

Chile v Honduras

— May 12, 2010

- Author By Cathy Brown

Is being an expat in Honduras a better bet than Chile?

It's World Cup time, and here at Escape From America magazine we thought we would have our own Expat World Cup. Which country, if paired head-to-head with a different country, would win for being the best all around for expats who are looking to move overseas? In this article we will have a showdown between a South American and a Central American nation – Chile and Honduras. We will compare cost of living, health care, education, job opportunities, ease and cost of buying real estate, and climate. Which country do you place your bets on?

Education

The educational system in Honduras is widely considered the most backward in all of Central America. Hardly 32 of every 100 students finish primary school without repeating grades, indicate statistics from the United Nations, and 46% of the population never finish primary school. 13.5% of the country does not even have access to education. Illiteracy encompasses more than half a million people in this country, which is the equivalent of the entire population between 15 and 40 years old. Up to 80% of the rural population is illiterate. Some schools are so understaffed that some teachers have up to eighty children in one classroom. And of the 8% of the population that ends up going to university, only 20% of those avoid failing out. Two words for you if you have school aged kids and you want to live in Honduras...private school.

Since 1920, primary education in Chile has been free, compulsory, and nonsectarian. The adult illiteracy rate stands at 4.3% and is declining every year. 89% of primary-school-age children were enrolled in school, while 72% of those eligible attended secondary school. The government is even enforcing a program to try to make the country bilingual, and will begin mandating that students pass English exams. Chile has committed to increasing the percentage of its GDP on education, and recently went from 2.6% to 4.3%. Many students go on to university, and ten Chilean universities are ranked among the top universities in South America.

Score: Chile 1, Honduras 0

Cost of Living

Compared to other Latin American countries, Chile is by no means cheap. Especially when it comes to consumer goods like electronics and appliances, you should be prepared to pay much more than you would in the United States. For example, a generic brand DVD player, which you may not pay more than \$40 for in the US, can easily go for over \$200 in Chile. A basic, stripped-down computer will easily set you back \$700. On the flip side, Chilean cities are among the cheapest in the world to live when it comes to buying a home. A study by Global

Property Guide, which considered 112 towns of the world, ranked Santiago as the tenth cheapest in terms of price per square meter, while the southern city of Concepcion obtained the third place.

In Honduras, the cost of living is undeniably cheaper. The cost of living is considered to be one of the most reasonable in the world...but it definitely helps if your income comes from outside the country, as Honduras also has the lowest hourly wages for workers in Central America. It's not much consolation that groceries are cheap if you are making \$3.50 per day, which is the national wage. Real estate deals are still to be had in Honduras. You can purchase a large home with a pool for as low as \$50,000. Construction costs begin as low as US\$15 a square foot. For a more substantial home made of concrete construction, you'll pay closer to \$25 a square foot on the mainland, and for the same house on Roatan in the Bay Islands, you'll pay about \$60 a square foot. On the islands, costs tend to be higher as goods need to be shipped in. Expats in Honduras have told me that it is possible to live like a king in Honduras for \$1500 a month. While it is very possible to live in Chile off of this amount, your dollar will be stretched much further in Honduras.

Score: Chile 1, Honduras 1

Health Care

Health care in Chile is very advanced and state of the art on the high end. The national health care system provides basic medical service and coverage to all levels of society. Quality is however better at private clinics and hospitals around Chile, though even the most expensive private clinics are relatively affordable (at least by U.S. standards).

Doctors are well trained and professional. Hospitals are run with national regulation of standards that meet or exceed international standards of care. Many drugs that require a prescription in the USA, such as insulin, do not need a prescription in Chile. If you can convey what you need to the pharmacist, then they will get it for you without you having to see a general practitioner.

Private health insurance is easily obtained in Chile. Companies are well regulated and government mandates that they must accept certain preexisting conditions, while keeping overall cost down by creating a collective pool of catastrophic insurance coverage for all health care insurance policies. Selecting insurance policies often comes down to issues like do you want a private room covered by the insurance, not will they refuse to cover things like open heart surgery. There is also a program in Chile to allow foreign retirees in Chile to buy in to the Chilean public health care system based on a fixed percentage of their foreign pension or social security capped at around 7% of their income. This guarantees that all those living in Chile or moving to Chile have options for some form of affordable access to health care insurance.

In Honduras, health services are not readily accessible to a majority of the population. An estimated 1.3 million Hondurans are without access to health care. In the isolated regions of Honduras, there are almost no physicians. The ratio of doctor to population has been as high as one to 1,510. Government clinics often are empty shells lacking adequate personnel, equipment, and medicines.

In Honduras the quality of and access to health care are directly tied to income levels. Adequate health care is available to those able or willing to pay for private care. For example, Honduras does have two decent private medical facilities, one in the capital city of Tegucigalpa, and one in San Pedro Sula. One expat shared that he recently saw three separate doctors, had a battery of blood work and tests done, plus a complete physical, and his bill was \$300. So the cost is less than it would be in the States, but if you are relying on public care and medical care is important to you, there are better countries to move to.

Score: Chile 2, Honduras 1

Climate

The climate of Chile comprises a wide range of weather conditions across a large geographic scale, extending across 38 degrees in latitude, making generalizations difficult. Chile within its borders hosts at least seven major climatic subtypes, ranging from desert in the north (the Atacama is the driest non-Arctic place on earth), to alpine tundra and glaciers in the east and southeast, humid subtropical in Easter Island, Oceanic in the Patagonian south and Mediterranean climate in central Chile. There are four seasons in most of the country: summer (December to February), autumn (March to May), winter (June to August), and spring (September to November).

Honduras is hot and humid almost year-round. Temperatures vary by altitude rather than season. The average high temperature nationwide is 32°C (90°F) and the average low is 20°C (68°F). Temperatures are coolest in mountain areas. The Caribbean coast can experience a lot of rain, the heaviest being from September to February, and the north coast can see average rainfall of 2400 millimeters. In Tegucigalpa, the capital, the climate remains more temperate and the dry season takes place from December to May. The capital can get chilly between December and January when the temperature in the city hovers around 23°C (73°F). Honduras lies within the hurricane belt, and the Caribbean coast is particularly vulnerable to hurricanes or tropical storms that travel inland from the Caribbean.

For the variety of climate options available, plus the fact that Chile does not fall within the hurricane belt, I have to give this one to Chile.

Score: Chile 3, Honduras 1

Ease and cost of buying real estate

The Chilean real estate market has experienced a steady increase in property values across Chile over the last 10 years, while at the same time the Peso has also steadily strengthened against other World Currencies. Laws related to ownership of real estate in Chile by foreigners are applied the same as to Chileans, and are fair and predictable.

There are certain exceptions to where a foreigner can buy real estate, such as in the case of national security areas close to the border of Argentina. For other situations, nationality or

residency is not a consideration in owning property in Chile, although owning property in Chile does in no way provide any sort of residency.

To make things simple for foreigners, you can buy and own property in Chile with simply a tourist visa, and even without ever physically visiting Chile. Everything can be done through a power of attorney, although of course it is recommended to physically check out any property you may want to buy.

One thing to be wary of is that real estate agents in Chile are not regulated in any way. Anyone can be a real estate agent, and there is not certification. There are real estate agent associations, but they also have not responsibility or over site of the activities and practices.

While there are certainly cheaper places in Latin America to buy real estate, Nuwire Investor recently stated that Chile is the number one investment destination in Latin America based on a combination of prices, economic stability and their booming economy.

Buying property in Honduras can be a fairly simple process. Foreigners enjoy the same rights of property ownership as Hondurans and can purchase up to three-quarters of an acre as an individual, or more by forming a Honduran corporation. Title is held in the same manner as fee simple, or freehold. You receive an Escritura Pública (publicly registered document) and, if buying in a corporation, you will hold bearer shares. Property taxes are low.

Although some places are past their prime for finding deals, such as some of the coast or the islands, it is still possible to buy a decent house on the mainland for \$50,000. An exclusive country club estate, boasting three bedrooms and being perched on the side of a mountain, strategically located right outside the temperate capital city, can set you back less than \$200,000...not saying that this is not a lot of money, but it is much less than what you would pay for the same thing in the states.

However...U.S. citizens should be aware of the risks inherent in purchasing real estate in Honduras and should exercise extreme caution, particularly with purchases in coastal areas, on the Bay Islands and near international borders. There are many cases of disputed or fraudulent deeds and titles. In addition, the Honduran judicial system is weak and inefficient, often prolonging disputed cases for many years before resolution. There have been claims of widespread corruption in land sales and the registry and dispute resolution process. Squatter activity, spurred by earlier land reforms, has also been a problem. U.S. citizens have spent thousands of dollars in legal fees and years of frustration in trying to resolve property disputes, even in cases in which local attorneys and Honduran and U.S. real estate agents had given assurances to the investor. Investors should talk with other U.S. citizens who have bought property in Honduras and thoroughly check references and bona fides of attorneys and real estate agents prior to engaging in transactions.

Hmmm...Chile has higher prices but a more trustworthy, streamlined process. Honduras still offers great deals but with more inherent risk. I consider this a tie and do not give either a point.

Score: Chile 3, Honduras 1

The Job Market

Chile already has the most open, market-friendly economy in Latin America. The government has negotiated free-trade agreements with the United States, Canada, the European Union and South Korea in recent years, is in talks with New Zealand and Singapore. Many business people are very accustomed to working with American business people, and many speak English. The government even is implementing an aggressive program to make more of the population bilingual, as they hope to infiltrate more of the American market in the future.

Getting a work visa is fairly straightforward, and unlike in Europe, Chileans are not as restricted on how many foreigners they can hire. In most circumstances, the Chilean Ministry Foreign Affairs will require that at least 85% of the Chilean company's workforce are Chilean nationals; however, this requirement is only in those companies where there are over 25 employees.

Wages are decent, especially compared to other Latin American countries, but the work environment is much more Western, including longer work days and a more competitive work atmosphere than in some other parts of the world.

In Honduras, I only hope that you run your own business or do not need to work to support yourself there. The average wage, for those that can actually find work, is just a little over \$3 per day. Not per hour...per day. Unemployment is high, and most of the available jobs come from the struggling agriculture industry.

However, the government offers attractive benefits for those willing to boost the local economies. If you are involved with a government-approved tourism project—and that could be anything from a restaurant to a hotel to a souvenir shop—you'll pay no income tax on your profits for 20 years. Even if you make \$10 million, you will not pay one tax penny to the Honduran government in that time.

In regards to other forms of business, foreigners are allowed to create, own and profit from a business on Honduran land. And the law provides them equal opportunity with public enterprises regarding market access, credit and other business considerations. And just think of how low your employee costs could be at \$3 per day!!!

Although Honduras offers investors some good perks, I think Chile gets this one for being all-around strong.

Chile 4, Honduras 1

So, it looks like Chile came out way ahead on this one. But remember, there are an infinite number of other factors that you personally may need to consider. Honduras is much closer to the States if that is important to you. Chile is much more Westernized, complete with franchises and strong infrastructure, so if the more laid back, slow, rustic life appeals to you, Honduras just may be the place for you. What do you think? Do you have a different experience or opinion? We would love to hear from you!!!

About the author: Cathy Brown is a mother, writer, artist, teacher, traveller and explorer originally from Michigan. She has a serious case of wanderlust and currently lives in Argentina with her three amazing children, ages nine, seven, and five. She writes for and maintains [Expatriate Daily News – South America](#) and [Expatriate Daily News – Central America](#)