmental infrastructure, and ethnic conditions that will foster socio- economic development. Honduras is also a member of World Trade Organization (WTO) since 1994. The currency of Honduras is Lempira, and it is freely exchanged. The lempira exchange rate against USD is; 1 USD= 19. 26 HNL.

## Part 2: Business proposition

Honduras has developed its tourism infrastructure over the past years, and it has boosted its income. Major resources in Honduras are natural resources such as wood, coal and an arable land for agriculture. Both of the above major resources can be easily depleted, and the arable land is very limited. Agriculture has been the major export sector, in particular coffee and bananas. However, coffee is subject to fluctuating international prices, hence it has adversely affected Honduras economy. The tourism industry in Honduras has been a steady source of national income as a joint venture between national government, private and public company. The participants benefit differently from the ventures, in that the government benefits in form of taxes and employment, while private and public companies get profits.

## Executive summary of the proposition

Tourism had declined in Honduras in the past years. The coup d’état that rocked the country in 2009, added salt to the injury the country was fighting the effects of economic depression. Statistics show that in 2009, tourism arrivals and receipts in Honduras declined by 3% and 2% respectively. However the numbers have been slightly improving since 2011 and have surpassed the numbers of pre-crisis era in 2008. Honduras is expected to maintain a gradual growth in the tourism sector if the proper measures are put in place.
The National Chamber of Tourism (NCT) and the Honduras Tourism Institute (IHT) are in charge of strengthening the country’s tourism. As a joint venture, the above institutions sought for help and partnership from various bodies, in particular private and public company and the government. The country’s tourism resources are diverse, and if they are developed it will increase the country’s revenue. The business proposal aimed at diversifying the country’s tourism attractions and improving the country’s infrastructure, so as to foster tourism growth.
Beach tourism is the most developed form of tourism in Honduras. However, diversifying tourism will attract more visitors. Sustainable tourism in form of eco-tourism will be introduced in many locations. The infrastructure in Honduras is wanting. Honduras has only four airports, and new airports are being constructed. The new airports being developed will be located in prime areas that have major attractions. Such areas are Santa Rosa and Copan. Copan has an archaeological site that usually attracts over 100, 000 every year; hence opening a new airport in the area will increase the number of tourists in that area. The government has invested over HNL 500 million in building the new airports. The tourism improvement plan will increase the country’s tax by 4%, this will generate over HNL4. 7 million (Ministry of Economic development Plan, 2014). The plan involves improvement in the transportation sector, foster public and private investment in promoting sustainable tourism and it will increase the country’s tourism. The decline of tour arrivals in Honduras had been attributed to security reasons, but over the past years security has been beefed up. Militia and gangs are common in Honduras, and the government came with security measures to deal with security cases that negatively affect tourism.
The proposal is an opportunity for recovery of the tourism sector and it will promote regional tourism in Central American countries. The country has made several pacts with developed countries, in particular USA and Asian countries. Therefore, securing funds for the developing its tour operations and infrastructure will not be a big deal.

## Part 3: Evidence

According to World Bank statistics, international arrivals in Honduras at 201 were at 871000. This is the first evidence on how the joint venture on tourism has led to increased number of visitors. The data was collected from the airports, tourist destinations, hotels and other sources of data. For the last ten years there is a growth of 68. 1% in international arrivals in Honduras this has translated to millions of money in form of direct income to investors, and taxation to the national government. The number of arrivals in Honduras can be compared to those of prime destinations such as the Maldives, Luxembourg, and Swaziland among others.
In order to attract more tourists, the National Tourism Strategy was formed. The strategy was a comprehensive strategy that aimed at improving tourism infrastructure and partnership with public and private organizations in the tour sector. Through the strategy, various facilities and attractions were built. The facilities have been a source of employment to many. Increasing tourism attractions sites has fostered development in areas that had stagnated. Towns such as Copan are major cities because it attracts thousands of tourists annually; hence service businesses have grown so as to provide for the needs of these tourists.
Honduras has produced some of the world known destinations, which are also economic hubs. For instance, Roatan and Bay Islands have drastically developed from having family-run bed and breakfast to branded luxury hotels. Mariott and Holiday Inn Express are now found in cities such as San Pedro Sula (La Tribuna). In Roatan, investors such as Mystic Harbor Resort, Nikki Beach Resort, Royal Caribbean Cruise ltd and Carnival Cruise Lines are investing heavily in order to attract the wealthier clientele. Private and public investors benefit from the income, while the government benefits from massive taxes.

## Part 4: Conclusions

Honduras has shown improvement as seen in the general Global Competitiveness Report. Various factors that contributed to its improvement include; effective taxation, port infrastructure, foreign investments and the developed tourism sector.

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