

NATIONAL CONGRESS
Republic of Honduras, C.A.

DECREE No. 80-92

The National Congress

WHEREAS: One essential element of the new policy of the Government of the Republic is to reduce to a minimum its intervention in economic activity and induce national and foreign private investment, in order to promote production, transfer of technology, increase exports and create employment to benefit the Honduran population.

WHEREAS: In order to succeed in the above objective, it is necessary to provide an adequate legal and administrative framework guaranteeing investors security in their investments while providing stability and clarity in laws regulations, as well as facilitating business operation and paperwork.

WHEREAS: Foreign investment is complementary of national investment in economic development and requires a non-discriminatory treatment.

THEREFORE:

DECREES:

The following,

INVESTMENT LAW

CHAPTER I
OBJECTIVE AND SCOPE OF APLICATION

ARTICLE 1.- The purpose of this Law is to promote and guarantee national investment, foreign investment and coinvestment, to stimulate economic growth and social development of the country.

ARTICLE 2.- All private enterprises in Honduras will be treated equally, with no distinction between Honduran and foreign capital.

ARTICLE 3.- Notwithstanding the provision of Article 332 of the Constitution of the Republic, and in accordance with the contents of Article 336, investment will be authorized pursuant to the provisions contained in this Law.

CHAPTER II THE GUARANTEES

ARTICLE 4.-Investors are guaranteed the following;

- 1) Access to foreign currency in the Banking System, at money- exchange offices and at other institutions or agencies authorized by the Central Bank of Honduras, for the following purposes:
 - a) Importations of goods and services necessary for the operation of the enterprises, including the payment of royalties, annuities and technical assistance.
 - b) Repayment of loans obtained abroad for the operations of the enterprises, interest owed on the same; and
 - c) Payment of dividends and repatriation of capital on foreign investment registered hereunder.
- 2) Property rights without limitations other than those established by law;
- 3) Participation, without limit, in percentages of capital, except in the cases established in the Constitution of the Republic.
- 4) Freedom of production and marketing of goods and services in general, except as forbidden hereunder;
- 5) Free pricing of products or services offered, excepting emergency or public calamity situation;
- 6) Acces to financing through the national financila system and the secondary capital market;
- 7) Freedom to contract investment insurance in the country or abroad. The guarantees for foreign investment will be backed by bilateral or multilateral agreements signed between the Government of Honduras and other nations and international organizations;
- 8) Foreign currency accounts can be opened in the banks of the national system, with national and foreign investors being able to partially or totally withdraw their deposits in the same currency as deposited;
- 9) Freedom to import and export goods and services, without requirements of prior administrative authorizations or permits, except as corresponds to statistical registrations and the respective customs of procedure. Goods affecting public health, the Nation's safety and enviroment, are exempt from this privision;
- 10) Free negotiationof their investment in the country in accordance with the law;
- 11) Use, registration and exploitation of trademarks, patents and other industrial proprietary rights of their own, if their use is evident and generally well-known by its importance in international trade, or if the investor demonstrates priority in their use or registration in Honduras. If a trademark is not used

within eighteen (18) months from the date of registration, it will expire, circumstances beyond control or force majeure;

12) Compliance with agreements and treaties on investment signed and ratified by the Government of Honduras with other nations and international organizations;

13) Foreign investors may submit the solution of their differences, in accordance with international agreements signed by Honduras.

14) Investors can make use of incentives provided by the Government.

15) The guarantees provided hereunder will not be altered if damaging to the investors or investment.

CHAPTER III THE OBLIGATIONS

ARTICLE 5.-In taxation, national and foreign investments will be subject to the Tax System in force at the time the obligation in favor of the State is caused.

ARTICLE 6.-Investors must comply with the laws, and especially those regarding Labor and the Social Security Systems.

ARTICLE 7.-The State recognizes no form whatsoever of monopoly, and accordingly will prepare adequate policies, in order that production, internal marketing, imports, export and financial activity are carried out within a framework of economic efficiency and competitiveness.

ARTICLE 8.-The State and its agencies will not endorse nor guarantee any contract signed by private investors.

ARTICLE 9.-Any activity likely to be considered of high risk for the environment and conservation of natural resources, will be supervised by the State, and temporary or permanent prohibitions of operations may be established.

CHAPTER IV

COINVESTMENT CONTRACTS

ARTICLE 10.-The establishment of productive activities through coinvestment or sharing contracts between national and foreign persons, whereby the contracting parties may contribute land, capital, services, technology, technical assistance or other assets for internal and external production or marketing, is recognized.

CHAPTER V AUTHORIZATION AND REGISTRATION OF INVESTMENT

ARTICLE 11.-Any investment made with commercial purpose, regardless of nationality of investors, will be registered at the Ministry of Economy and Commerce, which will issue a "Certificate of Investment" with more presentation of documents evidencing said investment.

ARTICLE 12.-Investments established in the country prior to the date of effectiveness of this Law, shall be registered at the Registry of Investment of the Ministry of Economy and Commerce, to fall within the scope of this Law and take advantage of its benefits.

For purposes of the preceding paragraph, a maximum term of one year is stipulated from the date of effectiveness of this Law.

ARTICLE 13.-The registration of Investments specified in Article 18, established in the country prior to the effectiveness hereof, will not be subject to authorization.

ARTICLE 14.-If the investment is made in-kind, through tangible goods such as machinery, equipment, accessories, spare parts and raw materials, its value will be as determined at the corresponding customs port of entry, according to the application of the Merchandise Customs Valuation Law, and following the procedure specified in Article 24 of the Commercial Code.

ARTICLE 15.-The "Certificate of Investment" entitles the investor to the guarantees hereunder and shall be the only document necessary so that the municipalities may provide to registered investors the corresponding authorization for operation, subsequent to the payment of the established fees.

CHAPTER VI THE LIMITATIONS

ARTICLE 16.-For the purposes of Article 292 of the Constitution of the Republic, arms, ammunition and similar items will be the following:

- a) Ammunition;
- b) War airplanes
- c) Military rifles;
- ch) Pistols and guns of any kind, caliber 41 or more;
- d) Honduran Army Regulation pistols;
- e) Silencers for all kinds of firearms;
- f) Firearms;

- g) Accessories and ammunitions;
- h) cartridges for firearms;
- i) Equipment and other accessories essential for cartridge loading;
- j) Gunpowder, explosives, primers and fuses;
- k) Masks ofr protection against asphyxiating gases; and
- l) Air guns.

ARTICLE 17.- Small scale industry and commerce is exclusive patrimony of Hondurans and of business partnerships totally made up by Hondurans.

ARTICLE 18.-The State may establish hereunder a list of activities in which the investor may invest only, if he obtains authorization from the Government. Such activities shall be described in the Regulations of this Law, and will be applied only in such cases affecting health, national security and environment conservation.

The authorization referred to in the preceding paragraph will be issued through the Ministry of Economy and Commerce, which will consult other involved State in order to determine whether the above mentioned approval is in order or not.

ARTICLE 19.- Any addition or modification of the list mentioned

in the preceding Article, subsequent to the commencement of an investment hereunder, will not affect the ownership nor the continuity of same.

CHAPTER VII THE COMPETENT AUTHORITY

ARTICLE 20.- For the purpose of executions, applications and enforcement hereunder, the competent national authority is the Ministry of Economy and Commerce.

ARTICLE 21.- All government agencies and autonomous entities, carrying out investment-related activities, shall cooperate with the Ministry of Economy and Commerce in the fulfillment hereof.

CHAPTER VIII ONE STOP SHOP

ARTICLE 22.- A "single office" will operate ot the Ministry of Economy and Commerce to assist the investor on all matters related to his investment.

CHAPTER IX
GENERAL PROVISIONS

ARTICLE 23.- Decree No. 266-89 of December 15, 1989 is hereby revoked.

ARTICLE 24.- The Executive Power, through the Ministry of Economy and Commerce, will issue the Regulations for the application hereof, no later than sixty (60) days from its publication.

CHAPTER X

FINAL PROVISIONS

ARTICLE 25.- This Law will become effective on the date of its publication in official newspaper "La Gaceta".

Given in the city of Tegucigalpa, Municipality of Distrito Central, at the Assembly Room of the National Congress, on May 29, 1992.

(seal) National Congress, Presidency, Tegucigalpa, D.C.

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RODOLFO IRIAS NAVAS, PRESIDENT

(seal) National Congress, Secretariat, Tegucigalpa, D.C.

(s) illegible

NAHUM EFRAIN VALLADARES V., Secretary

(seal) National Congress, Secretariat, Tegucigalpa, D.C.

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ANDRES TORRES RODRIGUEZ, Secretary

To the Executive Power

THEREFORE, To be Executed

Tegucigalpa, D.C., June 1992

RAFAEL LEONARDO CALLEJAS ROMERO

CONSTITUTIONAL RESIDENT OF THE REPUBLIC

THE MINISTRY OF ECONOMY AND COMMERCE