



## Doing Business in El Salvador: 2015 Country

### Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business in El Salvador

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## Market Overview

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El Salvador, with a population of 6.4 million, offers an open market for U.S. goods and services and a dollarized economy. The U.S. dollar became legal tender in 2001, so U.S. companies do not need to worry about exchange rate fluctuations when selling to Salvadoran firms. El Salvador has numerous Free Trade Agreements with its trading partners. The Central America-Dominican Republic Free Trade Agreement (commonly known as CAFTA-DR) is its most significant. This FTA, signed by the United States, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua, facilitates trade, promotes regional integration and promotes transparency for the member countries. As of 2015, 100% of U.S. consumer and industrial goods enter the CAFTA-DR countries duty free (for goods that meet the country of origin requirements).

The United States is El Salvador's main trading partner with 41% of the market share for the country's imports. U.S. products are generally favored, though they face strong competition from other international suppliers. El Salvador's geographic proximity and familiarity with U.S. business practices contribute to strong trade ties with the United States. El Salvador is only a 3-4 hour flight from key U.S. cities and four U.S. carriers operate in the country.

In 2014, U.S. exports to El Salvador were \$3.3 billion, up by 2.2% (\$73 million) from 2013. El Salvador's exports to the U.S. were \$2.4 billion, a decrease of 1.7% (\$42 million) from 2013. A partial list of U.S. companies with market presence includes: AES, Microsoft, Arrow Electronics, General Motors, Coca-Cola, Kraft, Pricemart, Caterpillar, Xerox, John Deere, Walmart, 3M, Delta, American Airlines, United, Colite, Cisco, Crowley, General Electric, Kimberly Clark, as well as dozens of U.S. franchises.

El Salvador's economy is predominantly services-based. Agriculture accounts for about 10% of the country's GDP and employs 21% of the population. Manufacturing and industry accounts for 25% of GDP and employs 20% of the population. The services sector accounts for almost 65% of the GDP and employs 58% of the population. For 2015, the International Monetary Fund (IMF) forecasted a GDP growth of 1.8%. The 2014 GDP per capita, according to the World Bank, was almost \$4000. Many consumers are price sensitive and some incur debt to purchase consumer goods.

In 2014, remittances from the estimated 2.5 million Salvadorans living in the United States totaled \$4.21 billion, an increase of 6.7% compared to 2013. The inflow of remittances in El Salvador boosts consumption and imports but has little apparent impact on investment and domestic production.

Despite the government's efforts to attract Foreign Direct Investment (FDI), El Salvador is the country with the least amount of FDI in Central America. According to El

Salvador's Central Bank, foreign direct investment in 2014 totaled \$275 million. For more information on FDI, please see Chapter 6.

El Salvador works closely with the United States and international organizations on key initiatives and projects to promote economic growth. The most notable bilateral initiative in the past few years is the Partnership for Growth, a joint effort to improve business and security conditions in the country. More recently, the proposed Alliance for Prosperity initiative is a concerted effort from the United States Government to promote prosperity, security and good governance in El Salvador, Honduras and Guatemala.

## **Market Challenges**

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El Salvador has strong potential but faces a lot of challenges. The country remains politically polarized after the Presidential elections in 2014 and Congressional and Municipal elections held in 2015. The level of crime is increasing. Local and foreign investors alike are worried about the country's low growth rate for their future business operations.

Security concerns and a lack of transparency contribute to the deteriorating investment climate. Foreign and local companies report problems with government agencies' disregard for terms in government contracts, delays in payments, and amendments to existing contracts being imposed under duress. Additionally, corruption remains a problem. El Salvador ranked 80 of 174 countries in Transparency International's Corruption Perceptions Index in 2014, which scores countries on their perceived levels of corruption. Additionally, the judicial system remains in need of reform.

Companies have reported pressure from government agencies and entities to give up their right to arbitration in government contracts, usually before signing a contract, but sometimes after contracts have been signed. El Salvador's procurement law calls for competitive contracts and applies to most Ministries and entities within the Government of El Salvador and all related subordinate agencies. Nevertheless, the trend to execute no-bid contracts, direct purchases or shortlist contracts is increasing.

In terms of U.S. exports to El Salvador, market entry difficulties for importing goods and services are often related to environmental regulations, consumer protection, and controlled products that require additional permits, regulations, licenses or procedures as stipulated by the Government of El Salvador. U.S. and local companies have complained about a growing number of customs and non-tariff barriers, including arbitrary customs valuation and lack of consistency with customs procedures.

## **Market Opportunities**

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Overall, selling U.S. products and services in El Salvador is straightforward and driven by supply and demand. Foreign citizens and private companies can freely establish businesses in El Salvador and the government often offers assistance to facilitate the process to establish an office.

The Salvadoran market is very open to a wide range of U.S. products and services. Top U.S. exports to El Salvador in 2014 include:

- Mineral Fuel (oil) (\$823 million)

- Cereals (corn, wheat, rice) (\$234 million)
- Machinery (\$225 million)
- Plastics (\$177 million)

Best prospects, based on growth trends and interest from U.S. companies, which are described in more detail in Chapter 4, include:

- Automotive parts and service equipment
- Education
- Franchises
- Packaging and food processing
- Travel and tourism

Government tenders in El Salvador tend to be small, reflecting the size of the market. U.S. companies bidding on public-sector contracts with the Government of El Salvador and related agencies should work with local partners to help navigate the process. U.S. companies can request advocacy assistance from the U.S. Commercial Service to ensure that U.S. products and services have the best possible chance competing against foreign companies.

An illustrative list of government projects in the pipeline include:

- Road expansion, improvements, overpasses and tunnels in San Salvador (\$36 million)
- 65.8MW hydroelectric plant, \$300 million investment
- \$64.4 million water treatment plant

## **Market Entry Strategy**

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To appropriately cover the market, most U.S. exporters will need an agent or distributor. One agent is usually sufficient, since commercial activity is concentrated in the capital and the country's size does not justify regional agents. Additionally, licensing and franchising are common business practices in El Salvador. Licensing is most common for clothing brands. Regardless of the partnership agreement, U.S. firms must check the bona fides of potential partners and visit them prior to signing any contract. Specialists in the Commercial Section can provide a due diligence report, called an International Company Profile (ICP), on prospective overseas representatives or partners, with an analysis as to the viability and reliability of the prospective representative or partner.

U.S. companies are encouraged to jointly work with their local distributors to develop strategic marketing campaigns to enter the market and/or increase market share. Also, supporting the partner with after-market service and extensive technical training are critical steps to succeed in El Salvador. Commercial Specialists can confidentially assist with U.S. exporters' business plans and strategies for entering or expanding into El Salvador and provide suggestions and cost-effective solutions to achieve export goals and objectives.

For U.S. companies seeking to open an office or invest in El Salvador, legal guidance from a local attorney, preferably with in-depth knowledge of CAFTA-DR, is strongly recommended. Sound legal advice will enable U.S. companies to properly take

advantage of the FTA benefits, and be aware of local laws and regulations related to taxation, customs and import procedures, labor, and residence permits. Additionally, the U.S. Commercial Service can help U.S. companies identify professionals or firms that offer useful services for U.S. companies interested in initiating or expanding business in the Salvadoran market.

## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the links below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/index.htm>

<http://www.state.gov/r/pa/ei/bgn/2033.htm>

## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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The use of an agent or distributor is a proven market entry strategy for El Salvador. For most products and services, one agent for the country is sufficient as commercial activity is concentrated in San Salvador. An exclusive territorial contract is most recommended only when the business relationship has proven to be stable, professional, and profitable for both parties. U.S. companies must include CAFTA-DR provisions when drafting distributorship agreements with Salvadoran companies. The full text of CAFTA-DR Chapter 11 (Cross-Border Trade in Services) can be found in the following website: <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>.

U.S. companies should become familiar with Sections "B" and "C" of Chapter III, Title III of the Salvadoran Commercial Code, which regulates the agent and distributor relationship ([http://www.goldservice.com.sv/Leyes/CODIGO\\_DE\\_COMERCIO.pdf](http://www.goldservice.com.sv/Leyes/CODIGO_DE_COMERCIO.pdf)). According to Article 392, an agent, representative, or distributor is a natural or juridical person who, on a permanent basis and, with or without legal representation, and through a contract, is appointed by a principal to establish a representation or distribution agency for a specific product or service in the country. The representation or distribution agency may be exclusive or not, as agreed upon by the parties. The Commercial Code also specifies causes to terminate or modify the contract. These include failure to fulfill the contract, fraud by the agent, serious negligence, and continued decrease in the sales. A representative agent revealing confidential information is also grounds for termination.

If the principal should terminate, modify or not extend the representation, agency or distribution agreement without having met any of the conditions specified in Article 398

of the Commercial Code, the agent shall be entitled to compensation for the damages. The law describes the compensation allowed.

In El Salvador, as in other countries, finding the right partner or representative is key for success. For a nominal fee, the U.S. Commercial Service offers a range of services to help U.S. companies find potential partners, agents or distributors. U.S. firms interested in these services contact the nearest U.S. Export Assistance Center (USEAC) (<http://export.gov/usoffices/index.asp>) or visit the Commercial Service San Salvador web page, <http://export.gov/elsalvador>.

A local lawyer plays a critical role in providing in-depth local analyses of the legal regarding contracts or agreements with local partners. A lawyer can also provide valuable insights for U.S. companies wishing to participate in government tenders. As company's legal representative, a lawyer can obtain bid documents. While the U.S. Commercial Service cannot recommend a specific law firm, it can provide a list of Business Service Providers in different areas who can assist companies. Please visit: <http://export.gov/elsalvador/businessserviceproviders/index.asp> for more information.

## Establishing an Office

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The government of El Salvador's National Investment Office (ONI - Oficina Nacional de Inversiones; <http://servicios.minec.gob.sv/oni/maineng.html>) operates a "one-stop" window to help foreign companies and individuals complete the requirements needed to obtain a license to establish a business in El Salvador, as a branch, agency, office, or joint venture. It also provides assistance with labor-related issues, immigration, and information about the free trade zone law regime. Hiring a local legal representative or a lawyer to work with ONI is recommended as a way to help ensure that all steps are completed.

The Registry of Commerce Office in the National Registry Center (CNR-Centro Nacional de Registro), has created an "Integrated Services Window" so individuals can submit the requirements to open a business requested by the National Registry Center, Ministry of Finance, Ministry of Labor, and as Social Security Institute (ISSS) <http://www.cnr.gob.sv> in one place.

Following is a list of required authorizations or licenses that can be obtained at the "Integrated Services Window":

- a) Company Registration
- b) Initial Balance Registration
- c) First time Establishment Registration
- d) Income Tax Identification Number (NIT) (Ministry of Finance)
- e) Value Added Tax Identification Number (IVA) (Ministry of Finance)
- f) Invoices Correlative Registration (Correlativo de Facturas) (Ministry of Finance)
- g) First time Employer's Identification Number (NIP) (Salvadoran Social Security Institute)
- h) Work Place Registration (Ministry of Labor)

Based on the Salvadoran Commercial Codes the minimum capital required for a business to begin operations is \$2,000.

All companies operating in El Salvador must prepare their accounting records in Spanish. The Spanish version of the accounting system must be approved by a certified public accountant. The names of the company's board of directors and administrative personnel must be provided to the Registry of Commerce Office at the National Registry Center.

Also, the U.S. company must obtain a municipal services clearance from the municipality where the company and its facilities are located and certification that the firm is properly registered in the National Industrial and Commercial Establishments Directory at the General Director of Statistics and Census (Dirección General de Estadísticas y Censos, DIGESTYC- <http://www.digestyc.gob.sv>). Once the Registry of Commerce Office has issued the company's license, it must be published in a local newspaper.

Firms that sell or manufacture pharmaceuticals are required to obtain a permit from the National Directorate of Medicines (Dirección Nacional de Medicamentos – DNM [www.medicamentos.gob.sv](http://www.medicamentos.gob.sv)). The DNM must also approve each pharmaceutical product as safe for sale in El Salvador, and issues a registration certificate (per product) that has to be renewed every 5 years.

Companies in the banking and insurance sector are regulated by the Financial System Superintendency (Superintendencia del Sistema Financiero) (<http://www.ssf.gob.sv/>) and must register with this agency.

An environmental permit is required for many projects, including road infrastructure, activities at maritime ports, sewage systems, mining, energy transmission, dams, water development, commercial fishing, tourism services, food processing, commercial construction and others listed in the environmental law of the Ministry of Environment and Natural Resources, MARN, ([www.marn.gob.sv](http://www.marn.gob.sv)).

## Franchising

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There is no specific law or government agency that regulates franchise operations or contracts in El Salvador. CAFTA-DR enhanced protection for U.S. brands and trademarks, removed technical barriers for U.S. exports and provided alternative dispute resolutions for U.S. companies doing business in El Salvador.

Trademark laws meet international standards to protect trademarks and distinctive signs. To get full protection, the trademarks must be registered at the Intellectual Property Registry at the National Registry Center: ([http://www.cnr.gob.sv/index.php?option=com\\_content&view=category&id=83&Itemid=119](http://www.cnr.gob.sv/index.php?option=com_content&view=category&id=83&Itemid=119)).

A highly publicized court case between a prominent U.S. franchisor and its former franchisee suggests that enforcement of franchise contracts in the courts can be difficult. Consequently, we urge franchisors to develop their business plan based on careful analysis of the business *bona fides* of their potential franchisees.

Food courts and shopping malls are driving the franchise growth for casual dining and fast food restaurants, turning the food and beverage concept into the fastest-growing segment for the franchising sector. U.S. franchise systems also operate successfully in

other segments, including: hotels, car rentals, accounting, fitness, mailing and shipping, real estate, training, and travel.

## **Direct Marketing**

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In El Salvador, direct marketing is widely used. Companies use catalogs, flyers and mailers but far less in comparison to the United States. Most often a marketing piece is inserted in newspaper or a magazine. Also, ads are placed in utility bills. Distributing flyers at busy street corners and parking lots is common. Telemarketing is aggressively used by the financial sector, particularly banks and credit card companies.

Digital direct marketing is in its nascent stage in El Salvador. Companies are just becoming comfortable using text messaging, social media (mainly Facebook), email, and blogs to reach Salvadoran consumers.

## **Joint Ventures/Licensing**

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Joint ventures involving U.S. and Salvadoran companies must be legally established in a contract signed by both parties. Foreign investments, whether a joint venture, direct investment, partnership, branch or subsidiary, must be incorporated in El Salvador to operate. Once incorporated and duly registered, the investment enjoys national treatment.

The Law for Trademarks and Other Distinctive Signs includes licensing and raises protections for trademarks and distinctive signs to internationally accepted standards. The Law also obliges national and foreign firms to register in the Commerce Registry and the Intellectual Property Registry <http://www.cnr.gob.sv>. To have the exclusive right of the use of commercial names and trademarks, any expression and/or advertising sign, including patents and industrial designs, a lawyer or legal representative must register the trademark at:

Registro de Propiedad Intelectual  
Centro Nacional de Registros  
Web Page: <http://www.cnr.gob.sv>

## **Selling to the Government**

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El Salvador's government procurement and contracting system law is based primarily on international standards which covers contracts for works, supplies, consulting and leasing of real estate conducted by any government agency. Through a WTO member, El Salvador has not signed the Government Procurement Agreement. For certain projects El Salvador contracts the United Nations Office for Project Services (UNOPS) to administer the bidding processes. UNOPS is the main procurement resource agency for the United Nations.

U.S. companies can participate through a local representative in procurement processes. The CAFTA-DR Government Procurement Chapter provides for transparency, competitiveness, and market access to U.S. suppliers. Please see Chapter 9:

<http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

The procurement process is decentralized; each government agency is responsible for promoting and awarding contracts. There is no electronic contracting platform, only an electronic notification system for companies registered online as providers at Comprasal <http://www.comprasal.gob.sv> which is open to U.S. companies, regardless if the company has a local representative. Public announcements are made through print media and are posted in the government procurement website: <http://www.comprasal.gob.sv>.

Under Salvadoran law, local companies have preference for civil engineering and construction projects that are financed by the Government of El Salvador. However, this is not a major trade barrier since most large projects receive funds or loans from international financial institutions and are therefore open to international bid.

The Commercial Service maintains Commercial Liaison Offices in each of the main multilateral development banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars to developing countries for projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank <http://export.gov/worldbank>

## **Distribution and Sales Channels**

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Well-known U.S. products are imported via distributors and not directly from the manufacturer. However, a product may gain brand recognition before a formal supplier/distributor relationship is established. Owners of small stores often travel to the U.S. to purchase small quantities of products for resale, especially true for used vehicles, auto parts, clothing, jewelry, cosmetics, and certain household goods.

Most containerized imports enter via Guatemala and Honduras and are then trucked to El Salvador. Little cargo enters through El Salvador's Pacific maritime Acajutla Port, which was built to manage bulk exports and imports. Air cargo enters via the International Airport. Major distribution centers are located in free trade zones. Large distributors usually import consumer and non-consumer products and sell to wholesale distributors or directly to the retail stores. Large department stores and importers of machinery and raw materials buy directly from U.S. manufacturers, consolidate shipments and then export to El Salvador.

El Salvador follows the international commercial terms (INCOTERMS) for drafting contracts to stipulate the obligations of buyer and seller. All the INCOTERMS that apply to sea and inland waterway transport are implemented and accepted, among them: Free Alongside Ship (FAS), Free on Board (FOB), Cost and Freight (CFR), Cost, Insurance and Freight (CIF), as well as those that apply to any mode of transport, Ex Works, Free Carriers, Carriage Paid to, Carriage and Insurance Paid to, Delivered at Terminal, Deliver at Place and Delivered Duty Paid.

New consumer products are often introduced at a reception in an upscale hotel in conjunction with a newspaper and billboard ad campaign. As promotional competition increases, creative sales promotions, such as contests, drawings, and raffles, become more relevant. Samples of products are often handed out at supermarkets and department stores. Participation in local exhibits and sponsorship of local events and conferences is a common practice for brand positioning. A shared budget for promotional campaigns and advertising is highly appreciated by the local importer/distributor. The availability of brochures and other promotional materials in Spanish are preferred for marketing products. U.S. companies interested in finding representatives or distributors should look for ways of adding value to the relationship, such as supporting local marketing efforts in order to increase potential sales, and providing training to the sales force or technical staff. U.S. products are highly accepted in the Salvadoran market. The key purchasing factors are price, quality, and post-sale service. However, each sector has its unique characteristics and techniques. For more information or to request a meeting to discuss specific strategies contact the U.S. Commercial Service El Salvador [Office.SanSalvador@trade.gov](mailto:Office.SanSalvador@trade.gov).

Use of e-mail, internet and social media has made great advances in recent years. The Chamber of Commerce and Industry reported that 90% of its 2,300 members use e-mail, and about half now use the internet to promote their businesses. The American Chamber of Commerce has about 312 members and reports that all of its members have e-mail and 100% use the internet and social media to promote their business.

**Electronic Commerce**

The Government of El Salvador continues to use the internet to convey information, promote commerce, reduce bureaucracy and improve services to the public. For example: some import/export documents can now be processed electronically through a system administered by Customs and the Ministry of Agriculture, trade data and economic indicators can be downloaded from the Central Bank, taxes can be paid via the internet and companies can register their supply and demand of products and services. The Government has developed a proposal for the electronic registration of real estate; however, no date has been established for its implementation.

The International Telecommunication Union data shows that, as of 2014, internet penetration in El Salvador is 27.3% approximately 1,742,832 internet users. Penetration of Wi-Fi networks is also increasing and therefore access to internet in places like restaurants and schools is becoming more common.

The Electronic Signature law was submitted to the National Assembly on October 18, 2012 and is still under review by the Economic Commission. As originally submitted, the law intends to facilitate business and commerce through internet-based transactions. Per the legislation, the certified electronic signature will be equivalent to an ink signature. The law would also regulate service providers that produce and store electronic certificates.

Advertising in El Salvador is conducted through TV, radio, and newspapers, and it is estimated that 20% of advertising is dedicated to outdoor media. Depending on the target market, nature of product, purpose of the message or marketing plan, advertising agencies will recommend the most appropriate media mix.

El Salvador has 47 television channels, which include commercial, educational, and religious channels with nationwide or specific territorial coverage. The main VHF nationwide channels are 2, 4, 6, 8, 10 and 12. The first three are part of the same business group, Telecorporación Salvadoreña. There are 28 Ultra High Frequency (UHF) channels in lower bands with limited broadcasting range, some with national coverage links, such as Canal 19, Canal 21, and Canal 33. The main television channels are now transmitting their programming through the internet, targeting the audience of Salvadorans living abroad.

There are 196 FM and 71 AM radio stations in El Salvador. Statistics indicate that 70% of FM stations are primarily music, and 30% broadcast news programs, commentary, religious, sports and/or educational programs.

In terms of print media, there are six newspapers with a total daily circulation estimated at over 300,000. El Diario de Hoy (<http://www.elsalvador.com>) and La Prensa Grafica (<http://www.elsalvador.com>) are the leading dailies with nationwide coverage with 65% of the total circulation, followed by Diario El Mundo (<http://elmundo.com.sv/>). Additionally, El Heraldo de Oriente and El Pais are smaller publications reporting news from the eastern and western part of the country, respectively. El Grafico (sports), and MAS (daily news) are smaller newspapers. El Faro (<http://www.elfaro.net>) and La Pagina (<http://www.lapagina.com.sv/>) are electronic newspapers. The American Chamber of Commerce (<http://www.amchamsal.com>), the Chamber of Commerce and Industry (<http://www.industriaelsalvador.com/>), as well as other trade organizations, circulate monthly and bi-monthly magazines with paid advertising. Magazines with regional reach such as Estrategia y Negocios, El Economista Regional, SUMMA and Central America Today are preferred advertising vehicles for economic and business groups.

The International Convention and Fair Center of El Salvador (<http://www.cifco.gob.sv>) organizes exhibitions and trade events on a regular basis. For company or brand promotion, the most popular trade shows are for consumer products, automotive, and the biannual International Fair. The Construction Chamber, CASALCO, (<http://www.casalco.org.sv>) holds an exhibit every two years where new products and technologies can be exhibited. The Salvadoran Agriculture Chamber (CAMAGRO) organizes the main agricultural products/and machinery trade show. In addition, The Salvadoran Association of Industry organizes a local tradeshow to promote different industry sectors: <http://industriaelsalvador.com/> and a regional energy congress, providing space for exhibitors, technical briefings and business to business meetings [www.congresodeenergy.com](http://www.congresodeenergy.com)

Salvadoran companies travel frequently to trade shows in the United States to seek new products and business partners. For a list of U.S. trade shows supported by the U.S. Commercial Service in El Salvador visit <http://www.export.gov/elsalvador/tradeevents>.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process. To learn more about U.S. government trade promotion resources for new and experienced exporters, please visit: <http://www.export.gov/elsalvador/index.asp>.

## **Pricing**

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In El Salvador, the government regulates prices for liquefied propane gas, public transportation, energy, and medicines. The government regulatory agency, the General Superintendence of Electricity and Telecommunications (SIGET) ([www.siget.gob.sv](http://www.siget.gob.sv)) regulates electricity and telecommunications. Government ministries directly subsidize water services and establish the distribution service tariff. The Ministry of Economy and the Consumer Protection Office closely monitor retail gasoline and diesel, as well as basic food products prices (<http://www.defensoria.gob.sv/>).

For imported products, the price structure includes import duties and 13% value-added tax (VAT). Import tariffs for non-CAFTA-DR goods can vary. For example, raw materials import duties range from 0 to 5%, intermediate goods range from 5 to 10%, and finished goods are charged a maximum of 15%. Textiles, agricultural products, vehicles, and a few other non-essential products are charged higher tariffs that range from 15 to 30%. The tariffs only apply to products manufactured outside of the Central American Common Market and non U.S products. A comparative chart of Central American import duties can be found at the Central American Economic Integration Secretariat website: <http://www.sieca.int/site/>.

CAFTA-DR reciprocally reduced tariff and non-tariff barriers for U.S. exports into the region. Duties for U.S. made products to CAFTA-DR countries can be found at: <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

On services, a 20% withholding tax is applied to payments for services that have been provided to private or public institutions in El Salvador by foreigners, even if the service was performed entirely outside of El Salvador

## **Sales Service/Customer Support**

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With an estimated two million Salvadorans residing in the United States, Salvadorans are familiar with U.S. products and like to receive U.S. level customer service. Sellers can gain an edge by offering good service and customer support. Consumers and/or end user purchasing decisions respond differently depending on the product or sector. However, in general they are price-oriented and tied to credit conditions and to after-sales service. A consumer protection initiative in El Salvador has raised consumer awareness of consumer products' quality and safety standards, becoming a preferential and differential purchasing factor.

The Consumer Protection Law was reformed in January 2013 to expand basic consumer rights. It provides the consumer with broader authority to terminate contracts and stipulates that expressed guarantees for goods or services made by the producer are

legally binding. The new version of the Law also empowers the Consumer Defense Court to order monetary compensation to the consumer.

## **Protecting Your Intellectual Property**

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The 1993 Intellectual Property Promotion and Protection Law and the Salvadoran Penal Code protect intellectual property rights. Investors should register intellectual property trademarks, patents, and copyrights at the National Registry Center's Registry of Intellectual Property to protect their investments.

Registro de la Propiedad Intelectual  
Centro Nacional de Registros (CNR)  
Tel (503) 2513-8400 / 2254-9300  
Address: Col. Flor Blanca y 1<sup>a</sup>. Calle Poniente No. 2310  
San Salvador, El Salvador. C.A.  
<http://www.cnr.gob.sv>

CAFTA-DR provides for improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. standards of protection and enforcement, and with emerging international standards. Such improvements include state-of-the-art protections for digital products such as U.S. software, music, text and videos. There is also stronger protection for U.S. patents, trademarks and test data, including an electronic system for the registration and maintenance of trademarks, and further deterrence of piracy and counterfeiting.

CAFTA-DR also requires partner countries to maintain TRIPS-compliant laws and enforcement for intellectual property. In addition, it requires the authorities to protect any proprietary information submitted for patents for pharmaceutical products and for a period of five years, not to accept the fact that a product has been licensed for distribution in another country as a justification for commercial licensing.

Unauthorized reproduction of optical media, both music and video, remains a concern in El Salvador. Optical media imported from the United States are being used as duplication masters for unauthorized copies of copyrighted works. There is also a concern about the inadequate enforcement of cable broadcast rights and the competitive disadvantage it places on legitimate providers of this service.

For more information on Intellectual Property Rights please see Chapter 6.

### **Protecting Your Intellectual Property in El Salvador:**

Several general principles are important for the effective management of intellectual property ("IP") rights in El Salvador. First, it is important to have an overall strategy to protect a company's IP. Second, IP is protected differently in El Salvador than in the U.S. Third, rights must be registered and enforced in El Salvador. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting patents registration are generally based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file, first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Salvadoran market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in El Salvador. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Salvadoran law. The U.S. Commercial Service can provide a list of local lawyers upon request by contacting [Office.SanSalvador@trade.gov](mailto:Office.SanSalvador@trade.gov).

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, or unreasonable delays in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of potential bad faith actors. Projects and sales in El Salvador require constant attention. Work with legal counsel familiar with Salvadoran laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both in El Salvador and the United States. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [www.STOPfakes.gov](http://www.STOPfakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.stopfakes.gov/businesss-tools/country-ipr-toolkits](http://www.stopfakes.gov/businesss-tools/country-ipr-toolkits). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Department of Commerce has positioned IP attachés in key markets around the world. To contact the IP attaché who covers El Salvador please e-mail: [Michael.Lewis@trade.gov](mailto:Michael.Lewis@trade.gov)

## Due Diligence

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The success or failure of an operation in a foreign country is often closely tied to the quality of the information a company was able to obtain about creditworthiness, *bona fides*, and business practices of the local partner. The Commercial Section strongly recommends checking the *bona fides* carefully as soon as a business relationship begins to develop. The Commercial Section offers a service, known as the International Company Profile (ICP), to help a U.S. firm determine if a company is a suitable trading partner. The report includes data on the firm's management, business activities, product lines, financial conditions, credit-worthiness, and trading experience. Some private sector credit-reporting services, including Dun & Bradstreet, also provide credit reports on Salvadoran firms. For contact information for credit report companies, please see Chapter 7 or visit <http://export.gov/elsalvador>.

## Local Professional Services

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The U.S. Commercial Service often can provide contact information for professional services such as legal counsel, transportation, hotels, translators and other. For more information, visit the Business Service Providers (BSP) section at:

<http://export.gov/elsalvador/servicesforu.s.companies/index.asp>

## Web Resources

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National Registry Center (CNR): <http://www.cnr.gob.sv>

Consumer Protection Office: <http://www.defensoria.gob.sv>

Central American Economic Integration Secretariat (SIECA): <http://www.sieca.int/>

ITC Development Index:

[http://www.itu.int/net/pressoffice/press\\_releases/2014/68.aspx#.VWzqLWz76AY](http://www.itu.int/net/pressoffice/press_releases/2014/68.aspx#.VWzqLWz76AY)

Internet Users by Country. <http://www.internetlivestats.com/internet-users-by-country/>

Other useful links: <http://export.gov/elsalvador>

## Chapter 4: Leading Sectors for U.S. Export and Investment

### Commercial Sectors

- [Automotive Parts and Service Equipment \(APS\)](#)
- [Education](#)
- [Food Processing and Packaging Equipment](#)
- [Franchising \(FRA\)](#)
- [Travel and Tourism \(TRA\)](#)

### Agricultural Sectors

- [Agricultural Sector](#)  
(Consumer-Oriented Products, Wheat, Rice, Corn, Soybeans)

### Automotive Parts and Service Equipment (APS)

#### Overview

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#### Automotive Parts and Accessories Statistics

	2013	2014	2015 (estimated)	2016 (projected)
Total Market Size	187,906,448	188,982,754	190,051,140	191,108,608
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	6,468,673	6,823,511	7,197,814	7,592,649
Total Imports	194,375,121	195,806,265	197,248,954	198,701,257
Imports from the U.S.	57,831,392	58,982,255	60,161,900	61,365,138

(Source: SIECA Statistics. Units: USD)

The United States is the most significant player in El Salvador's auto parts and accessories market. In a country with stagnant economic growth, U.S. imports in 2014 increased by 2% from the previous year and industry leaders expect a higher growth in the future years. With over 30% of the total imports market, U.S. companies enjoy a reputation for high quality products with excellent warranties.

This sector is highly competitive and price sensitive. There are no significant manufacturers of auto parts and accessories and the market is mainly supplied by imports. Asian companies have gained market share as the number of Japanese, Korean, and Chinese auto manufacturers continues to grow in El Salvador. Other third market imports (Colombia, Brazil and Germany) have not yet threatened the dominant position held by the United States. Taiwanese companies are known for their ability to compete on price and are positioned to take a greater share of the import market. A partial list of brands currently in the market include: Turtle Wax, Mobil Oil, Goodyear, Bendix, Alloy International; Die Hard, BF Goodrich, Dayco, STP, Fleetguard, Castrol,

Champion Spark Plug, American Quality Lubricant, Federal Mogul, Penzcoil, Prestone, and others.

Most of the end users of auto parts and accessories are owners of mechanic and repair shops and individual vehicles. They prefer to purchase auto parts and accessories directly from the distributor/retailer. Salvadoran distributors are extremely receptive to U.S. products. Many executives speak English, and are familiar with U.S. business practices. Moreover, El Salvador's geographic proximity to the United States provides greater access to U.S. companies and faster inventory delivery in comparison with Asian companies.

Companies that seek to do business in El Salvador should work closely with a local distributor. Assigning one distributor for the size and demand of the country is appropriate. A potential Salvadoran distributor may handle various products and often seeks an exclusive distributorship. After conducting an exhaustive due diligence and establishing a solid business relationship, U.S. companies should consider using letters of credit, extending lines of credit, or the Small Business Administration (SBA) financing programs.

There are over 800,000 vehicles registered in El Salvador out of which approximately 50% are concentrated in the capital city of San Salvador. In 2014, the Ministry of Public Transportation reported that 57,798 new vehicles were imported to El Salvador, an increase of 17.9% compared to the previous year. As a result, demand for automotive parts, service equipment and accessories for new vehicles has increased. Leading automotive manufacturers, sold by dealers, include: Kia, Toyota, Chevrolet, Mitsubishi Motors, BMW, Hino, Daihatsu, Chery, Isuzu, Jeep, Ford, Peugeot, among others.

Currently, 90% of used vehicles purchased in El Salvador are imported from the United States and many are salvaged cars bought at auctions. The salvaged vehicles are then repaired and sold in the local market. Auto repair shops play a key role in advising and making recommendations to end users on their purchasing decisions.

Automotive accessories are a niche market in El Salvador. "Tuning" is now a very well-known term. Tuning has become a way to personalize the characteristics of a vehicle to the owner's preference in order to provide better fuel economy and more power or just to change the appearance. Exterior modifications have increased the demand of accessories and parts such as: front and rear bumpers, splitters, light weight wheels and spoilers.

Public transportation companies own 14,000 busses. The most common are: Blue Bird, International, American Motors, and Mercedes Benz.

There are five associations that represent the interests of the automotive sector:

- a) Salvadoran Association of Auto Parts Importers (ASIRA)
- b) Salvadoran Association of Distributors of Vehicles (ASALVE)
- c) Salvadoran Association of Importers of Used Vehicles (ASEIVA)
- d) Association of Auto Repair Shops (APTSA)
- e) Salvadoran Association of Cargo Agents (ASAC)

## Sub-Sector Best Prospects

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The greatest opportunities include spare and replacement parts for gasoline and diesel motors. Other targets:

- Motor parts: compressors, radiators, accumulators, green filters, batteries, lubricants and motor oil.
- Tires for cars, heavy trucks and buses.
- Accessories: sound systems, bumpers, spoilers, cleaning products.
- Safety products: alarms, GPS systems.
- Brake systems and components.
- Diagnostic equipment.

## Opportunities

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- There are no manufacturers of automotive parts and accessories in El Salvador.
- Import tariffs for auto parts under HTC 8708 and most vehicle accessories under HTC 8714 were automatically reduced to zero after the CAFTA-DR implementation.
- U.S. brands are always in high demand by Salvadoran distributors who are looking for innovation, high quality, durability, warranty, and fast delivery.
- A good opportunity for U.S. companies to meet Salvadoran buyers is at U.S. trade shows. The U.S. Commercial Service in San Salvador annually leads a buyer delegation to:
  - AAIW: SEMA and APPEX, Las Vegas, NV, November 2-6, 2015  
<http://www.aaiwshow.com>

## Web Resources

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Vice Ministry of Transportation: <http://www.mop.gob.sv>

Salvadoran Association of Distributors of Vehicles: <http://www.fedicar.org>

Salvadoran Association of Cargo Agents: <http://www.asac.com.sv>

SEC (Central America Commerce Statistics System):

<http://estadisticas.sieca.int/Estadisticas/MenuEstadisticas.asp?Base=SIECA>

U.S Commercial Service San Salvador: [sandra.hernandez@trade.gov](mailto:sandra.hernandez@trade.gov)

## Education and Training (EDS)

	2011/2012	2012/2013	2013/2014
Salvadoran Students in the United States	1,151	1,172	1,233

Source: Open Doors 2014, Report on International Educational Exchange

## Overview

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El Salvador, previously overlooked by U.S. education institutions looking to recruit Latin American students, represents untapped opportunities for many education institutions. According to the Open Doors Report 2014, in the academic year 2013/2014 there were 1,233 Salvadoran students enrolled in the United States, an increase of 5.2% compared to the previous year. The top receiving states for Salvadoran students are Texas, New York, Virginia, California and Massachusetts. According to the report, El Salvador was ranked 72 in the world for sending students to the United States.

Salvadorans overwhelmingly prefer the United States as the leading destination to study abroad because of close geographic proximity, the high quality of education, the possibility of reducing living costs by rooming with a family member in the United States, and the wide range of schools and programs that welcome international students. Salvadoran students finance their education with scholarships, student loans, and financial assistance from relatives. Education institutions that are able to offer some type of financial aid have greater market opportunities in El Salvador. The government bank Banco de Desarrollo de El Salvador offers lines of credit for students. The loans are channeled through commercial banks and are intended for high school, bachelor, masters, and doctorate degrees. For more information please visit: [https://www.bandesal.gob.sv/portal/page/portal/INICIO/SERVICIOS/GUIA/GARANTIAS/BMI\\_SIGUESTUDIANDO](https://www.bandesal.gob.sv/portal/page/portal/INICIO/SERVICIOS/GUIA/GARANTIAS/BMI_SIGUESTUDIANDO)

In line with the rest of Central America, Salvadoran students find the visa application and admission process lengthy and expensive. The high cost of tuition, regardless of the destination, is also a major concern. In El Salvador, the U.S. Department of State offers the Opportunity Funds Program, designed for students who are unable to cover expenses related to the application process of U.S. higher education institutions.

Although U.S. programs are preferred, there is vast competition from education institutions in Mexico, Chile, Costa Rica, Germany, Spain, Korea, Canada, and Taiwan. European and Asian countries offer enticing scholarship to Salvadoran students. The Ministry of Foreign Affairs in El Salvador announces opportunities to study abroad at the website: <http://cooperacion.rree.gob.sv/portal/scholarship/ScholarshipList.php>

The education system in El Salvador is regulated by the Ministry of Education (MINED). The school cycle is from January to October, except for private bilingual schools that mirror the U.S. cycle from August until early June. A bachelor degree typically takes five years to complete. There are 41 Higher Education Institutions (HEI) in the country, including technical institutions, specialized institutions, and universities. Following is a partial list of HEI with the types of degrees offered:

**Universidad de El Salvador (UES)** is the largest and only public university in the country which offers 149 undergraduate and 20 graduate degrees. UES, through the Cooperation Program in Higher Education with the Organization of Ibero-American States (OEI), participates in their Academic Exchange Program (PIMA).

**Escuela Superior de Economía y Negocios (ESEN)** is the top business school in El Salvador. It offers Economics and Business, Law, and Business Engineer Degrees. ESEN has strategic partnerships with Pontificia Universidad Católica de Chile (Chile), Instituto Tecnológico Autónomo de México (ITAM) (Mexico), Universidad del Desarrollo (Chile), Universidad Adolfo Ibáñez (Chile), ESCI Business School Group HEMA (France), Universidad Autónoma de Barcelona (Spain), Hochschule Furtwangen University (Germany), and Universidade Católica de Brasília (Brasil).

**Universidad Centroamericana José Simeón Cañas (UCA)** is a private university which offers 24 undergraduate, 13 graduate and 2 doctorate degrees. UCA is a member of the Asociación de Universidades Confiadas a la Compañía de Jesús en América Latina (AUSJAL) and has an active student exchange program.

**Universidad Francisco Gavidia (UFG)** is a private university that offers 40 undergraduate and 9 graduate degrees. This University has only agreements with local institutions and no student exchange program. However, they have expressed interest in developing strategic partnerships for ESL exchange programs for professors with U.S. institutions.

**Universidad Tecnológica de El Salvador (UTEC)** is a private university that offers 35 undergraduate and some graduate degrees. UTEC has 10 strategic partners, including INCAE Business School, Lamenitec, Eureka SD and others.

**Universidad Don Bosco (UDB)** is a private university that offers 22 undergraduate, 8 graduate and 2 doctorate degrees. UDB has a distance studies program. In March 2015, UDB signed a Memorandum of Understanding with Indian Hills Community College to explore opportunities in training, seminars, and student and faculty exchanges in the fields of aviation maintenance, engineering and technology.

For more information on Higher Education in El Salvador please visit:  
<http://www.mined.gob.sv/index.php/temas/educacion-superior.html>

The Salvadoran Government is committed to improving the education system and has made it part of their five year development plan (2014-2019). The U.S. Agency for International Development (USAID) is supporting the Government in their efforts to improve quality and efficiency in the education sector. For more information on USAID efforts, including please visit: <http://www.usaid.gov/el-salvador/education>.

The United States is the first choice destination for Salvadorans looking to study abroad. The programs with the highest demand include:

- Undergraduate programs, such as business, marketing, engineering, among others.
- Graduate programs
- Doctorate degrees
- English language programs for children or adults
- Summer camps to improve English language skills
- Preparation courses for medical USMLE (United States Medical Licensing Examination), TOEFL, SAT, GMAT, etc.

**Opportunities**

With an education system that needs improvement, private universities are taking proactive steps and seeking alliances and agreements with foreign schools to provide joint programs, increase the number of exchanges for their students and professors, offer dual certification, and obtain mutual recognition of credits. The “100,000 Strong in the Americas” initiative, announced by President Barack Obama in 2011, offers funds for innovative partnerships between U.S. and Latin American and Caribbean institutions of higher education. Funds are assigned through grant competitions. In El Salvador, the program is promoted by the Public Affairs Office at the U.S. Embassy and EducationUSA. U.S. universities interested in learning more about this initiative should visit: <http://100kstrongamericas.org/about>.

Although the majority of students are interested in pursuing undergraduate programs, Salvadorans are starting to understand the community college concept which is perceived as a more affordable alternative for the first two years of college. Career development programs and Optical Practical Training (OPT) involving internships also are in demand.

English language programs for students and working adults have vast market potential. The EF English Proficiency Index, which evaluates the English skills of 63 countries worldwide, ranked El Salvador 53<sup>rd</sup>. Institutions that offer intensive and short English programs have the greatest potential.

The U.S. Commercial Service is working closely with EducationUSA to promote education in the United States. U.S. educational institutions should consider the advantages and disadvantages of working directly with a Salvadoran institution or with an education agent. Regardless of the selection, building a relationship with school counselors is critical for recruiting students. Equally important is having an enforceable agreement that protects both parties in case of non-performance. Successful education institutions established in El Salvador often visit their local partner and have demonstrated a long term commitment to the market. When recruiting students at education fairs be mindful of targeting both students and parents, and ensure that promotional materials are in Spanish. The U.S. Commercial Service in El Salvador can support U.S. schools and universities with their recruitment efforts and assist in

establishing agreements with Salvadoran counterparts. For additional information, contact Lidia Sosa, Senior Commercial Specialist at [Lidia.Sosa@Trade.gov](mailto:Lidia.Sosa@Trade.gov).

## Web Resources

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Ministry of Education: <http://www.mined.gob.sv/>

100,000 Strong in the Americas: <http://100kstrongamericas.org/about>

Ministry of Foreign Affairs: <http://www.rree.gob.sv/>

Open Doors Report: <http://www.iie.org/en/Research-and-Publications/Open-Doors>

Centro Cultural Salvadoreño (houses EducationUSA) <http://ccsa.edu.sv/ccsa/>

U.S. Commercial Service El Salvador: <http://www.export.gov/elsalvador>

## Food Processing and Packaging Equipment (FPP)

### Overview

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#### Food Processing and Packaging Equipment Statistics

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	183,500,717	179,087,313	180,878,186	182,686,967
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	320,798,122	314,883,787	318,032,624	321,212,951
Total Imports	504,298,839	493,971,100	498,910,811	503,899,919
Imports from the U.S.	187,677,050	175,572,353	177,328,076	179,101,356
Exchange Rate: 1 USD	N/A	N/A	N/A	N/A

Data in US Dollars.

(Source: Central America Trade Statistic System, and Central Bank of El Salvador.)

(HS codes: 3901-3923, 4405-4416, 4707, 4804-4823, 8422-8441)

## Food Processing and Packaging Equipment

The food processing and packaging industry experienced a slight decrease in 2014, but in 2015 is forecasted to grow by 1-2%, at pace with the country's economic growth. There is no significant food processing and packaging machinery production in El Salvador and the majority of machines and parts are imported. El Salvador's packaging equipment is mainly supplied by companies from the United States, Mexico, Colombia, China and Germany. Asian companies offer lower prices and European companies compete on high quality. As Salvadoran companies demand innovating packaging to stand out from their competition, packaging equipment suppliers will need to provide equipment that can accommodate a wide range of sizes, shapes, textures, labels, colors, etc.

The future of the food processing and packaging industry is promising as statistics demonstrate a healthy growth in the industries that require this type of machinery, mostly exporting companies. According to FUSADES, a Salvadoran think tank, as of March 2015, the growth of exports in the textile sector increased by 8.5% from previous year, non-alcoholic beverages and bottled water increased by 43.5%, paperboard and plastic

products increased by 10.5%, and vegetable oil products increased by 31.6%. Salvadoran companies understand that to be able to compete they need to invest in new techniques to improve their productivity and efficiency.

### **Food Processing**

El Salvador's food processing industry has experienced a slight growth with notable opportunities for Salvadoran companies that export. The growth is fueled by demand for "ethnic" or "nostalgic" foods sought by the large population of Salvadorans living abroad. Additionally, El Salvador has proudly become the Central America leader in the production and export of juices and snacks. Food processing companies export mainly to: Guatemala, Honduras, United States, Spain, Canada, and Nicaragua. Companies in this industry range from small family-owned to large corporations. Whether they purchase customized or off the shelf machinery, their priority is to invest in the most suitable equipment that reduces costs while increasing efficiencies and food safety. Key industry players include: Calvo, Productos Alimenticios Diana, Harisa, Livsmart, Jumex Centroamerica, and Industrias La Constanca.

### **Paper and Cardboard**

Central America in general has a strong paper and cardboard industry. Many years ago, El Salvador's government successfully attracted multinational companies that forced local manufacturers to innovate and produce higher quality products. Companies as Kimberly Clark, which has established the largest plant in Latin America, not only helped shape the now competitive marketplace but continued to invest in El Salvador. Other leading markets include SKG (recently acquired CYBSA Group) and SigmaQ.

The Salvadoran Association of Industrialists' (ASI) latest statistics show a 1.5 percent increase for the overall market driven by exports. The leading products exported to Central American countries are: toilet paper (valued \$117 million), cardboard packaging (valued \$74 million), labels (\$14 million), napkins and paper tablecloths (valued \$7 million), and tissue paper (valued \$5 million).

With the exception of a few multinational companies, Salvadoran companies have significantly decreased their investments in new machinery. To succeed in the market, U.S. companies must offer financing options.

### **Plastic Packaging**

The plastics industry, which typically grows at 4%, will see a decrease due to the higher price of its main raw material, ethylene monomer. For 2015, the forecasted growth is about 2 percent. In El Salvador, the plastic industry is divided in two segments: packaging and household items. Packaging companies have consistently invested in new technologies and have become Central America's market leaders in plastic bags, plastic beverage containers, and plastic packaging. Leading export markets for Salvadoran companies include: Costa Rica, Honduras, and Guatemala. Flexible packaging has the most significant growth potential. U.S. companies can successfully compete in the market if the equipment can generate savings for the client, is durable, flexible and adapts to client's packaging uniqueness, performs as promised, and has adjustable parts. Exceptional customer service and extensive training, preferably in Spanish, are essential in successfully entering the competitive marketplace. Most

companies are committed to having better environmentally-friendly packaging. Eco-friendly equipment and green technology are in high demand.

### **Best Prospects/Services**

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U.S. manufacturers of food processing and packaging equipment have the greatest opportunities in the following segments:

- Machinery for finishing paper and paperboard, carton handling, bagging, shrink and wrapping equipment.
- Heat sealing machines and labeling.
- Filling, closing and sealing machinery, stretch wrapping film, cushioning and void fill machines.
- Used and refurbished packaging machinery (sought by medium-sized Salvadoran companies).

### **Opportunities**

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With no local production, the food processing and packaging industry is supplied by imports. U.S. exports are more competitive over third country exporters that don't qualify for CAFTA-DR duty benefits as import tariffs for food processing and packaging equipment under CAFTA-DR are zero.

Whether working with a local distributor or end users, spending time forming a personal connection before discussing business is essential. Salvadorans are looking for long term business partners that are committed to the market. The U.S. Commercial Service offers customized solutions to help U.S. exporters successfully expand exports to El Salvador. For more information contact Sandra Hernandez, Commercial Assistant, at [sandra.hernandez@trade.gov](mailto:sandra.hernandez@trade.gov).

Following are additional opportunities for U.S. companies to meet Salvadoran potential buyers:

- Flexo Q: Packaging Educational Seminars to be held July 23-24, 2015, San Salvador
- Packaging Trade Show – CIFCO to be held September 5-6, 2015 , San Salvador
- PackExpo – Las Vegas Convention Center to be held September 28–30, 2015

### **Web Resources**

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Asociacion Salvadoreña de Industriales – Salvadoran Association of Industries – <http://www.asi.com.sv>

Corporacion de Exportadores (COEXPORT)– Corporation of Exporters of El Salvador – <http://www.coexport.com>

Ministerio de Economia – Ministry of Economy – <http://www.minec.gob.sv>

Fundación Salvadoreña para el Desarrollo Economico y Social Fusades – Salvadoran Economic and Social Development Foundation - <http://www.fusades.org/>

ASIPLASTIC – Salvadoran Association of Plastic – <http://www.asiplastic.org/>

U.S. Commercial Service El Salvador: <http://www.export.gov/elsalvador>

## Franchising FRA

### Overview

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El Salvador began adopting the franchise business model in late 1970s, when McDonald's and KFC entered the market. Since then the business environment for U.S. franchises has been favorable and Salvadoran consumers have shown clear preference for U.S. franchises over local or other international franchise concepts. Salvadoran investors are looking for new concepts open to considering a regional business development plan. Investors also prefer franchises with high brand recognition amongst consumers.

U.S. franchise systems operate successfully in many segments, including: hotels, car rentals, accounting, fitness, mailing and shipping, real estate, training, and travel. Fast-food franchises and casual dining restaurants have been the most successful, including: Starbucks Coffee Company, Taco Bell, Domino's Pizza, Red Mango, Hooters, Ruth's Chris Steak House, Denny's, Ruby Tuesday, Cold Stone Creamery, Olive Garden and Smashburger.

There are no official statistics to assess the size of the franchise market but estimate based on experiences of local association leaders, franchise operators and law firms is that there is about 100 local companies operating under international franchise business models, 75% of the market is estimated to be U.S. and investment varies from low cost operations up to some of the most expensive franchises like the hotels (<http://www.business-opportunities.biz/2015/03/31/9-expensive-franchises-2015/>). Franchises from Mexico, Spain, Peru, Guatemala, Nicaragua, Canada, Argentina, UK, and Costa Rica also operate in the country.

Over a dozen open-air-retail complexes, enclosed retail structures, and small-scale malls serving local neighborhoods with entertainment venues, including movie theaters and restaurants, are driving the franchise growth for casual dining and fast food restaurants, turning the food and beverage concept into the fastest-growing segment for the franchising sector.

El Salvador is a small and competitive open market and overall there are no significant challenges for U.S. franchise firms. However, in the food and beverage franchise segment, companies may face issues related to the registration of imported beef, poultry, cheese quota, and verification of country of origin for seafood.

## Sub-Sector Best Prospects

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Food and beverage, travel and tourism, security, training, home services, healthcare franchises, and franchises that would fit in a shopping mall setting.

## Opportunities

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The main opportunities in this sector are driven by ongoing expansion of existing shopping centers that demand new franchising concepts in retail, food, and beverages. The deteriorating security situation in the country is attractive for franchises in the security sector. Other categories with greater opportunities would be laundry and dry-cleaning at small scale malls, as well as car rental and low cost lodging franchises.

U.S. companies can meet Salvadoran prospective business partners by participating in trade shows, such as International Franchise Expo (IFE). For the most updated list of US Commercial Service sponsored trade shows please visit <http://export.gov/elsalvador/tradeevents/index.asp>.

Some of the most successful franchisors that operate throughout Central America are based in El Salvador. With these companies' deep expertise and the willingness or other deep pocketed companies to buy franchise concepts, El Salvador is a strong market for franchises that belies its size. For more information contact Maria Irene Rivera at [Maria.Rivera@trade.gov](mailto:Maria.Rivera@trade.gov).

## Web Resources

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Opportunities by Industry: <http://export.gov/industry/franchising/index.asp>

International Franchise Expo: <http://www.ifeinfo.com/>

International Franchise Association: <http://www.franchise.org/>

Franchise Time: <http://www.franchisetimes.com/>

<http://www.franchise.org/CentralAmerica2015>

U.S. Commercial Service San Salvador: <http://www.export.gov/elsalvador>

Neighborhood malls and shopping centers:

Grupo Roble <http://www.gruporable.com/>

Urbanica: <http://www.urbanica.com.sv/>

Grupo Agrisal: <http://www.agrisal.com/inmobiliario>

Centro Comercial Galerias: <http://www.galerias.com.sv/>

Centro Comercial Las Cascadas: <http://www.lascascadas.com.sv/>

Plaza Madero: <http://www.plazamadero.com.sv/locales/>

## Travel & Tourism (TRA)

	2013	2014	2015 (forecast)	2016 (forecast)
Salvadoran Travelers to the United States	104,735	126,302	132,6178*	139,247*

Source: U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries; Statistics as of December 2014

\* Estimated figures

### Overview

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For the past three years the number of Salvadoran visitors to the United States has steadily increased according to the U.S. Department of Commerce, Office of Travel & Tourism Office Industries. In 2014, the statistics show an increase of 20.6% over the previous year, outpacing Central America whose inbound travel to the United States grew by 11.9%. Tour operators expect a positive forecast of five percent for 2015 and 2016.

In 2014, Central America reported 932,866 visitors to the U.S., out of which 126,302 were from El Salvador. States like California, Washington D.C., Maryland, Virginia, and Texas are common destinations due to the large Salvadoran communities in those cities. States like Florida, New York, Illinois, and Nevada are visited for leisure and business purposes. The most common activities for Salvadorans visiting the U.S. are amusement parks, sightseeing in cities, dining in restaurants, visiting museums, and shopping. Peak season for Salvadorans traveling to the U.S. are Easter week, San Salvador Feasts (first week of August), and Christmas. El Salvador is among the top 50 countries sending international visitors to the United States.

Several U.S. carriers have been flying to El Salvador for over 25 years and have continued to invest and demonstrate a long term commitment to this market. American Airlines, United, and Delta Airlines offer daily flights to gateway cities and connections to the rest of the United States. These airlines fly directly to Miami, Dallas, Houston, Los Angeles, and Atlanta. Spirit offers two weekly flights to Fort Lauderdale.

Competition for U.S. carriers is significant, particularly from Avianca, a Colombian airline, which is the market leader, offering eight ports of entry to the United States: Miami, San Francisco, Los Angeles, Houston, Dallas, Washington D.C. (Dulles), New York (JFK), and Chicago. Also, Aeromexico (Mexico), and Copa Airlines (Panama) offer connections to different U.S. cities through their hubs in Mexico City and Panama respectively. The Salvadoran low cost airline, VECA Airlines (Vuelos Economicos Centroamericanos), is currently obtaining permits to fly directly to Florida. The company already began operations within Central America, offering flights from El Salvador to Guatemala and Costa Rica.

In 2013, El Salvador became Avianca's Central America hub, increasing the number of passengers traveling through El Salvador's International Airport. CEPA, the government agency responsible for operating the airport, has pledged to undertake a modernization

project to improve the airport facilities. Over 2 million passengers travel through the airport each year.

## Best Prospects/Services

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- Shopping
- Theme Parks/Amusement
- National Parks/Monuments
- Entertainment and cultural activities: sports events, music concerts, museums

## Opportunities

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The U.S. Commercial Service in San Salvador actively promotes the United States as a tourism destination. Recent activities include: recruiting delegations to travel and tourism trade events such as IPW (formally known as International Pow Wow) and the Go West Summit, supporting local tourism operators with their promotion activities of U.S. destinations, providing destination presentations, organizing Familiarization Trips to the United States, and facilitating communication with U.S. destinations, attractions, and service suppliers. In addition, the U.S. Commercial Service coordinates education seminars to travel agencies on the U.S. visa application process and entry procedures. The training is provided by representatives of the Department of State and the Department of Homeland Security.

To be successful in El Salvador, U.S. tourism suppliers should educate travel agents through seminars or outreach events organized by travel associations, tour operators or the U.S. Embassy. Wholesale operators are the main distribution channel in the market; it is key to establish a close relationship, offer new travel products, high level of service, and provide marketing material (preferably in Spanish) to increase sales.

In collaboration with Brand USA, the U.S. Commercial Service El Salvador is organizing the Third Annual Tourism Trade event in El Salvador to promote non-traditional U.S. destinations. This event, to be held August 21, 2015, will include educational sessions and gather the most important players on the tourism industry. For more information on how to participate contact Lidia Sosa, Senior Commercial Specialist, at [Lidia.Sosa@Trade.gov](mailto:Lidia.Sosa@Trade.gov).

U.S. companies looking to meet with Salvadoran tour operators may consider attending or participating in the following events:

- **IPW 2016:** The largest travel and tourism trade event organized by the U.S. Travel Association, where more than 1,200 foreign buyers gather to conduct business meetings with U.S. tourism and travel organizations. IPW 2016 will be held in New Orleans, Louisiana from June 18-22, 2016.
- **Go West Summit 2016:** Organized by International Tourism Marketing Inc., Go West Summit is the main travel show that gathers U.S. suppliers of 13 Western States (Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington and Wyoming). Go

West Summit 2016 will take place in Anchorage, Alaska, on February 22-25, 2016.

## Web Resources

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Office of Travel & Tourism Industries: <http://www.tinet.ita.doc.gov>

U.S. Travel Association: <http://www.ustravel.org>

Comision Ejecutiva Portuaria Autonoma-CEPA: <http://www.aeropuertoelsalvador.gob.sv/>

Destination Marketing International: <http://www.destinationmarketing.org>

IPW 2016: <https://www.ustravel.org/news/press-releases/new-orleans-host-ipw-2016>

Go West Summit 2016: <http://www.gowestsummit.com/index.cfm>

U.S. Commercial Service El salvador: <http://www.export.gov/elsalvador>

## Agricultural Sectors

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### 1) CONSUMER-ORIENTED PRODUCTS

#### Overview

In 2014, U.S. agriculture exports to El Salvador in the consumer-oriented product category reached a record high of \$146.7 million (chocolates and cocoa products, snack foods, breakfast cereals, red meats, poultry meats, pork meat, processed foods, sauces and condiments, and processed fruits and vegetables), approximately 20% of total market. The distribution of consumer-ready foods is carried out through a number of channels. Supermarkets, such as Walmart and local chain Super Selectos, are the principal outlets, but a fair amount is moved through wholesalers, who may be supermarket owners themselves or distributors delivering products to smaller stores. Normally, distributors handle products on an "exclusive" basis, most often as representatives for a line of products. Direct sales are common practice; however, having a local distributor facilitates operations and supports client service. Most large importers/distributors are members of the Salvadoran Distributors Association (ADES) (<http://www.adess.org.sv/>). ADES manages the relationship of its members with local retailers, wholesalers and supermarkets.

The Salvadoran market may be significantly larger than portrayed by U.S. export data. A high percentage of El Salvador's imports of consumer-oriented products are actually registered as Guatemalan imports. This is because many containers come through Guatemala's Santo Tomas Port and although they are in-transit to El Salvador, customs officials tally the products as Guatemalan imports.

It is estimated that Salvadorans spend approximately 65% of their income on food (household earning is \$400 to \$1,500 per month). There are approximately 460,000 households in this category and, as might be expected, 60% reside in urban areas. About 1.2 million people (20% of the population) are part of the country's middle class.

The supermarket industry continues to build new stores, mainly in the working class areas of the capital and in cities with populations of 50,000 to 250,000. For example, Super Selectos is building 3 to 4 new stores per year and Walmart built a new outlet in 2014 and is building another in the eastern town of San Miguel in 2015. In addition, both Selectos and Walmart are investing in upgrades to their existing retail outlets.

Consumers are increasingly purchasing groceries in supermarkets and moving away from the traditional open-air markets or mom-and-pop stores. It is estimated that approximately 40% of food sales are generated in supermarkets.

**Best Products:**

**Confectionary:**

Chocolates and Cocoa Products

**Processed Foods:**

Processed Fruit and Vegetables

Breakfast Cereals

Pancake mixes

Salad Dressings

**Animal Feed:**

Pet Foods (Dog and Cat)

**Wine:**

White Zinfandel

**Dairy Products:**

Aged Cheese

Processed Cheese

Whey Protein

**Fruit and Vegetables:**

Apples

Grapes

Stone Fruit (peaches, plums, cherries)

**Meats:**

Pork Cuts for Hotel/Restaurant/Institutional (HRI) and Retail

Beef Cuts for HRI and Retail

Mechanically Deboned Poultry Meat (for sausage manufacturing)

Meat Sausages Processed Egg products

Poultry Meat

\*Selection criteria are based on: USDA/FAS Country Strategy Statement (CSS), market surveillance, and suggestions by industry players.

**Opportunities:**

More than two million Salvadorans reside in the U.S. and annually, remit approximately \$4.2 billion to relatives in El Salvador. The remittances in turn raise the disposable income and expenditures of Salvadoran consumers. The typical consumer believes U.S. products are of superior quality and is generally willing to pay a premium price. Nevertheless, the relatively high price of U.S. products can be a constraint to increased market share and attracting new customers. In addition, while opportunities exist for U.S. suppliers, competition from Central America, Mexico, Chile and the European Union (EU) is strong.

In summary, there are at least 1.2 million consumers or 20% of the population who are buying U.S. consumer-ready products. Households are continuously searching for convenience in food preparation. The affluent segment of the population are being served by opening of boutique style supermarkets such as the new Super Selectos store recently opened in the upscale Santa Elena neighborhood. A younger generation joining the labor force, especially in the services sector (i.e. call centers), is providing growth to retail consumption.

Distributors and supermarket management agree that the Salvadoran consumer has brand loyalty. In addition, as the market grows, an expansion of foreign supermarket chains and a consolidation of local and foreign continue to take place.

**Resources:**

FAS Website: <http://www.fas.usda.gov/>

FAS Contact in El Salvador: [Miguel.Herrera@fas.usda.gov](mailto:Miguel.Herrera@fas.usda.gov)

## 2) WHEAT

### Overview

Most of the wheat processed by Salvadoran mills comes from the United States, which accounts for almost 100 % of total imports, although some Canadian wheat is imported when price is competitive for local wheat millers. Annual imports of U.S. wheat range from 210,000 to 245,000 metric tons. In 2014, U.S. wheat imports reached a record \$86.4 million.

**Best Products:**

Bulk Wheat – DNS, SRW and HRW varieties

**Opportunities:**

Bakery consumption continues to increase, mainly due to the growth of fresh bakery centers in all major supermarket chains. Convention Tourism is also helping boost consumption of bakery products at hotels due to the increase in business events. In addition, a high growth of coffee bars that serve desserts is helping to boost the growth of bakery product consumption.

Bakery manufacturers continue to be optimistic about free trade and believe that the Central America – Dominican Republic – United States Free Trade Agreement (CAFTA-DR) is providing growth opportunity. Ethnic bakery products, especially sweet cookies and cheese quesadillas, exported to the U.S. are growing due to the high demand for these products by the Salvadoran community residing in the United States.

U.S wheat has no tariffs or quotas due to the benefit of free trade under CAFTA-DR.

**Resources:**

FAS Website: <http://www.fas.usda.gov/>

FAS Contact in El Salvador: [Miguel.Herrera@fas.usda.gov](mailto:Miguel.Herrera@fas.usda.gov)

### 3) RICE

#### Overview

El Salvador is not self-sufficient in rice production and must import from other countries, especially the United States, to meet demand. Actual local demand is estimated at approximately 113,000 metric tons of rough rice, of which approximately 25% is covered by local production. Typically, El Salvador imports rough rice to keep rice mills operating throughout the year. However, small quantities of imported milled rice have recently reached local supermarket chains to fulfill upscale consumer demand. El Salvador has officially abolished the use of a price-band mechanism to assess import duties for basic grains. CAFTA-DR established Tariff Rate Quotas (TRQs) for rice (see Opportunities). Members of the Salvadoran Rice Millers Association (ASALBAR) are the distributors of both imported and locally processed rice. ASALBAR is working with the U.S. Rice Producers Association on a marketing campaign to increase local consumption of U.S. rice through the USDA Market Access Program (MAP).

#### Best Products:

Rough rice

Milled parboiled rice

#### Opportunities:

Rice production is decreasing at a fast pace, not only in El Salvador but also in the rest of the region. Under CAFTA-DR, tariffs will be eliminated and TRQ established as follows: 18-year duty phase-out, initial TRQ of 61,000 metric tons (MT) for rough rice, growing by 2% per year and initial TRQ of 5,250 MT for milled rice, growing by 375 MT per year for the first five years, 1,000 MT increase in year 6, and an annual 325 MT increase thereafter.

#### Resources:

FAS Website: <http://www.fas.usda.gov/>

FAS Contact in El Salvador: [Miguel.Herrera@fas.usda.gov](mailto:Miguel.Herrera@fas.usda.gov)

### 4) CORN

#### Overview

El Salvador is an important market for U.S. yellow corn, used almost exclusively by the poultry and animal feed industries. The snack processing industry is also a major importer of hard endosperm corn. Imports of yellow corn from the United States account for 99% of local demand, estimated at 374,000 metric tons for the 2014-15 crop year.

#### Best Products:

Yellow corn #2 for animal feed and hard endosperm for snack manufacturing.

## **Opportunities:**

Snack food production is at the top of the list in the food processing sector. Yellow corn is a main ingredient in the snack manufacturing process. Products such as corn chips, salted peanuts, cheese puffs and party mixes are some of the most popular items in the local snack sector. The DIANA and Bocadeli snack brands produced in El Salvador offer respectable quality for the price, and have roughly 75% of the snack market. In addition, DIANA is the largest snack producer in Central America and is already exporting products such as corn chips and nacho tortillas to ethnic markets in the United States.

The poultry, swine, and dairy sectors are also major users of yellow corn for feed mix. CAFTA-DR provides for a yellow corn Tariff Rate Quota (TRQ) of 350,000 metric tons (MT) with 5% growth per year and a 15-year duty phase-out. A fixed part of the TRQ will be subject to a performance requirement, which will be eliminated in year 2021. White corn was also granted a TRQ of 35,000 MT under CAFTA-DR. There is also a growing market for white corn flour to make tortillas.

## **Resources:**

FAS Website: <http://www.fas.usda.gov/>

FAS contact in El Salvador: [Miguel.Herrera@fas.usda.gov](mailto:Miguel.Herrera@fas.usda.gov)

## **5) SOYBEANS**

### **Overview**

El Salvador does not produce any soybean meal; thus, the total demand estimated at 170,000 metric tons in the 2014-2015 marketing year must be met with imports. The poultry, swine and livestock sectors use the product as feed. Commercial trade is growing quickly due to the high demand for poultry products. In 2014, soybean meal imports reached a record \$85.8 million. El Salvador's poultry industry is the most developed in the region and is quickly increasing production to supply demand by other Central American neighbors, particularly Honduras.

## **Best Products:**

### **Soybean meal**

## **Opportunities:**

Dairy production is increasing due to government incentives and sanitary regulations that provide protection against contraband cheese from Nicaragua and Honduras. Soybean meal is an important ingredient used in cattle and swine feed mix. CAFTA-DR provides immediate access for U.S. soybean meal with no tariffs or quotas.

## **Resources:**

FAS Website: <http://www.fas.usda.gov/>

FAS Contact in El Salvador: [Miguel.Herrera@fas.usda.gov](mailto:Miguel.Herrera@fas.usda.gov)

### Agricultural Sector – Statistics

Crop (1000 MT)	2012 (1000 MT)			2013 (1000 MT)			2014 (1000 MT) (Estimated)		
	Production	Imports	Consumption	Production	Imports	Consumption	Production	Imports	Consumption
Corn 1/	859	424	1,320	865	319	1,219	875	428	1,330
Rice 2/	17	62	71	18	67	72	18	71	73
Wheat	0	275	255	0	230	260	0	298	265
Soybean Meal	0	153	152	0	147	146	0	171	170

1/Production is White, and Imports/Consumption is Yellow and White

2/Milled

## Chapter 5: Trade Regulations and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
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### Import Tariffs

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As of January 1, 2015, 100 percent of U.S. consumer and industrial goods enter the Central America Free Trade Agreement (CAFTA-DR) countries duty free (for goods that meet the country of origin requirements). Approximately 80 percent of these products entered duty-free following when CAFTA-DR first entered into force in 2006. The remaining 20 percent of consumer & industries goods were on a 5 or 10 year phased tariff reduction schedule. January 1, 2015 marked the 10<sup>th</sup> year of the tariff reduction schedule and thus those products are now duty-free.

CAFTA-DR provides preferential treatment for products that meet the CAFTA-DR origin rule. The Agreement allows the Salvadoran and U.S. Governments to conduct an Origin Verification Process when there is doubt regarding product origin. U.S. exporters and local importers are required to keep documentation proving origin for a period of five years.

Under CAFTA-DR, more than half of U.S. agricultural exports now enter El Salvador duty-free. In 2006, El Salvador began a process to eliminate its remaining tariffs on nearly all agricultural products within 15 years (18 years for rice and chicken leg quarters and 20 years for dairy products). For some agricultural products, tariff-rate quotas (TRQ's) will permit immediate duty-free access for specified quantities during the tariff phase-out period. El Salvador will liberalize trade in white corn, for example, through expansion of a TQR, rather than by tariff reductions. The complete CAFTA-DR tariff schedule can be viewed at: <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

The Agreement also requires transparency and efficiency in administering customs procedures, including the CAFTA-DR rules of origin. El Salvador has committed to ensuring greater procedural certainty and fairness, and all parties agreed to share information to combat the illegal transshipment of goods.

According CAFTA-DR chapter twenty, in case of disputes, the Parties shall at all times endeavor to agree on the interpretation and application of the Agreement, and shall make every attempt through cooperation and consultations to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

Any Party may request in writing consultations with any other Party with respect to any actual or proposed measure or any other matter that it considers might affect the operation of the Agreement. The consulting Party may request another consulting Party to make available personnel of its government agencies or other regulatory bodies who have expertise in the matter subject to consultations.

If the Parties fail to resolve a matter pursuant through consultations, may also request in writing a meeting of the Commission, where consultations have been held pursuant to Article 16.6 (Cooperative Labor Consultations), Article 17.10 (Collaborative Environmental Consultations), or Article 7.8 (Committee on Technical Barriers to Trade) of CAFTA-DR. The Commission shall consist of the cabinet-level representatives of the consulting Parties.

### **Alternative Dispute Resolution**

Each Party shall, to the maximum extent possible, encourage and facilitate the use of arbitration and other means of alternative dispute resolution for the settlement of international commercial disputes between private parties in the free trade area; to this end, each Party shall provide appropriate procedures to ensure observance of agreements to arbitrate and for the recognition and enforcement of arbitral awards in such disputes.

The Commission may establish an Advisory Committee on Private Commercial Disputes comprising persons with expertise or experience in the resolution of private international commercial disputes

For countries with which El Salvador does not have a bilateral trade agreement, most of El Salvador's tariffs do not exceed the maximum common external tariff of 15% established by the Central American Common Market (CACM) treaty, of which it is a signatory. However, there are several exceptions. Tariffs on new and used finished clothing are generally 25%, while tariffs on fabrics are 20% or more. Motor vehicles are generally assessed a duty of 25-30%. Agricultural products face the highest tariffs. Some dairy, rice, pork, and poultry products are assessed a 40% duty. Alcoholic beverages are subject to a 20 to 40% duty as well as domestic taxes that include a specific tax based on alcoholic content and an 8% ad valorem tax. In addition, all goods and services in El Salvador, regardless the origin, are charged a value-added tax (VAT) of 13%.

El Salvador's tariff schedule (for other trading partners) is available at:  
<http://www.sieca.int/site/inicio.aspx>

There are few trade barriers that affect the imports of manufactured goods, but El Salvador does maintain some barriers to services. For example, notaries must be Salvadoran and certain professionals, such as architects, must be licensed locally.

Rice and pork are both subject to import quota systems and 40% duties. Rice millers are required to buy rice locally. When there is insufficient local supply, the Ministry of Agriculture allows imports under the quota, and after the import quota has been exhausted, if there is still a need for imported rice, rough or milled rice can be freely imported, subject to a 40% duty. Pork importers face a similar arrangement, to first buy locally, then imports, subject to a 40% duty. Under CAFTA-DR, El Salvador committed to a 15-year phase-out of all tariffs on pork, except for bacon and most offal, which have been eliminated. Only a fixed part of the tariff-rate quota (TRQ) will remain subject to a performance requirement, which will be eliminated in 15 years (2021). Tariffs for rice will be eliminated in 18 years (2024), except in Costa Rica and the Dominican Republic.

El Salvador has used sanitary standards to prevent import of raw poultry and eggs. In 2009, the CAFTA-DR poultry quota was expanded to El Salvador and U.S. poultry is now imported into the country. After discussions with U.S. Government officials, El Salvador inspected a U.S. processed egg facility and granted permission to export to El Salvador from that facility. The Food Safety Inspection Services (FSIS) has requested reciprocity for the U.S. processed egg inspection system and is working with Salvadoran authorities to set a date for the audit.

The Salvadoran Government requires that rice shipments be fumigated at importers' cost unless they are accompanied by a U.S. Department of Agriculture (USDA) certificate stating that the rice is free of *Tilletia Barclayana*. However, since there is no chemical treatment that is both practical and effective against this plant pathogen, USDA cannot issue these certificates. El Salvador failed to notify the WTO, as required under CAFTA-DR, on the application of sanitary and phytosanitary measures when it imposed this requirement. The CAFTA-DR chapter on sanitary and phytosanitary (SPS) measures further states that the signatory countries accept each other's mechanisms for inspection.

In 2013 and again in 2014, the Salvadoran Legislative Assembly passed decrees allowing the government to purchase local maize and bean seeds without adhering to the Salvadoran Public Procurement Law (LACAP) and CAFTA-DR Chapter 9 government procurement commitments. In 2015, the Ministry of Agriculture reviewed their seed giveaway program to comply with CAFTA-DR. Terms of Reference for the purchase of maize seeds were updated to accommodate non-local providers. According to the "Special and Transitory Disposals to Promote the Production of Basic Grains" decree, a committee will review all tenders and make recommendations to the Ministry of Agriculture (MAG) responsible for the final resolution. For the 2015 program, the committee reviewed all tenders and made purchase recommendations to MAG which selected only local providers.

In most cases, Salvadoran Customs does not require import licenses and requires only a commercial invoice and bill of lading.

In December 2008, the Customs Authority added a section to their website, entitled “Tariff Online Query” where companies can learn: the import tariff under a Free Trade Agreement, if import permits are required, if there are import restrictions for a product, and specifically which government agency is responsible for permit issuance. The Tariff Online Query can be found at: <http://appm.aduana.gob.sv/sacelectronico>

All imports of fresh food, agricultural commodities, and live animals must have a sanitary certificate from the Ministry of Agriculture and the Ministry of Public Health. Basic grains must have import licenses from the Ministry of Agriculture, while dairy products require import licenses from the Ministry of Public Health. Pharmaceutical products need to be registered at the National Directorate of Medicines (Dirección Nacional de Medicamentos –DNM). Food products require a Certificate of Free Sale showing approval by U.S. health authorities for public sale. At present, there is no standard regulation allowing entry of U.S.-approved products. Some U.S. processed foods which were approved in the United States were rejected after analysis in El Salvador, thereby barring their sale. The U.S. Embassy has been able to obtain access for U.S. products rejected by the Ministry of Public Health on a case-by-case basis. Additional information can be found on USDA’s website: <http://www.fas.usda.gov> under El Salvador’s Food and Agricultural Import Regulations and Standards, and Export Certificate Attaché reports. Import permits from the Ministry of Agriculture can be requested by the importer at the Ministry of Agriculture.

In 2011, the Government created a one-stop service for import applications in the Import and Export Transaction Center (CIEX) located at the Central Reserve Bank (BCR). All agencies and ministries involved in an import procedure are represented at CIEX. Since then, there has been a noticeable improvement in import processing times which now take an average of 45 minutes. The final phase will be to consolidate the import and export processes into the same web application, which CIEX anticipates completing by 2017.

Read more about customs regulations and rules of origin certification under CAFTA-DR at: <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

For additional information, please contact the U.S. Foreign Commercial Service office in El Salvador at: [office.sansalvador@trade.gov](mailto:office.sansalvador@trade.gov)

The U.S. Government requires U.S. firms to obtain an export permit to export arms, ammunition and related products to El Salvador. A relatively small percentage of total U.S. exports and re-exports require a license from the Bureau of Industry and Security (BIS). License requirements are dependent upon an item’s technical characteristics, the destination, the end-user, and its end-use. The exporter must determine whether the export requires a license. BIS implements and enforces the Export Administration Regulations (EAR). For more information, please visit: <http://www.bis.doc.gov>.

## Temporary Entry

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Customs may authorize temporary entry of foreign merchandise with temporary or partial suspension of duties for specific purposes, under the condition that the merchandise is re-exported within the time authorized and without any modification. A bond must be presented as the guarantee that the temporarily imported goods will be re-exported within the time authorized. Temporary entry of goods for transformation, manufacture or repair is granted under laws that regulate free trade zones and services.

The temporary entry of the following merchandise is allowed provided it will be exported in the same condition in which it arrived:

- Vehicles to be used in tourism
- Merchandise to be exhibited in fairs, trade shows, and international conventions or congresses
- Equipment, vehicles, and goods that are the property of a circus or similar public shows
- Merchandise to provide assistance in emergency situations caused by catastrophes or natural phenomenon, including medical, surgical and laboratory equipment and similar materials, none of which can be for profit-making activities
- Educational, religious, and cultural merchandise to be exhibited to support an activity in this field
- Scientific equipment to support scientific research
- Machines, equipment, instruments, and tools to be used in public works
- Goods to be used by the Salvadoran government
- Commercial vehicles and parts
- Commercial goods to be used in the demonstration of products
- Other goods according to specific norms or international agreements

Each person entering the country may bring tax-free: personal goods such as clothes, handbags and toiletries; medicines, food, medical devices, sport items, surfboards, one photography camera, one movie camera, one image record device, one personal computer, musical instruments, working tools, sample goods, books, CD's, 500 hundred grams of tobacco, hunting and sport weapons, two pets (cats or dogs) and other goods valued at less than \$500.

## Labeling and Marking Requirements

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The following requirements are included in the Consumer Protection Law, and for pharmaceuticals, in the Medicines Law:

- Retailers must display the price of the product either on the packaging or in a visible place.
- Products that are sold by weight or volume, or any other measure, must have the weight, volume, or an exact measure of the contents on the label.
- Pharmaceuticals must provide the following information on the label: the trade name; active ingredient; concentration of active ingredient; instructions for use, possible side effects; warnings; dose; manufacturing and expiration dates;

- formula; manufacturing lot number, and Health Registry Number, as established by the National Directorate of Medicines.
- Labels on frozen and canned foods must include an expiration date.
  - Labeling must be in Spanish.

Labeling requirements for textile products, lightings, tobacco and consumer products can be reviewed at:

[http://www.defensoria.gob.sv/index.php?option=com\\_content&view=article&id=468:normas-salvadorenas-obligatorias-nso&catid=119](http://www.defensoria.gob.sv/index.php?option=com_content&view=article&id=468:normas-salvadorenas-obligatorias-nso&catid=119)

New labeling requirements for alcoholic beverages entered into force on June 12, 2014, including the following:

1. No false or misleading labelings.
2. The data to be displayed in labels must be in Spanish, clear, visible and easy to read for the consumer.
3. Words, images or any other representation that can lead to the confusion for the consumer.
4. The height of labeling characters must be no less than 1 mm.
5. Healing and preventive indicators are not allowed on labeling.
6. Indicate the name and origin of the product.
7. Indicate the alcoholic strength on each product and net content.
8. List of ingredients and expiration date.
9. For national products: designate the name and address of the manufacturer, distributor or exporter, as the case may be. For imported products: designate the name and address of the importer or distributor.
10. Indicate sanitary registration number and lot code.
11. Include the caption: “el consumo excesivo de bebidas alcoholicas perjudica la salud”, if applicable.
12. Country of origin.

The Technical Regulation can be found at: <http://faolex.fao.org/docs/pdf/cos137399.pdf>

New labeling requirements for baby formula milk were established by the Ministry of Health on 2014. Additional requirements might be implemented through the regulation to the law. Visit the following link for details:

<http://www.asamblea.gob.sv/eparlamento/indice-legislativo/buscador-de-documentos-legislativos/ley-de-promocion-proteccion-y-apoyo-a-la-lactancia-materna>

To review the Central America Technical Regulation (RTCA) please visit: <http://www.sieca.int/Documentos/DocumentoMatriz.aspx?ClasificacionId=2>

## **Prohibited and Restricted Imports**

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Imports of certain high-caliber firearms is prohibited. Arms for personal defense or hunting may be imported, but are strictly controlled by the police and Ministry of Defense, based on a special law that also controls sales to public and private security companies.

Cocaine, opiates, and barbiturates may be imported solely for medical use, with the permission of the National Directorate of Medicines (NDM). The NDM controls the sale of these substances to the public. Tranquilizers, sedatives, anti-depressants, and

certain antibiotics were recently added to the list of prescription medicines.

Other items that are either prohibited or restricted include:

- Books, booklets, emblems, posters and other articles of a subversive character or doctrines contrary to the established political, economic and social order.
- Figures, statues, books, booklets, almanacs, magazines, engraved or lithographed articles, newspapers, lithographs, stamps, photographs, and cards of an obscene nature or any other obscene articles.
- Movies contrary to ethics and good behavior.
- Medications or equipment used to induce abortions.
- Gambling machines and tables, roulette wheels and any other items or articles used for gambling are not prohibited, but subject to authorization by the Ministry of Finance and local municipalities.
- Opium with less than 9% morphine, scraps and opium ash, and any material used for smoking these products.
- Non-stamped paper for cigarettes, white or colored in rolls, spools, booklets or small tubes.
- Machines and tools for making coins.
- Counterfeited coins and bills.
- Plain silver coins of less than 0.90 purity.
- Tokens of any metal or alloy that may be used as substitutes for legal coins.
- Coffee trees and coffee seeds for planting.
- Light passenger or cargo motor vehicles in use for more than 8 years, as well as heavy passengers and cargo motor vehicles in use for more than 15 years.

Anyone considering importing these items should consult with the appropriate government regulatory agency for information of exemptions or special permits.

Some goods are subject to a “limited import prohibition”: only the government can import these goods. They include military airplanes and ships, gas masks for military use, potassium nitrate, stamped paper for making cigarettes, fiscal, municipal and post stamps and nickel coins for legal circulation.

## **Customs Regulations and Contact Information**

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El Salvador has taken steps to simplify and modernize customs procedures and has been implementing the WTO Customs Valuation Agreement since March 2002.

The Central American Uniform Customs Code (CAUCA IV) customs procedures are in force in Guatemala, El Salvador, Nicaragua, Honduras, and Costa Rica. CAUCA IV modernizes regional customs by implementing uniform documents, allowing electronic transmission of customs information, and permitting electronic prepayment of charges, tariffs and taxes. The Central American countries have agreed to the application of a single manual for customs procedures.

El Salvador has a “Teledespacho” system in which goods can be presented without the use of a customs broker. With the Teledespacho system, the importer/exporter is electronically linked to the Central Customs Service and can present and process all documents remotely. Teledespacho has reduced the documentation processing time

from two to three weeks to a few hours. For more information, visit:  
<http://www.aduana.gob.sv/pagoes/index.html>

The Central America Integrated and Peripheral Customs Project, under implementation, allows customs clearance for several Central American countries to be done at a single customs point of entry. The goods cleared through customs will then be shipped to their final destination in Central America. In the case of trade within the region, the new system allows export and import documentation to be completed simultaneously. "Peripheral" customs facilities have been established in El Salvador, Guatemala, Honduras, and Nicaragua, where customs clearance is being done for importers in Central American countries other than the country where the facility is located.

The amount set forth in the commercial invoice is used to determine the tariff assessment. If there is doubt about the accuracy of the stated price, Customs assesses its own value. For valuation of used cars, Customs uses N.A.D.A., Edmund's, and the Truck Blue Book. Currently, El Salvador is fully implementing the WTO Customs Valuation Agreement.

In general, the following documents are required to import products into the country: (a) customs declaration; (b) invoice; (c) transportation documents; (d) certificate of origin; (e) licenses or permits; and (f) payment of duties and taxes (which can be done electronically).

Every customs declaration should contain at least the following information:

- The requested customs regime
- Specifics of the dispatcher or consignee
- Specifics of the applicant or representative
- Type of transportation
- Cargo manifest number
- Number of the corresponding transportation document
- Country or countries of origin of the goods, and country of destination
- Description of the goods, including gross weight in kilograms
- Tariff classification of the goods and their trade description
- Customs value of the goods
- Permits (when needed)
- The applicable duties and taxes.

For more information, visit:  
<http://www.mh.gob.sv/portal/page/portal/PMH/Institucion/Aduana>

The commercial invoice should contain at least the following information: name and address of the seller, city and date, name and address of the buyer, description of the goods, including brand, model or style, quantity, unit and total value of the goods, and terms of payments agreed with the seller. As of January 1, 2009, the Customs Authority accepts invoices either in English or Spanish.

The transportation documents should include: airway bill or bill of lading, name of the company, port of origin and destination, type, quantity, and description of product,

weight, freight value, and number of the corresponding transportation document and date and place of issuance.

Goods originated in CAFTA-DR countries transshipped via other countries, especially via Panama, must meet certain requirements in order to receive CAFTA-DR benefits, as established in the Salvadoran Customs Operation Manual. Merchandise that has been in transit or transshipment through one or more countries, whether part of the Agreement or not, will require additional documentation that proves transshipment took place under Customs' control. Customs will also require that Certificates of Origin should be issued in the United States, to receive CAFTA-DR preferences.

To verify Salvadoran Custom's origin criteria, visit:

[http://www.mh.gob.sv/portal/page/portal/PMH/Temas/Operaciones\\_Aduaneras/Criterios/Criterios\\_Origen/Transbordo\\_Expedicion\\_Directa\\_Tratados\\_Bilaterales](http://www.mh.gob.sv/portal/page/portal/PMH/Temas/Operaciones_Aduaneras/Criterios/Criterios_Origen/Transbordo_Expedicion_Directa_Tratados_Bilaterales))

In February 2013, the Ministry of Treasury launched the Customs Operation Manual, which aims to standardize and describe customs procedures serving as a guide to all users who import and export any kind of goods. To review the Customs Operation Manual, visit:

[http://www.mh.gob.sv/portal/page/portal/PMH/Temas/Operaciones\\_Aduaneras](http://www.mh.gob.sv/portal/page/portal/PMH/Temas/Operaciones_Aduaneras)

Customs has implemented the Business Compliance Customs Program (known as PACE – Programa Aduanero de Cumplimiento Empresarial), the objective of which is to facilitate trade, guarantee security and confidence in the supply chain, encourage a culture for payment, and improve the investment climate in El Salvador. PACE is supported by USAID, and participation in the program by the private sector is voluntary and free. For more information, please visit the PACE website:

<http://www.mh.gob.sv/portal/page/portal/PMH/Temas/PACE>.

Customs can be contacted at the address and telephone number below:

Dirección General de Aduanas, Ministerio de Hacienda  
Pan-American Highway Km. 11.5, San Bartolo, Ilopango,

San Salvador, El Salvador, C.A.  
Tel: (503) 2244-5000/2244-3000  
Fax: (503) 2244-7201

<http://www.mh.gob.sv/portal/page/portal/PMH/Institucion/Aduana>

Read more on Customs Administration and Trade Facilitation under CAFTA-DR at <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

## Standards

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## Overview

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El Salvador is a “standards taker” and not a “standards maker.” Many products made in the U.S. already meet El Salvador’s standards. The main area of difference is items for human consumption, such as pharmaceuticals and food. In El Salvador, registration and labeling requirements for these cases require U.S. exporters to follow strict local guidelines.

The U.S. actively serves as a resource to assist El Salvador in developing or streamlining standards. The objectives of Chapter 7 (Technical Barriers to Trade) in the CAFTA-DR agreement are to: increase and facilitate trade through improvement to the Technical Barriers to Trade (TBT) agreement and eliminate unnecessary barriers and enhance bilateral cooperation. Read more on Technical Barriers to Trade under CAFTA-DR at <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>.

## Standards Organizations

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The Salvadoran Standardization Organization (OSN) and the Salvadoran Technical Regulation Organization (OSARTEC) are responsible for standards in El Salvador. Both institutions fall under the National Quality Council which was created in July 2011 with the approval of the Quality Salvadoran System Law.

The Quality Salvadoran System Law regulates the study, development, and application of standards; accreditation, technical regulation, and metrology; develops the capacity of professionals; and strengthens the material, financial, and human resources of the entities responsible for quality topics in the country.

The head of the new Quality Salvadoran System is the Quality National Council, which includes four specialized organizations: the Salvadoran Standardization Organization (OSN), Salvadoran Technical Regulation Organization (OSARTEC), Salvadoran Accreditation Organization (OSA); and Metrology Investigation Center (CIM). In addition, there is the Administrative Office of the Salvadoran Quality System (OAC).

The OSN is responsible for:

- a. Drafting, updating, adopting, and disseminating standards that seek the improvement of the quality of the products, processes, and services; and coordinating the drafting, adoption, and adjustment of standards through technical committees.
- b. Contributing to and participating in the development of national and international standards.
- c. Developing a national standards program that will be approved by the Quality National Council.
- d. Promoting the creation of standards technical committees and sub-committees for the development of standards.
- e. Representing El Salvador in regional or international standard organizations.

- f. Maintaining, updating, and making available for the public a database of standards implemented in the drafting process in El Salvador.
- g. Enforcing the application of technical standards in all sectors.

The OSARTEC is responsible for:

- a. Observing and complying with international guidelines and commitments of El Salvador on technical regulations.
- b. Submitting comments from public or international consultations to the appropriate institution.
- c. Being aware of the annual plan on technical regulations of the different institutions.
- d. Verifying that all technical regulations go through a public or international consultation.
- e. Keeping an updated database of Salvadoran technical regulations approved or in process.
- f. Informing the WTO of any technical trade barrier and/or sanitary or phytosanitary technical regulation projects.
- g. Acting as the coordinator and point of contact in El Salvador at the CODEX Alimentarius Commission or any other international organization.

The CIM is responsible for:

- a. Acting as the scientific, industrial and legal metrology in El Salvador.
- b. Performing international functions assigned to the National Metrology Institute
- c. Organizing a national metrology system according to the International System of Units.
- d. Calibrating scales, volumes and temperatures.

El Salvador is a member of the WTO Agreement on Technical Barriers to the Trade (TBT Agreement) and has adopted the Code of Good Practice annexed to the TBT Agreement.

There are two types of standards in Salvadoran legislation: Mandatory Salvadoran Standards (NSO), known as Technical Regulations and recommended Salvadoran Standards (NSR), known as Technical Standards. NSOs are mandatory standards, primarily for products affecting human conditions and are based on international, regional, or foreign standards. NSRs are recommended standards that follow ISO standards and are not independently created by the government of El Salvador. NSOs include the following standards: the International System of Units, standards relating to materials, procedures, products, and services that may affect human life, standards on the safety and integrity of other live organisms, environmental protection standards, product registration, labeling, manufacturing practices and standards considered by the government to be relevant to the economy or in the public interest.

The NSR process includes national consultation and only needs approval by the OSN Directive Commission.

Committees adopt international standards; consequently, local standards organizations are more “takers” than “makers.” ISO is the first reference used; others, including Pan-American Commission on Technical Standards (COPANT) and CODEX Alimentarius

Commission, are also consulted. Most recently, Colombian and Mexican standards are now being consulted. El Salvador has an agreement with the American Standards Testing and Materials (ASTM) and, since 2007, has a memorandum of understanding with the National Electrical Manufacturers Association (NEMA) to share information on standards. Representatives of related organizations in El Salvador have received training from the National Institute of Science and Technology (NIST).

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <https://tsapps.nist.gov/notifyus/data/index/index.cfm>.

### **Conformity Assessment**

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The Salvadoran Accreditation Organization is responsible for the accreditation of official bodies and maintains a list of those bodies (public, private, local or foreign) and applicants at <http://www.cnc.gob.sv/>. Policies and criteria for accreditation are described in the Rules of Accreditation of Testing Laboratories and Analysis (Reglamento de Acreditación de Laboratorios de Ensayos y Análisis). Conformity Assessment bodies include laboratories, inspection bodies and certification bodies.

### **Product Certification**

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The process of product certification requires the establishment of a Certification Technical Committee, which includes participation or representatives of: the manufacturing sector, government, consumers, and academia. Product certification programs are in accordance with international standards/ISO certification process. For additional information, please visit the ISO/IEC 65 Guide at: <http://www.cnc.gob.sv/>.

### **Accreditation**

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Accreditation is voluntary unless a government institution requires it through a special law or norm making it necessary to conduct a conformity assessment. El Salvador is a member of the Inter American Accreditation Cooperation (IAAC) and the International Laboratory Accreditation Cooperation (ILAC). The Salvadoran Accreditation Organization has accredited eleven laboratories; a list is transmitted electronically at <http://www.cnc.gob.sv/>.

### **Publication of Technical Regulations**

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Proposed technical regulations are published in major newspapers. The WTO and Central American Secretaries for Economic Integration are notified. Final regulations are published in the *Official Journal*. Summaries can be found at:

<http://www.imprentanacional.gob.sv/index.php/institucion> or <http://osartec.gob.sv/>. The installation of standards drafting committees is announced in newspapers for interested parties to participate.

## **Labeling and Marking**

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Please see above section “Labeling and Marking Requirement”.

Detailed labeling requirements for pharmaceuticals can be found at: <http://www.medicamentos.gob.sv>. For other products, please visit: [http://www.defensoria.gob.sv/index.php?option=com\\_content&view=article&id=468:normas-salvadorenas-obligatorias-nso&catid=119](http://www.defensoria.gob.sv/index.php?option=com_content&view=article&id=468:normas-salvadorenas-obligatorias-nso&catid=119).

## **Contacts**

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Consejo Nacional de Calidad

Tels. (503) 2590-5300

<http://www.cnc.gob.sv/>

1ra. Calle Poniente y Final 41 Av. Norte, No. 18. Colonia Flor Blanca. San Salvador, El Salvador, C.A.

Organismo Salvadoreño de Normalización (OSN):

Tel: (503) 2247-5321

Organismo Salvadoreño de Normalización (OSN):

1ra. Calle Poniente y Final 41 Av. Norte, No. 18. Colonia Flor Blanca. San Salvador, El Salvador, C.A.

[www.osn.gob.sv](http://www.osn.gob.sv)

Organismo Salvadoreño de Reglamentación Técnica (ORSATEC)

Tel. (503) 2247-5331

[www.orsatec.gob.sv](http://www.orsatec.gob.sv)

1ra. Calle Poniente y Final 41 Av. Norte, No. 18. Colonia Flor Blanca. San Salvador, El Salvador, C.A.

Organismo Salvadoreño de Acreditación (OSA)

Address: 1 Calle Poniente, Final 41 Av. Norte #18.

San Salvador, El Salvador

Tel. (503) 2247-5300

[www.osa.gob.sv](http://www.osa.gob.sv)

1ra. Calle Poniente y Final 41 Av. Norte, No. 18. Colonia Flor Blanca. San Salvador, El Salvador, C.A.

Dirección Nacional de Medicamentos

República de El Salvador, C. A

Edificio DNM Nivel 4 y 5 Ciudad Merliot, Santa Tecla, La Libertad

Tel: (503) 2247-6000

<http://www.medicamentos.gob.sv/>

In 1995, El Salvador joined the World Trade Organization. On March 1, 2006, the U.S. Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) entered into force between El Salvador and the United States. As of 2015, all U.S. industrial and commercial goods enter El Salvador duty free. For more information, see the CAFTA-DR Final Text at <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>

The General Treaty for Central American Integration, signed December 13, 1960, created the Central American Common Market (CACM). After nearly two decades of inactivity, CACM was revived in the early 1990s. The five member countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) have agreed on maximum tariffs and harmonized 95% of tariff rates, mostly for industrial goods. However, there is no date for the establishment of a complete Central American customs union. There has been some progress on labeling standards, but the region has yet to address other issues related to creating a customs union, such as customs procedures, sanitary and phytosanitary standards, standards, quota management, and intellectual property rights.

In 1999, El Salvador, together with Guatemala, Honduras, and Nicaragua, signed Free Trade Agreements with the Dominican Republic and Chile. In 2002, the region concluded agreements with Panama and Mexico. In 2007, El Salvador and Honduras signed a Free Trade Agreement with Taiwan, and the Northern Triangle (El Salvador, Guatemala, and Honduras), signed a Free Trade Agreement with Colombia. In 2010, Central America signed an Association Agreement with the European Union that includes the establishment of a Free Trade Area; the Agreement entered into force in August 2013. Central America also negotiated a FTA with Mexico, which entered into force in December 2011. The Central American countries are negotiating a Free Trade Agreement with Canada and Peru. El Salvador signed a partial scope agreement with Cuba in 2011 that entered into force in 2012. El Salvador is also negotiating trade agreements with Belize and Ecuador.

El Salvador has committed to the Trade Facilitation Agreement. The Salvadoran Congress will need to ratify the country's implementation of the Agreement by December 2015.

The U.S. Trade Compliance Center (TCC) (<http://www.trade.gov/tcc>) is the gateway to the U.S. Department of Commerce's Trade Agreements Compliance Program a network of U.S. Commerce Department and other U.S. Government resources working together to reduce or eliminate foreign trade barriers. Upon receiving a complaint, the TCC organizes a case-management team of U.S. government experts -- including country, industry, and trade agreement specialists, as well as Commercial Service officers at home and abroad -- to help U.S. firms facing barriers to trade in foreign markets. These experts work with foreign governments to resolve these problems and ensure that they receive the benefits of all U.S. trade agreements. The TCC mission is to improve market access for U.S. workers, exporters, and investors and to seek compliance by foreign governments with U.S. trade agreements.

U.S. companies that believe they have a complaint should contact the U.S. Department of Commerce's Trade Agreements Compliance Program by submitting a trade complaint form, found online at <http://tcc.export.gov> (click on "Report a Barrier"). The TCC web

site also includes a checklist of common trade problems, texts of over 270 trade and related agreements, Exporter Guides with brief explanations of selected trade agreements, Market Access News, subscription to the weekly "What's New" e-mail update on trade-related news, and information on WTO standards notifications via Notify U.S.: *National Institute of Standards and Technology*

Contact information for the TCC:  
Trade Compliance Center  
Market Access and Compliance/ITA  
U.S. Department of Commerce  
14<sup>th</sup> and Constitution Avenue, NW  
Washington, DC 20230  
Tel: 202-482-1191  
Fax: 202-482-6097  
<http://tcc.export.gov>  
E-mail: [tcc@trade.gov](mailto:tcc@trade.gov)

## Web Resources

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Central America Economic Integration System (SIECA): <http://www.sieca.int>  
National Quality Council: <http://www.cnc.gob.sv/>  
Salvadoran Standards Organism: [www.osn.gob.sv](http://www.osn.gob.sv)  
Salvadoran Organism of Technical Regulations: [www.orsatec.gob.sv](http://www.orsatec.gob.sv)  
Salvadoran Accreditation Organism: [www.osa.gob.sv](http://www.osa.gob.sv)  
National Directorate of Medicines: <http://www.medicamentos.gob.sv/>  
National Institute of Standards and Technology (NIST): <http://www.nist.gov/notifyus/>  
Ministry of Economy: <http://www.minec.gob.sv>  
Organization of American States: [http://www.sice.oas.org/news\\_s.asp](http://www.sice.oas.org/news_s.asp)  
CAFTA-DR: <http://www.export.gov/FTA/cafta-dr/>  
Customs Authority: <http://www.mh.gob.sv/portal/page/portal/PMH/Institucion/Aduana>  
U.S. Trade Compliance Center (TCC): <http://tcc.export.gov>  
El Salvador Official Journal: <http://www.imprentanacional.gob.sv>

## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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#### Summary

El Salvador is located on the Pacific Coast of Central America. The government of El Salvador (GoES) is eager to attract greater foreign investment and is taking steps to improve its investment climate. In recent years, El Salvador has lagged behind the region in attracting foreign direct investment (FDI). Its Central Bank estimates FDI inflow was USD 275 million in 2014, significantly less compared to the USD 1 billion plus destined to other countries in the region. Political uncertainty, burdensome commercial regulations, a sometimes ineffective judicial system, and widespread violent crime are often cited as elements that impede investment in El Salvador.

In 2011, El Salvador and the United States initiated the Partnership for Growth (PFG), a new cooperative development model, to help improve El Salvador's economy and investment climate. November 2014 marked the third anniversary of the PFG implementation, and steps have been taken to foster a more favorable environment for business and investment, and improve human capital and infrastructure. For more information on PFG, please access the link on the Embassy's website at <http://sansalvador.usembassy.gov/>.

The Millennium Challenge Corporation signed a USD 277 million compact with the GoES. The new compact with El Salvador is designed to improve the investment climate by streamlining regulations and building capacity to develop and implement public-private partnerships in order to spur economic growth. The compact also aims to improve the quality of education for Salvadoran students by expanding access to high

schools and strengthening teacher education, as well as reduce transportation and logistical costs by expanding a heavily-used section of coastal highway and easing congestion at a critical border crossing with Honduras. The Government of El Salvador is contributing an additional USD 88 million to the five-year compact for a total investment of USD 365 million.

In January 2015, President Obama announced that he will request a historic USD 1 billion to support the Alliance for Prosperity in the Northern Triangle (El Salvador, Honduras and Guatemala) as part of Fiscal Year 2015. The goal of the Alliance for Prosperity is an economically-integrated Central America that is more democratic, provides greater economic opportunities to its people and effective public institutions, ensuring the security of its citizens. The success of the Alliance for prosperity will depend greatly on the political will of the Central American governments.

CAFTA-DR, the free trade agreement among Central American countries, the Dominican Republic, and the United States, entered into force for the United States and El Salvador in 2006. El Salvador also has free trade agreements with Mexico, Chile, Panama, Colombia, and Taiwan. El Salvador, jointly with Costa Rica, Guatemala, Honduras, Nicaragua, and Panama, signed an Association Agreement with the European Union that includes the establishment of a Free Trade Area. El Salvador is also negotiating trade agreements with Canada, Peru, and Belize.

The Salvadoran Legislative Assembly has approved legislation to promote investment and facilitate commerce. These include reforms to the International Services Law and Free Trade Zone Law, the Construction Simplification Law, and the Judicial Stability Law for Investments. In September 2014, the Legislative Assembly also modified a Public-Private Partnership (PPP) Law that was originally passed in May 2013. The law and its modification, provide a legal framework and basic incentives for the development of PPP projects. Critics note that the majority of the provisions of the new law have yet to be implemented.

The government of El Salvador recognizes that attracting foreign direct investment (FDI) is crucial to improving the economy. Over the past two years they have passed investment promotion legislation. However, FDI levels are still paltry and lag far behind regional neighbors. The Central Bank reported the FDI at USD 275 million in 2014. Meanwhile, in 2013 El Salvador's regional neighbors experienced increased levels of FDI, by on average attracting USD 1.4 billion per country.

Political uncertainty, inconsistent and burdensome commercial regulations, a sometimes ineffective judicial system, and widespread violent crime undermine El Salvador's investment climate. CAFTA-DR, the free trade agreement among Central American countries, the Dominican Republic, and the United States, includes an investment chapter and other provisions that have strengthened investment dispute resolution for member state companies with interests in El Salvador.

In 2011, El Salvador and the United States initiated the Partnership for Growth (PFG), a new cooperative development model, to help improve El Salvador's economy and investment climate. November 2014 marked the third anniversary of PFG implementation, and the partnership has taken steps to foster a more favorable environment for business and investment, and improve human capital and infrastructure.

For more information on PFG, please access the link on the Embassy's website at <http://sansalvador.usembassy.gov/>.

### **Other Investment Policy Reviews**

El Salvador has been a World Trade Organization (WTO) member since 1995. The latest trade policy review performed by the World Trade Organization (WTO) was published on 16 March 2010, document: WT/TPR/S/226/Rev.1

The latest investment policy review performed by the United Nations Conference on Trade and Development (UNCTAD) was published in 2010.

[http://unctad.org/en/Docs/diaepcb200920\\_en.pdf](http://unctad.org/en/Docs/diaepcb200920_en.pdf)

### **Laws/Regulations of Foreign Direct Investment**

In October 2012, the GoES introduced a bill package to the local Legislature that included new regulations to help promote investment and facilitate commerce. Four out of five of these laws have been passed including reforms to the International Services Law and Free Trade Zone Law, the Construction Simplification Law, and the Judicial Stability Law for Investments. Only the proposed Electronic Signature Law has not been passed.

In September 2014, the Legislature approved reforms to address shortcomings in the country's Public-Private Partnership (PPP) Law which was originally passed in May 2013. The law and associated reforms were designed to provide a legal framework for the development of PPP projects and stimulate investment.

The existing 1999 Investment Law grants equal treatment to foreign and domestic investors. With the exception of limitations imposed on micro businesses, which are defined as having ten or fewer employees and yearly sales of USD 68,571 or less, foreign investors may freely establish any type of domestic businesses. Investors who begin operations with ten or fewer employees must present plans to increase employment to the Ministry of Economy's National Investment Office. The Investment Law provides that any mined resource is the exclusive property of the state. The state may however grant private concessions for their extraction, but there have been no new permits issued in recent years. Per the constitution, there are no special restrictions on ownership of rural land by citizens of other countries, unless Salvadoran citizens are restricted in their rural land ownership in those countries. If the rural land will be used for industrial purposes, the reciprocity requirement is lifted.

Additional statutes governing foreign investment in El Salvador include the Export Reactivation Law, the International Services Law, and Free Trade Zone Law. Other statutes establishing the basic legal framework for investment include the Public Private Partnership Law, Monetary Integration Law, Banking Law, Insurance Companies Law, Securities Market Law, Competition Law, Tourism Law, intellectual property laws, and special legislation governing privatizations and credit cards.

The following organizations provide useful information for foreign investors:

The Exports and Investment Promoting Agency of El Salvador (PROESA)

PROESA was created to attract domestic and foreign private investment, promote exports of goods and services produced in the country, evaluate and monitor the business climate and drive investment and export policies. PROESA provides direct technical assistance to investors interested in starting up operations in El Salvador.

Website: <http://www.proesa.gob.sv/>

### **Miempresa**

Miempresa is a platform the GoES to provide support services for new businesses in El Salvador. It involves the following institutions: the Technical Secretariat of the Presidency, the Ministry of Economy, the Ministry of Finance, the National Institute of Social Security, the Ministry of Labor, the Municipality of San Salvador, the pension funds administrators AFP Crecer and AFP Confia, the National Commission for Small and Medium Businesses (CONAMYPE) and the Innovation and Information Technology Management of the Presidency (ITIGES).

Website: <https://www.miempresa.gob.sv/>

### **El Salvador eRegulations**

El Salvador eRegulations provides guidance for new investors in El Salvador, providing information on procedures, costs, entities, and regulations.

Website: <http://elsalvador.eregulations.org/>

### **Industrial Promotion**

The Exports and Investment Promoting Agency of El Salvador (PROESA) promotes investment in the following nine sectors: Specialized Textiles and Apparel; Offshore Business Services; Tourism; Aeronautics; Agro-Industry; Medical Devices; Footwear Manufacturing; Logistic and Infrastructural Networks; and Healthcare Services.

Website: <http://www.proesa.gob.sv/investment/sector-opportunities>

The Directorate for Coordination of Productive Policies at the Ministry of Economy was created in 2009 and contains 25 initiatives aimed at strengthening El Salvador's productive sectors. The Directorate focuses on five areas: Productive Development, Capacity Building, Trade Facilitation, Taxation, and Export Promotion.

Website: <http://www.minec.gob.sv/fomento/>

The Productive Development Fund (FONDEPRO) provides grants to small enterprises to strengthen competitiveness.

Website: <http://www.fondepro.gob.sv/>

## **Limits on Foreign Control**

No single natural or legal person – whether national or foreign – can own more than 245 hectares (605 acres). Per the State's Constitution, a principle of reciprocity is applied regarding the ownership of rural land, which states that there is no restriction on the ownership of rural land by foreigners in El Salvador, unless this restriction is applied to their nationals in the corresponding countries. If, however, the rural land will be used for industrial purposes, the reciprocity requirement is lifted. Foreign citizens and private companies can freely establish businesses in El Salvador, with some extra requirements for small business start-ups. A 2001 fishing law allows foreigners to engage in commercial fishing anywhere in Salvadoran waters providing they obtain a license from CENDEPESCA, a government entity.

## **Privatization Program**

The process of privatization of El Salvador began in 1989 and was completed during the nineties. The government privatized the banking system, telecommunications, part of the electricity sector, and pensions. No further privatizations are anticipated in the medium term.

## **Screening of FDI**

Foreign direct investments are not screened by the government.

## **Competition Law**

The Competition Law entered into force in 2006 establishing the Office of the Superintendent of Competition. According to the Organization for Economic Co-operation and Development (OECD) and the Inter-American Development Bank (IDB), the Office of the Superintendent of Competition employs enforcement standards that are consistent with global best practices, and the agency has the powers that it needs to enforce the law effectively. The Competition Law provides for merger control, including pre-merger notification. Appeals of decisions made by the Office of the Superintendent of Competition are made directly to the country's highest court, the Supreme Court.

Website: <http://www.sc.gob.sv/home/>

## **Investment Trends**

Despite the adoption of additional investment promotion legislation over the last two years, El Salvador investment climate continues to suffer. The majority of the new laws remain unimplemented and the private sector contends that the Government of El Salvador (GOES) must still implement a coherent and consistent strategy that builds confidence among domestic and international investors.

Table 1

Measure	Year	Index or Rank	Website Address
<b>TI Corruption Perceptions index</b>	2014	80 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
<b>World Bank’s Doing Business Report “Ease of Doing Business”</b>	2015	109 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2014	103 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
<b>World Bank GNI per capita</b>	2013	USD 3,720	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

*Millennium Challenge Corporation Country Scorecard*

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) or USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>.

Details on each of the MCC’s indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

**Conversion and Transfer Policies**

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**Foreign Exchange**

There are no restrictions on transferring investment related funds out of the country. Foreign businesses can freely remit or reinvest profits, repatriate capital, and bring in capital for additional investment. The 1999 Investment Law allows unrestricted remittance of royalties and fees from the use of foreign patents, trademarks, technical assistance, and other services. Tax reforms introduced in 2011, however, levy a five percent tax on national or foreign shareholders’ profits. Moreover, shareholders domiciled in a state, country or territory with low or no taxes or that is considered a tax haven, will instead be subject to a tax of twenty-five percent.

The Monetary Integration Law dollarized El Salvador in 2001, and the U.S. dollar now freely circulates and can be used in all transactions. One objective of dollarization was to make El Salvador more attractive to foreign investors. U.S. dollars account for nearly all currency in circulation. Salvadoran banks, in accordance with the law, must keep all accounts in dollars. Dollarization is supported by family remittances – almost all from the United States – that totaled USD 4.2 billion in 2014.

## Remittance Policies

There are no restrictions placed on investment remittances. The Caribbean Financial Action Task Force report on monitoring remittances, [www.cfatf-gafic.org/index.php/member-countries/d-m/el-salvador](http://www.cfatf-gafic.org/index.php/member-countries/d-m/el-salvador), was generally positive. El Salvador strengthened its remittances regimen, prohibiting anonymous accounts, limiting suspicious transactions, and is currently considering new legislative reforms to better regulate remittance service providers.

## Expropriation and Compensation

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The 1983 Constitution allows the government to expropriate private property for reasons of public utility or social interest, and indemnification can take place either before or after the fact. There are no recent cases of expropriation. In 1980, a rural/agricultural land reform established that no single natural or legal person could own more than 245 hectares (605 acres) of land, and the government expropriated the land of some large landholders. In 1980 private banks were suddenly nationalized but beginning in 1990, they were returned to private ownership. A 2003 amendment to the 1996 Electricity Law contains a new provision that requires energy generating companies to obtain government approval before removing fixed capital from the country. The GoES states that this provision is intended to prevent energy supply disruptions.

## Dispute Settlement

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## Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Foreign investors may seek redress for commercial disputes through local domestic courts but some investors have found the slow-moving legal system to be costly and unproductive. The handling of some cases has demonstrated that the legal system may be subject to manipulation by diverse interests, and final judgments are at time difficult to enforce. The Embassy recommends that any person thinking of investing in El Salvador, carry out proper due diligence by hiring competent local legal counsel. In recent years, there have been several U.S. firms tied up in litigation associated with their investments. Local investment and commercial dispute resolution proceedings in El Salvador routinely last many years.

El Salvador's commercial law is based on the Commercial Code and its corresponding Commercial Code of Procedures. There is a specialized commercial court that resolves these disputes. In 2008, the Legislative Assembly passed several reforms to the Commercial Code and the Commerce Registry Law. The reforms were aimed at facilitating trade and investment by reducing the number of steps and requirements to register, develop, and close a business. As a result of the reforms, all documents and payments can be submitted electronically to the Commerce Registry.

## Bankruptcy

The Commercial Code, the Commercial Code of Procedures, and the Banking Law all contain sections that deal with the process for declaring bankruptcy. However there is no separate bankruptcy law or court. According to data collected by the World Bank's,

Doing Business, report in the category of resolving insolvency, El Salvador appears to take 3.5 years on average and costs 12.0 percent of the debtor's estate, with the most likely outcome being that the company will be sold as piecemeal sale. The average recovery rate is 33.2 cents per U.S. dollar. El Salvador scores 2.0 out of 3 points on the commencement of proceedings index, 4.0 out of 6 points on the management of debtor's assets index, 0.0 out of 3 points on the reorganization proceedings index, and 3.0 out of 4 points on the creditor participation index. El Salvador's total score on the strength of insolvency framework index is 9.0 out of 16. Globally, El Salvador ranks 79 out of 189 on Ease of Resolving Insolvency.

Website: <http://www.doingbusiness.org/data/exploreeconomies/~media/giawb/doing%20business/documents/profiles/country/SLV.pdf?ver=2>

### **Investment Disputes**

An important investment dispute involves the U.S subsidiary of a Canadian mining company. In 2009, the company filed an international arbitration proceeding against the GoES alleging various violations of the obligations in Chapter Ten of the CAFTA-DR. The U.S firm alleged that the GoES unjustifiably refused to grant environmental permits necessary for their mineral extraction projects. In June 2012, the claim was dismissed because the International Centre for Settlement of Investment Disputes (ICSID) tribunal determined that the U.S. subsidiary lacked substantial business activities in the United States to qualify for the guarantees under CAFTA-DR. The tribunal did find that it had jurisdiction to proceed on an evaluation of the merits of the firm's claims under Salvadoran investment law. The case is ongoing.

Another recent notable investment dispute involved La Geo, a geothermal company, previously a joint venture between Italian concern Enel Green Power and the GoES. New investment in La Geo had been stunted by lengthy legal disputes between the GoES and Enel. While international arbitration proceedings had ruled in favor of Enel, the Salvadoran Supreme Court ruled in 2012 that the original geothermal concession to La Geo was unconstitutional. In November 2013, the Attorney General's office filed criminal charges against EGP and the former GOES officials alleging corruption and fraud. As part of the 2014 settlement agreement GOES agreed to indemnify Enel and drop the criminal case against the parties involved in signing the original partnership agreement.

### **International Arbitration**

The amended Article 15 of the 1999 Investment Law limits a foreign investor's access to international dispute resolution and may obligate them to use national courts, if they foreigner comes from a country without a pre-existing trade agreement with El Salvador,. The rights of investors from CAFTA-DR countries are protected under the trade agreement's dispute settlement procedures. Submissions to national dispute panels and panel hearings are open to the public, and interested third parties have the opportunity to be heard. In 2002, the government approved a law that allowed private sector organizations to establish arbitration centers for the resolution of commercial disputes, including those involving foreign investors.

El Salvador approved the Mediation, Conciliation and Arbitration Law on July 11, 2002. However, in 2009, El Salvador modified its arbitration law to allow parties to arbitration disputes the ability to appeal a ruling to the Salvadoran courts. Investors have complained that the modification dilutes the fundamental efficacy of arbitration as an alternative method of resolving disputes. According to the Law, arbitration is performed at the Arbitration and Mediation Center which is organized as a branch of the Chamber of Commerce and Industry of El Salvador.

Website: <http://www.mediacionyarbitraje.com.sv/>

### **ICSID Convention and New York Convention**

In 1984, El Salvador ratified and became a member state to the International Centre for Settlement of Investment Disputes (ICSID Convention). ICSID is included in a number of El Salvador's investment treaties as the forum available to foreign investors. Within the domestic legal framework it is also mentioned in the Investment Law, with the limitations mentioned above regarding the change to the arbitration law in 2009.

El Salvador is a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention) and the Inter-American Convention on International Commercial Arbitration (The Panama Convention).

### **Duration of Dispute Resolution**

Local investment and commercial dispute resolution proceedings in El Salvador routinely last many years. The Salvadoran Foundation for Economic and Social Development (FUSADES) characterizes domestic courts as being unwilling to enforce arbitration awards and instead opting to politicize conflicts between the government and the investors.

## **Performance Requirements and Investment Incentives**

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### **WTO/TRIMS**

The February 2013 reforms to the Free Trade Zone Law made it compliant with World Trade Organization (WTO) regulations. The reforms eliminate permanent tax exemptions based on export performance and instead grant tax credits based on number of employees and investment levels. El Salvador's Investment Law does not require investors to meet export targets, transfer technology, incorporate a specific percentage of local content, or fulfill other performance criteria. Foreign investors and domestic firms are eligible for the same incentives. Exports of goods and services are levied zero value added tax.

### **Investment Incentives**

The 1998 Free Trade Zone Law is designed to attract investment in a wide range of activities, although the vast majority of the businesses in export processing zones are clothing assembly plants. A Salvadoran partner is not needed to operate in a free trade zone and some textile operations are completely foreign-owned.

The 1998 law established rules for export processing zones (free zones) and bonded areas. The free zones are outside the nation's customs jurisdiction while the bonded areas are within its jurisdiction, but subject to special treatment. Local and foreign companies can establish themselves in a free zone to produce goods or services for export or to provide services linked to international trade. The regulations for the bonded areas are similar.

Qualifying firms located in the free zones and bonded areas may enjoy the following benefits:

- a. Exemption from all duties and taxes on imports of raw materials and the machinery and equipment needed to produce for export;
- b. Exemption from taxes for fuels and lubricants used for producing exports if these are not domestically produced;
- c. Exemption from income tax, municipal taxes on company assets and property; the exemptions are for 15 years if the company is located in the metropolitan area of San Salvador and for 20 years if the company is located outside of the metropolitan area of San Salvador. After that, the user would still be able to obtain partial exemptions.
- d. Exemption from taxes on real estate transfers for the acquisition of goods to be employed in the authorized activity.

Companies in the free zones are also allowed to sell goods or services in the Salvadoran market if they pay applicable taxes for the proportion sold locally. Additional rules apply to textile and apparel products.

Under the 1990 Export Reactivation Law, firms were able to apply for tax rebates ("drawbacks") of six percent of the FOB value of manufactured or processed exports shipped outside the Central American Common Market area. This benefit was eliminated in 2011. However, later that same year the Salvadoran government approved new regulations to support producers. The regulations include a new form of "drawback," approved by the World Trade Organization (WTO), which consists of a refund of custom duties paid on imported inputs and intermediate goods exclusively used in the production of goods exported outside of the Central American region. The new regulations also include the creation of a Business Production Promotion Committee with the participation of the private and public sector to work on policies to strengthen the export sector, and the creation of an Export and Import Center. Since 2011, all import and export procedures are handled by the Export and Import Center. More information about the procedures can be found at: <https://www.centrex.gob.sv/>

The International Services Law, approved in 2007, establishes service parks and centers with incentives similar to those received by El Salvador's free trade zones. Service park developers may be exempted from income tax for 15 years, municipal taxes for ten years, and real estate transfer taxes. Service park administrators will be exempted from income tax for 15 years and from municipal taxes for ten years.

Firms located in the service parks/service centers may receive the following permanent benefits:

- a. Tariff exemption for the import of capital goods, machinery, equipment, tools, supplies, accessories, furniture and other goods needed for the development of the service activities (goods and services such as food and beverages, tobacco products, alcoholic beverages, rental fees, home equipment and furniture, cleaning articles, luxury goods, transportation vehicles, and hotel services are not exempted from taxation);
- b. Full and indefinite exemption from income tax and municipal taxes on company assets.

Service firms operating under the existing Free Trade Zone Law are also covered. However, if the services are provided to the Salvadoran market, they cannot receive the benefits of the International Services Law.

The following services are covered under the International Services Law: international distribution, logistical international operations, call centers, information technology, research and development, marine vessels repair and maintenance, aircraft repair and maintenance, entrepreneurial processes (i.e., business process outsourcing), hospital-medical services, international financial services, container repair and maintenance, technology equipment repair, elderly and convalescent care, telemedicine, and cinematography postproduction services.

In 2005, the government approved a tourism law to spur investment in the sector. The law establishes fiscal incentives for those who invest a minimum of USD 50,000 in tourism-related projects in El Salvador. Incentives include a ten-year income tax exemption and no duties on imports of capital and other goods, subject to some limitations. The investor also benefits from a five-year exemption from land acquisition taxes and a 50 percent break in municipal taxes. To take advantage of these incentives, the enterprise must contribute five percent of profits during the exemption period to a government-administered Tourism Promotion Fund.

### **Research and Development**

The Government does not finance or subsidize research and development programs.

### **Performance Requirements**

Those who plan to live and work in El Salvador for an extended period will need to obtain temporary residency, which may be renewed periodically. Under Article 11 of the Investment Law, foreigners with investments totaling more than SVC 4,000 minimum monthly wages (USD 969,600) have the right to obtain an Investor's Residency status, which allows them to work and remain in the country. This type of residency may be requested within 30 days after the investment has been registered. The residency status covers the investor, his family and is issued for a period of one year but may be extended annually.

It is customary for companies to employ local lawyer to manage the process of obtaining residency. The American Chamber of Commerce in El Salvador can also provide information regarding the process.

Current labor laws require that 90 percent of the workforce in plants and in clerical positions be given to nationals. These restrictions regarding nationality and percentages, becomes fewer with professional and technical jobs.

U.S. companies have complained of variable customs valuations and inconsistent enforcement of both customs regulations and CAFTA-DR preferential treatment for goods coming from CAFTA-DR countries aside from the United States. While advances have been made to implement a fast-track system for shipments via express courier companies, it has not been fully implemented. The clearance procedures for samples which arrive via express shipments are still an ongoing issue.

The law governing International Services establishes that to qualify for benefits, businesses must invest at least USD 150,000 during the first year of operations, including working capital and fixed assets, must hire no fewer than 10 permanent employees, and must have at least a one-year contract. For hospital/medical services, the minimum investment in fixed assets must be USD 10 million if surgical services are provided or a minimum of USD 3 million if surgical services are not provided. Hospital or medical services must be located outside of major metropolitan areas. The medical service must also be provided only to patients with insurance.

The Tourism Law establishes fiscal incentives for those who invest a minimum of USD 50,000 in tourism-related projects in El Salvador.

## **Data Storage**

El Salvador's Investment Law does not require investors to incorporate a specific percentage of local content, to turn over source code or provide access to surveillance, or to fulfill other performance criteria.

## **Right to Private Ownership and Establishment**

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Private property, both non-real estate and real estate, is recognized and protected in El Salvador. Companies that plan to buy land or other real estate are advised to hire competent local legal counsel to advise them on the property's title prior to purchase.

## **Protection of Property Rights**

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## **Real Property**

No single natural or legal person--whether national or foreign--can own more than 245 hectares (605 acres). Per the State's Constitution, a principle of reciprocity is applied regarding the ownership of rural land; which states that there are no restrictions on the ownership of rural land by foreigners in El Salvador, unless this restriction is applied to their nationals in the corresponding states. If however the rural land will be used for industrial purposes, the reciprocity requirement is lifted.

Real property can be transferred without government authorization. However, for title transfer to be valid vis-à-vis third parties, it needs to be properly registered. Real estate lease law tends to heavily protect the interests of tenants. For example, the law allows tenants to remain on property after their lease expires, provided they continue to pay

rent. Likewise, the law limits the amount of rent that can be charged and makes eviction processes extremely difficult.

Squatters occupying private property in good faith can eventually acquire title. If the owner of the property is unknown, squatters can acquire title after 20 years of good faith possession through a judicial procedure; if the owner is known, squatters can acquire title after 30 years.

Squatters may never acquire title to public land, although municipalities often grant the right of use to the squatter.

Zoning is regulated by municipal rules. Municipalities have broad power regarding the use of property within their jurisdiction. Zoning maps, if they exist, are generally not available to the public.

The ineffectiveness of the judicial system discourages investments in real estate and makes execution of real estate guarantees difficult. The real property lease law provides extensive protection to tenants, but landowners' interests often go unprotected. Securitization of real estate guarantees or titles is legally permissible but does not occur frequently in practice.

In April 2012, the Legislative Assembly passed a constitutional reform recognizing the existence and the rights of indigenous peoples. However, there are no provisions for traditional use or for indigenous peoples to share in revenue from exploitation of natural resources, as the government does not specifically demarcate any lands as belonging to indigenous communities.

According to the 2007-2008 census, agricultural land in El Salvador totals 2,283,444.48 acres, of which 1,695,653.4 acres are owned (74 percent), 478,127.32 acres are rented (21 percent), and 109,665.48 acres (5 percent) are not clearly defined. Website: <http://www.censos.gob.sv/>

El Salvador ranks 56th of 189 economies on the World Bank's Doing Business report in the Ease of Registering Property category. According to the collected data, registering a property takes on average of five steps over a period of 31 days and costs 3.8 percent of the reported value of the property.

### **Intellectual Property Rights**

In 2005, El Salvador revised several laws to comply with CAFTA-DR's provisions on intellectual property rights (IPR). The Intellectual Property Promotion and Protection Law (1993, revised in 2005), Law of Trademarks and Other Distinctive Signs (2002, revised in 2005), and Penal Code establish the legal framework to protect IPR. Investors can register trademarks, patents, copyrights, and other forms of intellectual property with the National Registry Center's Intellectual Property Office. Reforms passed in 2005 extended the copyright term from 50 to 70 years. In 2008, the government enacted test data exclusivity regulations for pharmaceuticals and agrochemicals, which will be protected for 5 and 10 years respectively, and ratified an international agreement extending protection to satellite signals.

In March 2012, El Salvador passed a new Medicines Law to regulate the production, sale, and distribution of pharmaceuticals. The law created the National Directorate of Medicines to oversee implementation, including the drafting of new regulations and establishment of price controls on the sale of pharmaceuticals. The new regulations were published by the Directorate in December 2012. The National Directorate of Medicines would review maximum prices annually and released revised parameters every year in January. The revision includes the trademark name for innovative products.

On November 25, 2014, the Ministry of Economy and the National Registry Center, with support from the World Intellectual Property Organization, unveiled the National Intellectual Property Policy. The Policy recognizes protection of intellectual property rights as a key element for the future development and competitiveness of the Salvadoran economy and calls for the establishment of an Intellectual Property (IP) National Council supported by a Technical Committee. The Policy also specifically addresses geographical indicators (GIs) with an eye toward the promotion of Salvadoran products.

On February 12, 2015, the National Registry Center, in conjunction with counterpart national IP authorities in Central America and the Dominican Republic, introduced a Harmonized Trademark Manual. The main objective of the document, again with the support of the World Intellectual Property Organization, is to provide individuals and businesses, relevant governmental entities, and lawyers an overview of trademark laws and practices in the region and serve as a common reference for trademark law in order to standardize regional procedures and best practices.

On October 1st 2014, the National Registry Center inaugurated a public online non-real state (fixed asset) registry. This public registry was created as a result of the Non-Real Estate Secured Transaction Law, passed by the national Legislative Assembly in 2013. The Law was designed to facilitate credit access to micro, small, and medium businesses, allowing them to obtain loans using collateral other than real estate. The collateral can be tangible or intangible assets such as inventories, receivables, intellectual property rights, consumables, and in general, any good with an economic value. The public registry tracks the transactions and related collateral. Creditors are able to choose a preferred enforcement mechanism: arbitration, out-of-court notarized process, or the traditional judicial process.

The Software Alliance (BSA) published a study in July 2014 estimating that 80 percent of the software in El Salvador in 2013, with a value of about USD 72 million, was being used without a proper license. There has been little progress in this area, since the 2007 estimate of unlicensed software use was 81 percent.

The Attorney General's office and the National Civilian Police enforce trademark and intellectual rights by conducting raids against distributors and manufacturers of pirated CDs, cassettes, clothes, and computer software. The 2005 reforms authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. They also allow authorities to initiate these raids ex-officio, and piracy is now punishable by jail sentences of two to six years. However, using the criminal and mercantile courts to seek redress of a violation of intellectual property is often a slow and frustrating process.

Judiciary and regulatory enforcement continue to be the weakest pillars of intellectual property protection in El Salvador. Despite growing recognition of the importance of IPR, the piracy of optical media, and both music and video, remains a concern. Optical media imported from the United States into El Salvador are being used as duplication masters for unauthorized copies of copyrighted works. The business software industry continues to report very high piracy rates and inadequate enforcement of cable broadcast rights places legitimate providers of this service at a competitive disadvantage.

El Salvador was removed from the Special 301 Watch List in July 1996. A September 2014 “out-of-cycle” U.S. Trade Representative’s Watch List review of El Salvador determined that the country should not be put on the list again. El Salvador is not listed in the notorious market report.

El Salvador is a signatory of the Berne Convention for the Protection of Literary and Artistic Works; the Paris Convention for the Protection of Industrial Property; the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication; the World Intellectual Property Organization (WIPO) Copyright Treaty; the WIPO Performance and Phonograms Treaty; and the Rome Convention for the Protection of Performers, Phonogram Producers, and Broadcasting Organizations.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at

[http://www.wipo.int/directory/en/details.jsp?country\\_code=SV](http://www.wipo.int/directory/en/details.jsp?country_code=SV)

Embassy point of contact: [san.salvador.office.box@trade.gov](mailto:san.salvador.office.box@trade.gov)

### **Resources for Rights Holders**

USG Contact:

U.S. Trade Center

Calle Liverpool # 31, Col. Juárez

Mexico City, 06600

Tel: + 52 (55) 5080-2000 ext 5207

Fax: + 52 (55) 5566-1115

### **Country/Economy resources**

American Chamber of Commerce of El Salvador

Office Location:

AmCham El Salvador, Edificio World Trade Center, Torre II, Nivel 3, Local 308, 89 Av.

Norte, Col. Escalón, San Salvador, El Salvador

Phone: (503) 22639494,

Fax: (503) 22639393,

E-mail: [amchamsal@amchamsal.com](mailto:amchamsal@amchamsal.com)

Website: [www.amchamsal.com/index.php?lang=en](http://www.amchamsal.com/index.php?lang=en)

List of local lawyers: <http://sansalvador.usembassy.gov/local-information/list-of-attorneys.html>

The laws and regulations of El Salvador are relatively transparent and generally foster competition. However, the government does control the price of some goods and services, including electricity, liquid propane gas, gasoline, fares on public transport, and medicines. The government also directly subsidizes water services and sets the distribution-service tariff.

Bureaucratic procedures have improved in recent years and are relatively streamlined for foreign investors. Regulatory agencies, however, are often understaffed and inexperienced, especially when dealing with complex issues. New foreign investors should review the regulatory environment carefully.

The Superintendent of Electricity and Telecommunications (SIGET) oversees electricity rates, telecommunications, and distribution of electromagnetic frequencies.

In 2003, the government amended the 1996 Electricity Law with the intention of reducing volatility in the wholesale market and thereby stabilizing retail electricity prices and encouraging new investment. The new reforms to the law allowed SIGET to develop a cost-based pricing model for the electricity sector, which they introduced to the marketplace in 2011. The new system requires the adoption of additional long-term contracts and should alleviate various market distortions. The Salvadoran Government subsidizes consumers using up to 200 kWh monthly. The electricity subsidy costs the government upwards of USD 185 million annually. Energy sector companies have warned that ever-changing subsidies and the government's inability to pay the subsidies in a timely manner have eroded the financial stability of the power sector and discouraged needed investment in new generation capacity.

The GoES does publish online some of its draft laws and regulations for public comments, especially the ones that affect the financial sector, and some other economic laws that pertain to the Minister of Economy. However, some pending legislation such as the Fiscal Responsibility Law for the Sustainability of Public Finances and Social Development that is under study at the Legislative Assembly has not been circulated. There are also other opportunities to provide comments when the government forms committees to discuss the laws and regulations when they are being developed at the respective government agencies.

El Salvador is a member of the U.N. Conference on Trade and Development's international network of transparent investment procedures: <http://elsalvador.eregulations.org/>. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures. Accounting systems are generally consistent with international norms.

The Superintendent of the Financial System supervises individual and consolidated activities of banks and non-bank financial intermediaries, financial conglomerates, stock market participants, insurance companies, and pension fund administrators. Interest rates are determined by market forces and have decreased significantly since dollarization was implemented. Foreign investors may obtain credit in the local financial market under the same conditions as local investors.

In February 2013, a new Usury Law entered into force to regulate interest rates on credit cards and loans provided by banking institutions, commercial establishments, stores, credit card issuers, pawnshops, cooperatives, credit unions, and private lenders. According to the legislation, the maximum interest rate for credit cards and loans would be 1.6 times the simple average effective rate established by the Central Bank.

On August 21, 2014, the Legislative Assembly approved the Investment Funds Law which provides the legal framework for the development and offering of mutual funds in El Salvador. Reforms to three existing laws, the Stock Market Law, the Pension Savings System Law, and the Assets Securitization Law, were submitted concurrently to harmonize the current legal framework with the newly proposed law.

On September 19, 2013, the Non-Real Estate Secured Transaction Law was passed. The law was created to facilitate credit access to micro, small, and medium businesses and allows business owners to obtain loans using collateral other than real estate. The collateral can be tangible or intangible assets such as inventories, receivables, intellectual property rights, consumables, and in general, any good with an assigned economic value. The law creates a public registry to track the transactions and related collateral. Creditors are able to choose a preferred enforcement mechanism: arbitration, out-of-court notarized process, or the traditional judicial process. On October 01 2014, the National Registry Center (CNR) inaugurated the online non-real state registry.

On July 31, 2014 the Legislative Assembly approved the Financial Transactions Tax Law. The law assesses a 0.25 percent tax on many financial transactions such electronic, check or wire transfers and payments exceeding USD 1,000; loan or disbursements; and transactions between entities of the financial system. There are also several exemptions from the tax, such as end-use credit card payments; social security, pensions, and insurance payments; and transactions made by the state, NGOs, diplomats, or international organizations. The 0.25 percent withholding tax is designed to capture some revenue from the informal sector and expand the tax base. The taxes withheld are creditable against any obligation due to the tax authorities within a two-year period as of the withholding date.

The 1994 Securities Market Law established the present framework for the Salvadoran securities exchange, which opened in 1992. The Salvadoran securities exchange has played an important role in past years in the privatization of state enterprises and more recently in securitizations and facilitating foreign portfolio investment. Stocks, government and private bonds, and other financial instruments are traded on the exchange, which is regulated by the Superintendent of the Financial System.

Foreigners may buy stocks, bonds, and other instruments sold on the exchange and may have their own securities listed, once approved by the Superintendent. Companies interested in listing must first register with the National Registry Center's Registry of Commerce. Between 2013 and 2014, the exchange averaged daily trading volumes of about USD 9.8 million. Government-regulated private pension funds, Salvadoran insurance companies, and local banks are the largest buyers on the Salvadoran securities exchange.

### **Money and Banking System, Hostile Takeovers**

El Salvador's banks are among the largest in Central America and many are owned by foreign financial institutions. The banking system is sound and generally well-managed and supervised. The banking system's total assets as of February 2015 totaled USD 15.1 billion.

Under the 1999 Banking Law, amended in 2002, there is no difference in regulations between foreign and domestic banks and foreign banks can offer all the same services as domestic banks. The law strengthened regulatory authority and provided more transparent and secure operations for customers and banks. The law also established an FDIC-like autonomous institution to insure deposits, increased minimum capital reserve requirements, and sharply limited bank lending to shareholders and directors.

The Non-Bank Financial Intermediaries Law regulates the organization, operation, and activities of financial institutions such as cooperative savings associations, nongovernmental organizations, and other microfinance institutions. The Money Laundering Law requires financial institutions to report suspicious transactions to the Attorney General and the Superintendent of the Financial System.

The 1996 Insurance Companies Law regulates the operation of both local and foreign insurance firms. Foreign firms, including U.S., Colombian, Canadian, and Spanish companies, have invested in Salvadoran insurers.

The Monetary Integration Law of January 1, 2001, made the U.S. dollar the principal legal currency by affixing the exchange rate of the Salvadoran colon (SVC) at 8.75 to every USD 1. The Central Bank focuses is on developing the regulations of the financial system, administering international reserves, managing the payments system and financial services, functioning as the financial agent of the state, providing exporters services through the Center for Export Procedures (CENTREX); and carrying out economic and financial research.

### **Competition from State-Owned Enterprises**

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El Salvador has successfully liberalized many sectors where the government previously exerted monopoly control, effectively limiting most forms of direct competition from state-owned enterprises. El Salvador maintains state-owned enterprises (SOEs) in energy production, water supply and sanitation, ports and airports, and the national lottery.

While energy distribution was privatized in 1999, the Salvadoran Government maintains significant energy production facilities through state-owned Rio Lempa Executive Hydroelectric Commission (CEL), a significant producer of hydro-electric and geothermal

energy. The primary water service provider is the National Water and Sewer Administration (ANDA), which provides services to 40 percent of the total population of El Salvador. As an umbrella institution, ANDA defines policies, regulates and provides services. The Autonomous Executive Port Commission (CEPA) operates both the ports and the airports. All, CEL, ANDA and CEPA Board Chairman have the rank of a Ministers and report directly to the President of the Republic.

The Law on Public Administration Procurement and Contracting (LACAP) was approved on April 5, 2000. LACAP covers all procurement of goods and services by all Salvadoran public institutions, including the municipalities. Only the following are not covered by the LACAP: procurement and contracting financed with funds coming from other countries (bilateral agreements) or international bodies; those accomplished through agreements between state institutions; and the contracting of personal services by public institutions under the provisions of the Law on Salaries, Contracts and Day Work. The government has a website where tenders by government institutions are published.

Alba Petroleos (AP) is a joint-venture between a consortium of mayors from the left-leaning Farabundo Marti National Liberation Front (FMLN) party and a subsidiary of Venezuela's state-owned oil company PDVSA. AP operates dozens of gasoline service stations across the country and has expanded into a number of other industries, including energy production, food production, medicines, micro-lending, supermarket, bus transportation, and aviation. Because of its official relationship with the ruling FMLN party, critics have charged that AP receives preferential treatment from the government. Critics have also alleged that AP commercial practices, including financial reporting, are non-transparent.

### **OECD Guidelines on Corporate Governance of SOEs**

While El Salvador does not formally adhere to the OECD Guidelines on Corporate Governance for state-owned enterprises, all State-owned enterprises have boards comprised of members from both the public and private sectors. However, the Chairman is appointed and reports directly to the President of El Salvador, with cabinet-level ranking.

### **Sovereign Wealth Funds**

El Salvador does not have a sovereign wealth fund.

## **Corporate Social Responsibility**

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The private sector in El Salvador, including several prominent U.S. companies, has embraced the concept of corporate social responsibility (CSR). There are a number of local foundations that promote CSR practices, entrepreneurial values, and philanthropic initiatives. El Salvador is also a member of international institutions such as Forum Empresa (an alliance of CSR institutions in the Western Hemisphere), AccountAbility (UK), and the InterAmerican Corporate Social Responsibility Network. Businesses have created CSR programs in the workplace that provide education and training, transportation, lunch programs, and childcare. In addition, CSR programs have provided assistance to surrounding communities in areas such as health, education, senior housing, and HIV/AIDS awareness.

The Secretariat of Transparency and Corruption was launched in 2009 with the mandate to develop guidelines, strategies, and actions to promote transparency and combat corruption in government. In 2011, the Law on Access to Public Information was approved. Also in 2011, El Salvador joined the Open Government Partnership, becoming one of the first countries to do so. The Open Government Partnership promotes government commitments made jointly with civil society on transparency, accountability, citizen participation and use of new technologies.

Websites:

- <http://gobiernoabierto.abiertoalpublico.org/>
- <http://www.opengovpartnership.org/country/el-salvador>

El Salvador does not waive or weaken labor laws, consumer protection, or environmental regulations to attract foreign investment.

### **OECD Guidelines for Multinational Enterprises**

The Government of El Salvador has no formal policy of encouraging foreign and local enterprises to follow the generally accepted CSR principles of the OECD Guidelines for Multinational Enterprises or the United the United Nations Guiding Principles on Business and Human Rights, endorsed by the UN Human Rights Council in 2011.

### **Political Violence**

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El Salvador's 12-year civil war ended in 1992 upon the signing of peace accords. Since then, there has been no political violence aimed at foreign investors, their businesses, or their property.

### **Corruption**

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/fcpa/docs/lay-persons-guide.pdf>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to the UN Convention, and the OAS Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. El Salvador is not a signatory of the OECD Convention.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. El Salvador is a party to the UN Convention since July 1, 2004.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) El Salvador is a signatory of the OAS Convention. On December 3, 2007, El Salvador appointed the Ministry of Foreign Affairs, through the Dirección General de Asuntos Jurídicos y Derechos Humanos, as central authority for the purposes of article XVIII of the Inter-American Convention against Corruption.

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 parties. El Salvador is not a party to the Council of Europe Conventions.

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. El Salvador has a free trade agreement (FTA) in place with the United States, the CAFTA-DR, which came into force on March 1, 2006.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas.

The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

U.S. individuals and firms operating or investing in El Salvador should take the time to become familiar with the relevant anticorruption laws in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel. U.S. companies operating in El Salvador are subject to the U.S. Foreign Corrupt Practices Act.

Corruption can be a challenge to investment in El Salvador. El Salvador ranks 83 out of 177 countries in Transparency International's Corruption Perceptions 2013 Index. El Salvador has laws, regulations and penalties to combat corruption, but their effectiveness is inconsistent. Soliciting, offering, or accepting a bribe is a criminal act in El Salvador. The Attorney General has a special office, the Anticorruption and Complex Crimes Unit, which handles cases involving corruption by public officials and administrators. The Constitution also established the Court of Accounts that is charged with investigating public officials and entities and, when necessary, passing such cases to the Attorney General for prosecution. In 2005, the government issued a code of ethics for the executive-branch employees, including administrative enforcement mechanisms, and it established an Ethics Tribunal in 2006.

The Legislative Assembly approved a new Transparency Law in 2011 in an effort to combat corruption and increase government accountability. In February 2013, President

Funes appointed members to the Access to Information Institute as mandated by the law. The Institute's effectiveness, however, has not been demonstrated.

There have been some recent corruption scandals at the federal, legislative, and municipal levels. There have also been credible complaints of judicial corruption. El Salvador has an active, free press that reports on corruption.

El Salvador is not a signatory to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. El Salvador is a signatory to the UN Anticorruption Convention and the Organization of American States' Inter-American Convention Against Corruption.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010](http://www.transparency.org/policy_research/surveys_indices/cpi/2010). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/qcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank

Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=enabling+trade+index>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## Bilateral Investment Agreements

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CAFTA-DR, the free trade agreement among Central American countries, the Dominican Republic, and the United States entered into force for the United States and El Salvador on March 1, 2006. CAFTA-DR's investment chapter provides protection to most categories of investment, including enterprises, debt, concessions, contract, and intellectual property. Under the agreement, U.S. investors enjoy, in almost all circumstances, the right to establish, acquire, and operate investments in El Salvador on an equal footing with local investors. Among the rights afforded to U.S. investors are due process protection and the right to receive a fair market value for property in the event of an expropriation. Investor rights are protected under CAFTA-DR by an effective, impartial procedure for dispute settlement that is fully transparent and open to the public.

In 2010, a new alcohol tax entered into force in El Salvador. U.S. industry has voiced concerns that the new tax discriminates against imported alcohol, in violation of El Salvador's CAFTA-DR and WTO obligations. The El Salvadoran government has not officially confirmed its position on whether the CAFTA-DR is a multilateral agreement versus a bilateral agreement with the United States. U.S. firms have raised concerns that El Salvador may not be adhering to its CAFTA-DR obligations regarding import treatment of goods from free trade zones in other Central American countries which appear to meet CAFTA-DR rules of origin requirements. In addition, the USG has raised CAFTA-DR procurement obligation concerns with respect to the Salvadoran government's corn and bean seed distribution program.

El Salvador also has free trade agreements with Mexico, Chile, Panama, Colombia, and Taiwan. All have entered into force with the exception of the FTA with Colombia which is expected to be activated soon. El Salvador, jointly with Costa Rica, Guatemala, Honduras, Nicaragua, and Panama, signed an Association Agreement with the European Union that includes the establishment of a Free Trade Area. The agreement includes a provision for Central American countries and Panama to get access to a wider range of EU development aid. The agreement was ratified on December 11, 2012 by the European Parliament and entered into force with El Salvador in August 2013.

The five Central American Common Market countries, which include El Salvador, have an investment treaty among themselves.

The free trade agreements that El Salvador has with Mexico, Chile, and Panama include investment provisions. El Salvador is also negotiating trade agreements with Canada, Peru, and Belize that will contain investment provisions. The Salvadoran government signed a Partial Scope Agreement (PSA) with Cuba in 2011 and is negotiating another with Ecuador.

### **OPIC and Other Investment Insurance Programs**

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The Overseas Private Investment Corporation (OPIC) insures against currency inconvertibility, expropriation, and civil strife and can provide corporate project financing and special financing to small business. OPIC has a bilateral agreement with El Salvador that requires the Salvadoran government to approve all insurance applications. A new agreement is being negotiated that will eliminate this requirement. In 2006, OPIC signed an agreement with the El Salvador's National Investment and Exports Promotion Agency (PROESA) to improve outreach to U.S. small business investors in El Salvador. Because El Salvador uses the U.S. dollar, full inconvertibility insurance may be unnecessary, but investors do insure against inability to transfer funds. El Salvador is a member of the Multilateral Investment Guarantee Agency (MIGA).

### **Labor**

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In 2012, El Salvador had a labor force of approximately 2.6 million. While Salvadoran labor is regarded as hard working, general education and professional skill levels are low. According to many large employers, there is also a lack of middle management-level talent, which sometimes results in the necessity to transplant additional managers from abroad. Employers do not report labor-related difficulties in incorporating technology into their workplaces.

The constitution guarantees the right of employees in the private sector to organize into associations and unions. Employers are free to hire union or non-union labor. Closed shops are illegal. Labor law is generally in accordance with internationally recognized standards, but is not enforced consistently by government authorities. In 2011, several businesses expressed concerns about the government's application of labor laws, alleging a disregard of established legal procedures.

### **Foreign-Trade Zones/Free Ports**

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As of April 2014, there were 16 free trade zones operating in El Salvador. They host more than 200 companies operating in areas such as textiles, distribution, call centers, business process outsourcing, agribusiness, agriculture, electronics, and metallurgy. Owned primarily by Salvadoran, U.S., Taiwanese, and Korean investors, the firms employ a labor force of approximately 71,500. The section above on Performance Requirements and Incentives outlines the benefits available to investors in these zones.

TABLE 3: Key Macroeconomic Data, U.S. FDI in El Salvador

Economic Data	Year	Amount	Year	Amount	Source of data
<b>GDP</b>	Central Bank of El Salvador		International Monetary Fund		
El Salvador Gross Domestic Product (GDP) (Millions U.S. Dollars)	2013	24,259	2013	24,512	<a href="http://www.bcr.gob.sv/bcrsite/?cdr=23&amp;lang=es">http://www.bcr.gob.sv/bcrsite/?cdr=23&amp;lang=es</a>
	2012	23,814	2012	23,864	<a href="http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/weorept.aspx?sy=2009&amp;ey=2013&amp;scsm=1&amp;ssd=1&amp;sort=country&amp;ds=.&amp;br=1&amp;pr1.x=52&amp;pr1.y=7&amp;c=253&amp;s=NGDP&amp;grp=0&amp;a=">http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/weorept.aspx?sy=2009&amp;ey=2013&amp;scsm=1&amp;ssd=1&amp;sort=country&amp;ds=.&amp;br=1&amp;pr1.x=52&amp;pr1.y=7&amp;c=253&amp;s=NGDP&amp;grp=0&amp;a=</a>
<b>Foreign Direct Investment (Stock)</b>	Central Bank of El Salvador		U.S. Bureau of Economic Analysis (BEA)		
U.S. FDI in El Salvador (Millions U.S. dollars, stock positions)	2013	2,344	2013	pending release	<a href="http://www.bcr.gob.sv/bcrsite/?cdr=125&amp;lang=es">http://www.bcr.gob.sv/bcrsite/?cdr=125&amp;lang=es</a>
	2012	2,385	2012	2,697	<a href="http://www.bea.gov/international/di1usdbal.htm">http://www.bea.gov/international/di1usdbal.htm</a>
U.S. Inbound FDI Stock as % GDP	2013	9.7	2013	n/a	See above
	2012	10	2012	11.3	
<b>Foreign Direct Investment (Inflows)</b>	Central Bank of El Salvador		United Nations Economic Commission for Latin America and the Caribbean (ECLAC)		
Total FDI inflows to El Salvador (Millions U.S. dollars)	2013	140.1	2013	137.2	<a href="http://www.bcr.gob.sv/bcrsite/?cdr=131&amp;lang=es">http://www.bcr.gob.sv/bcrsite/?cdr=131&amp;lang=es</a>
	2012	481.9	2012	483.6	<a href="http://interwp.cepal.org/sisgen/ConsultaIntegrada.asp?idIndicador=1824&amp;idioma=i">http://interwp.cepal.org/sisgen/ConsultaIntegrada.asp?idIndicador=1824&amp;idioma=i</a>
Total FDI inflows as % GDP	2013	0.6	2013	0.6	See above
	2012	2.0	2012	2.0	

**TABLE 4: Sources and Destination of FDI (stock)**

2012 Direct Investment from/in Counterpart Economy Data (Stocks)					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	8,635	100%	Total Outward	6	100%
United States	2,798	32%	Nicaragua	5	88%
Panama	2,465	29%	Guatemala	0	7%
Mexico	820	9%	Costa Rica	0	3%
Virgin Islands, British	493	6%	Honduras	0	2%
Spain	280	3%	United States	0	-1%

"0" reflects amounts rounded to +/- USD 500,000.

Source: Direct data query from International Monetary Fund, <http://cdsis.imf.org>

### Partial List of Major Foreign Investors

AES Corporation (USA) -- Electricity distribution  
AIG (USA) -- Insurance  
Alba Petroleos (Venezuela) -- Gas station, refinery, electricity generation  
Avery Dennison (USA) -- Labeling and packaging  
Bancolombia (Colombia) -- Banking  
Bayer de El Salvador (German) -- Pharmaceutical processing, fertilizers  
Decameron International (Colombia) -- Tourism/hotels  
DELSUR (Colombia) -- Electricity distribution  
Banco Davivienda -- formerly HSBC (Colombia) -- Banking  
Citigroup (USA) -- Banking  
Scotiabank (Canada) -- Banking  
Digicel (Caribbean) -- Cellular telephone service  
Duke Energy (USA) -- Thermal electricity generation plants  
Elf (France) -- Propane gas  
Cenergica (Israel) -- Owner/operator of the Nejapa power/generating plant  
EMEL S.A. (Chilean/USA) -- Electricity distribution  
Trafigura PUMA Energy(Netherlands) -- Gas stations/small refinery at Acajutla  
America Movil (Mexico) -- Fixed and wireless telephone, retail  
Fruit of the Loom (USA) -- Apparel assembly  
Grupo Calvo (Spain) -- Tuna fishing/processing  
Hanes Brand (USA) -- Apparel assembly  
Holcim (Swiss) -- Cement  
Intelfon (Panama/El Salvador) -- Telecommunications  
International Paper (USA) -- Packaging  
Lacoste (France) -- Textiles/apparel  
Kimberly Clark de C.A. (USA) -- Paper production and distribution facility  
Maseca (Mexico) -- Corn Milling  
Max (Guatemala) -- Appliance retailing  
Petenatti (Brazil) -- Textiles

PriceSmart (USA) -- Member discount store and supermarket  
SABMiller (South Africa) -- Beer, sodas, and other beverages  
Sara Lee Knit Products (USA) -- Apparel assembly  
Sears (U.S. franchise acquired by a Mexican firm) -- Retail  
Unopetrol El Salvador (Honduras) -- Oil refinery; Service stations/grocery markets  
Stream (USA) -- Customer service/sales call center  
Sykes (USA) -- Customer service/sales call center  
Telefonica de España (Spain) -- Cellular telephone service  
TIGO (USA/Luxembourg) -- Cellular telephone service, cable television, landline, and internet  
Texaco Caribbean (USA) -- Fuel storage and lubricant blending, and service station/grocery markets  
Unifi (USA) --Yarn  
Unisola-Unilever (UK) -- Consumer products  
WalMart (United States) -- Supermarkets

#### Contact Point at Post

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U.S. Embassy San Salvador

Address: Final Blvd. Santa Elena, Antiguo Cuscatlán, La Libertad, El Salvador

Email: [webmasters@state.gov](mailto:webmasters@state.gov)

Website: <http://sansalvador.usembassy.gov/index.html>

In addition, to reach the U.S. Foreign Commercial Service (FCS) Office directly, please contact FCS San Salvador via email at: [office.sansalvador@trade.gov](mailto:office.sansalvador@trade.gov).

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
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### How Do I Get Paid (Methods of Payment)

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The U.S. Commercial Service discourages sending shipments without agreeing to payment terms in advance and receiving proper bank documents. Advance payment or an irrevocable letter of credit are recommended for initial commercial transactions until a well-established relationship based on prompt payment and contractual obligations is established with the Salvadoran counterpart. Letters of credit (LCs) are among the most secure instruments available to international traders. An LC is useful when reliable credit information about a foreign buyer is difficult to obtain, but the exporter is satisfied with the creditworthiness of the buyer's foreign bank. An LC also protects the buyer since no payment obligation arises until the goods have been shipped or delivered as promised.

Open account transaction among established business partners are used in El Salvador. The goods are shipped and delivered before payment is due, usually in 30 to 90 days. This payment method is most advantageous option to the Salvadoran importer in cash flow and cost terms, but it is consequently the highest risk option for the U.S. exporter. However, with the use of one or more of the appropriate trade finance techniques, such as export working capital financing, government-guaranteed export working capital programs, export credit insurance, export factoring, etc. The U.S. exporter can offer open competitive account terms while substantially mitigating the risk of nonpayment by the foreign buyer.

### How Does the Banking System Operate

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The Financial System Supervisor (Superintendencia del Sistema Financiero, SSF) (<http://www.ssf.gob.sv/>), an independent regulatory agency, authorizes and supervises all financial institutions in El Salvador. In August 2011, the Financial System Supervisor was merged with the Stock Market and the Pension Supervisor in order to create a single, independent regulatory agency which is headed by a Directive Council.

By law, all transactions carried out in Salvadoran banks must be denominated in U.S. dollars. Interest rates and fees are set by market conditions. Private banks, branches of foreign banks, state-owned banks, and credit unions are authorized to collect funds from the public. The banking industry is competitive due to the presence of foreign banks and the openness of the banking law.

U.S. banks interested in operating in El Salvador as private banks or as a branch should be familiar with Salvadoran banking laws, norms and regulations available at: <http://www.ssf.gob.sv>.

Commercial banking services in El Salvador are provided by 12 institutions: ten private banks, and two state-owned banks. The leading private banks: Banco Agrícola S.A. (acquired by Bancolombia), Banco Citibank de El Salvador S.A. (former Banco Cuscatlán, and Banco Uno), Banco Davivienda Salvadoreño, S.A. (formerly HSBC), Scotiabank El Salvador S.A., and Banco de América Central S.A., account for approximately 95% of the Salvadoran banking sector. Banco Hipotecario and Banco de Fomento Agropecuario are government owned about 4%. In addition to the aforementioned, there are other financial institutions authorized to capture savings from the public, including seven cooperatives and savings and loans.

Banco Agrícola and Banco Citibank de El Salvador S.A. are the second and third largest banks in Central America. The largest bank in the region is Banco Nacional de Costa Rica, a state-owned bank, with no operations outside Costa Rica. Non-resident banks also lend without restriction to Salvadoran clients. Citibank is the only U.S. banking institution with full services in El Salvador. However, as of November 2014 Citigroup announced, as part of a global initiative, an exit from consumer banking that will affect eleven markets, including El Salvador. To date, no buyers has been identified for Citibank operations in El Salvador.

#### **Foreign-Exchange Controls**

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There are no foreign exchange controls in El Salvador. The U.S. dollar is legal tender.

#### **U.S. Banks and Local Correspondent Banks**

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As correspondent banking relationships often change and the Salvadoran banking sector is subject to new regulations, please consult directly with each bank for the latest information:

##### **Banco Agrícola S.A. (Acquired by Grupo Bancolombia)**

Bldv. Constitución No. 100 y 1a. Calle Pte., Plaza Las Américas  
San Salvador, El Salvador, C.A.  
Tel: (503) 2267-5900; Fax: (503) 2267-5920  
Web Page: <http://www.bancoagricola.com>

##### **Banco Citibank de El Salvador, S.A.**

Edif. Pirámide Citibank, Km. 10, Carretera a Santa Tecla  
Santa Tecla, La Libertad, El Salvador, C.A.  
Tel. (503) 2212-3525, Fax (503) 2212-3013  
Web Page: <http://www.citi.com.sv>

##### **Banco Davivienda Salvadoreño, S.A.**

Centro Financiero Banco Davivienda Salvadoreño  
Avenida Olímpica No. 3550 Apdo. Postal No.: (0673)  
San Salvador, El Salvador, C.A.  
Tel: (503) 2256-2000;  
Web Page: <http://www.davivienda.com.sv/>

**Banco G&T Continental El Salvador, S.A.**

Torre 2, 4o. Nivel, World Trade Centre, 89 Av. Norte, Col. Escalón,  
San Salvador, El Salvador, C.A.

Tel: (503) 2209-8277; Fax (503) 2298-5261

Web Page: <http://www.gytcontinental.com.sv>

**Banco Promérica, S.A.**

Calle Chiltiupán, Centro Comercial La Gran Vía, Edif.

Banco Promérica, Ciudad Merliot, La Libertad, El Salvador, C.A.

Tel: (503) 2513-5015; Fax: (503) 2513-5105

Web Page: <https://www.promerica.com.sv/>

**Scotiabank El Salvador, S.A.**

25 Avenida Norte No.1230

San Salvador, El Salvador, C.A.

Apdo. Postal No. 237

Tel: (503) 2234-4806; Fax: (503) 2234-3434

Web Page: <http://www.scotiabank.com.sv>

**Banco de América Central, S.A.**

Edif. Credomatic 55 Av. Sur y Alameda Roosevelt y Av. Olímpica

San Salvador, El Salvador, C.A.

Tel: (503) 2247-4453; Fax: (503) 2224-4138

Web Page: <http://www.bac.net/elsalvador/esp/banco>

**Banco Procredit**

Bldv. Constitución y 1a. Calle Pte. No. 3538, Colonia Escalón

San Salvador, El Salvador, C.A.

Tel: (503) 2206-9000; Fax: (503) 2267-4511

Web Page: <http://www.bancoprocredit.com.sv>

**Banco Azteca**

65 Avenida Sur y Alameda Rossevelt, Edif E, Nivel 7

San Salvador, El Salvador, C.A.

Tel. (503) 2514-4504, Fax (503) 2514-4510

Web Page: <http://www.bancoazteca.com.sv>

**Banco Industrial, S.A.**

Avenida Magnolias, Boulevard del Hipódromo, No. 144. Colonia San Benito

San Salvador, El Salvador, C.A.

Tel. (503) 2213-1717; Fax: (503) 2213-1771

**Banco Hipotecario de El Salvador**

Sucursal Senda Florida Sur, Colonia Escalón

San Salvador, El Salvador, C.A.

Tel: (503) 2250-7101; Fax: (503) 2298-0447

Web Page: <http://www.bancohipotecario.com.sv/>

**Banco de Fomento Agropecuario**

Km. 10 ½ Carretera a La Libertad, Santa Tecla.  
La Libertad, El Salvador C.A.  
Tel: (503) 2241-0801, Fax (503) 2241-0815  
Web Page: <http://www.bfa.gob.sv/>

**BAC Florida Bank**

Edif. Credomatic, Edif. D, 2º. Piso, 55 Av. Sur  
San Salvador, El Salvador, C.A.  
Tel: (503) 2206-4674, Fax: (503) 2206-4671  
Web Page: <http://www.bacflorida.com/>

**Inter-American Development Bank (IDB)**

Edificio World Trade Center, 4o. Nivel Torre I  
Calle El Mirador y 89 Av. Norte  
Apartado Postal No. (01) 199  
San Salvador, El Salvador, C.A.  
Tel: (503) 2233-8900 (Ext. 8913), Fax: (503) 2233-8921  
Web Page: <http://www.iadb.org/countries>

**Central American Bank for Economic Integration (CABEI)**

Calle La Reforma No. 130. Colonia San Benito  
San Salvador, El Salvador, C.A.  
Tel: (503) 2267-6147; (503) 2267-6100; Fax: (503) 2267-6180  
Web Page: <http://www.bcie.org/>

**Banco de Desarrollo de El Salvador (BANDESAL)**

Torre II, Nivel 4, Edif World Trade Center  
89 Av. Norte, Colonia Escalón  
San Salvador, El Salvador. C.A.  
Tel: (503) 2267-0100  
<http://www.bandesal.gob.sv>

**Project Financing**[Return to top](#)

Bank financing is readily available in El Salvador. Since the dollarization of the economy in 2001, interest rates for deposits and for loans have dropped sharply, but are still several percentage points above U.S. levels. Banks offer 30-year mortgage loans. U.S. exports to El Salvador are usually financed by loans made by local banks to importers. Rates for loans to finance consumer goods imports average 6% for terms of less than a year. Intermediate goods are financed at even lower interest rates.

The **Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA)** administers the Commodity Credit Corporation (CCC) Export Credit Guarantee Programs (GSM-102/103) for commercial financing of U.S. agricultural exports. Under these programs, the CCC does not provide financing, but guarantees payments due from foreign banks. Typically, 98% of principal and a portion of interest at an adjustable rate are covered. Two programs underwrite credit extended by the private banking sector in the U.S. or by the U.S. exporter to approved foreign banks using dollar-denominated, irrevocable letters of credit to pay for food and agricultural products sold to foreign buyers. The first, the Export Credit Guarantee Program (GSM-102), covers

credit terms of up to three years. The second, the Intermediate Export Credit Guarantee Program (GSM-103), covers credit terms of up to 10 years. However, because payment is guaranteed, financial institutions in the United States can offer competitive credit terms to foreign banks, usually with interest rates based on the London Inter-Bank Offered Rate (LIBOR).

**The USDA also offers the Commodity Credit Corporation (CCC) Supplier Credit Guarantee Program (SCGP)** for the Central American region. It covers short-term financing (up to 180 days) extended directly by U.S. exporters to foreign buyers and requires that the importers sign a promissory note in case of default on the CCC backed payment guarantee. The terms are specific: credit may be covered by the CCC only when payment is financed under a dollar-denominated irrevocable letter of credit issued in favor of an exporter by a foreign bank that has CCC approval to participate under the program. The SCGP emphasizes high-value and value-added products, but may include commodities or products that also have been programmed under the GSM-102 program. Another program available is the Facility Guarantee Program (FGP) that has the primary objective of improving the facilities in emerging overseas markets that process, handle, store or transport agricultural products imported from the U.S. The FGP provides credit guarantees, financial devices that eliminate most of the risk of non-payment by foreign banks, to facilitate sales of manufactured goods and services: <http://www.fsa.usda.gov> .

The **U.S. Overseas Private Investment Corporation (OPIC)** provides medium to long-term financing in the form of investment guarantees and direct loans and loan guarantees to projects with at least 25% U.S. investor equity. In addition, it offers political risk insurance that protects against expropriation, political violence and inconvertibility. OPIC can participate in up to 50% of the total costs of a new venture but cannot exceed 75% of the total investment. OPIC support is available for new investments, privatizations, expansions and modernizations of existing plants. OPIC generally can insure an acquisition of an industrial, commercial or other self-sustaining enterprise, subject to a finding of positive developmental benefits. Insurance may be available for existing investments if the insurance is needed due to the unavailability or inadequacy of private insurance coverage. U.S. investors can register their overseas investment with OPIC (with no fee), leaving the door open to apply for political risk insurance at a future time. <http://www.opic.gov> .

The **Export-Import Bank of the United States (Ex-Im Bank)** offers a wide range of guarantees, insurance and financing to U.S. exporters. Ex-Im Bank has established the Credit Guarantee Facility (CGF) Program, which sets up lines of credit between a bank in the U.S. and a foreign bank (or occasionally a large foreign buyer). Ex-Im guarantees the repayment of the foreign bank's obligations. The foreign bank then makes credit available to the end user (of the U.S. exports) and assumes the repayment risk from that local company. Financing is restricted to repayment terms of two to five years. For exporting to El Salvador, Ex-Im offers loan insurance for transactions under \$10 million, with much less paperwork required than for other programs. The U.S.-based bank will disburse to the U.S. exporter. Since the lines are pre-approved and individual transactions do not require Ex-Im Bank's review, the process can move very quickly. Ex-Im Bank's standard guarantee coverage is available: 100% of principal and interest for up to 85% of the U.S. export value, plus Ex-Im Bank's exposure fee, if financed. The buyer must make a 15% cash payment to the exporter outside of the CGF Program: <http://www.exim.gov>.

The **U.S. Trade and Development Agency (USTDA)** facilitates partnerships between American companies and infrastructure and industrial project sponsors in Latin America through the funding of project planning assistance. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. These activities are designed to involve American companies on the “ground floor” of projects: <http://www.ustda.gov> .

The **Millennium Challenge Corporation (MCC)** and the Government of El Salvador on signed a \$365.2 million investment Compact with El Salvador on September 30, 2014. This Compact seeks to stimulate more investment and to prioritize and implement reforms needed to increase the effectiveness of key regulations and institutions. The compact also aims to improve the quality of education and skills development for Salvadoran students, thus increasing the labor productivity of future workers. Lastly, it will improve critical portions of the logistical corridor at the border crossing with Honduras at El Amatillo and a section connecting Zacatecoluca with El Salvador’s international airport. For additional information, companies are encouraged to consult the MCC [www.mcc.gov](http://www.mcc.gov) or contact the MCC’s resident country mission in El Salvador at Tel: (503) 2501-2498.

The **U.S. Small Business Administration (SBA)** helps Americans start, build, and grow businesses through an extensive network of field offices and partnerships with public and private organizations. SBA’s Export Working Capital Program (EWCP) loans are targeted to businesses that are able to generate export sales and need additional working capital to support these sales. The SBA Export Express program provides exporters and lenders a streamlined method to obtain SBA backed-financing for loans and lines of credit up to \$250,000. Lenders use their own credit decision process and loan documentation; exporters get access to their funds faster. The SBA provides an expedited eligibility review and provides a response in less than 24 hours: <http://www.sba.gov/oit>.

The **Multilateral Development Banks (World Bank, Inter-American Development Bank)** lends billions of dollars to developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure. The U.S. Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank, to help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank (<http://export.gov/worldbank>) and to the Inter-American Development Bank (<http://export.gov/idb>).

The **Financial System to Promote Development** began operating in January 2012 to offer credit to activities that do not have high profitability and that are not attractive to commercial banks. The system is administered by the Development Bank of El Salvador (BANDESAL) and the funds that it administers: Economic Development Fund (FDE), and Guarantee Salvadoran Fund (FSG). The initial capital is \$300 million. The bank will function both as a first-tier bank and as a second-tier bank. Interest rates may vary between 6% and 7%.

The **Central American Bank for Economic Integration (CABEI)** offers financial assistance to Central American governments for social, education, economic development, and health projects. The bank also offers credit lines (through a local private bank) to the private sector, including the micro-, small- and medium-sized enterprises. <http://www.bcie.org/english/index.php>.

## Web Resources

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Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

Overseas Private Investment Corporation (OPIC): <http://www.opic.gov>

Millennium Challenge Corporation: <http://www.mcc.gov/>

U.S. Trade and Development Agency: <http://www.ustda.gov/>

Small Business Administration (SBA) Office of International Trade:  
<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation:  
<https://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>

U.S. Agency for International Development: <http://www.usaid.gov>

Development Bank of El Salvador: <http://www.bandesal.gob.sv>

El Salvador's Financial System Superintendence: <http://www.ssf.gob.sv/>

Salvadoran Banking Association: <http://www.abansa.org.sv/>

## Chapter 8: Business Travel

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### Business Customs

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El Salvador and the United States share strong business ties which provide Salvadorans a high level of comfort in doing business with the U.S. Companies. Much like the rest of Latin America, in El Salvador business is conducted after a relationship has been established. Spending time forming a personal connection before jumping into business discussions is highly recommended. Spanish is the official language and travelers should hire a Spanish-speaking interpreter for business meetings.

The business dress code in El Salvador is conservative. A lightweight suit is the most appropriate attire for business meetings. Expect to shake hands before and after your meeting, and do not use a person's first name until a relationship has been solidified. Salvadorans commonly use titles such as Licenciado (meaning a college graduate), Ingeniero (engineering graduate), or Doctor (used both for physicians and lawyers). These are followed by the person's last name. Business cards are used and it is important to exchange business cards during a first meeting. It is helpful to have a supply of business cards printed in Spanish. Breakfast meetings are common and begin around 7:30 a.m. Lunches and dinners can be lengthy (2-3 hours). Dinners start late by U.S. standards, frequently at 8:00 p.m. Lunch is usually at 12:30 p.m.

### Currency

The legal currency in El Salvador is the U.S. Dollar.

Credit cards are accepted by most stores and restaurants in the main cities, especially those in shopping centers. Visa is the most widely accepted card followed by Master Card and American Express. In most stores you will be asked to show an ID card when paying with a credit card.

ATMs are located in shopping centers, major hotels, supermarkets and inside or outside banks.

There is a 13% Value Added Tax (IVA) on all purchases, which is included in most prices. A 10% tip is usually included in the invoice of restaurants.

The Department of State warns U.S. citizens to exercise caution when traveling to El Salvador because of the high crime rate. For the most updated travel information contact: Bureau of Consular Affairs, Office of Overseas Citizen Services (CA/OCS) at 1-888-407-4747, from overseas: (202) 501-4444, or the El Salvador Desk, U.S. Department of State, Phone: (202) 647-3505. The Department of State Bureau of Consular Affairs website is [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1109.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1109.html), and offers e-mail safety information updates. Also, the Travel Advisory Service of the Department of State can provide information for any travel warnings on traveling to foreign countries. For recorded information contact Tel: (202) 647-5225.

In case of an emergency, the American Citizen Services (ACS) Unit in El Salvador is open every business day from 8:15 a.m. until 11:30 a.m. with the exception of U.S. and Salvadoran holidays and the first Friday of each month. If you need assistance for emergencies during normal business hours, please call the American Citizens Services (ACS) Unit by phone at (503) 2501-2628. From the United States you may also dial (301) 985-8840 ext. 2628 (regular toll charges apply).

For recorded information about ACS services, please dial (503) 2501-2600, or e-mail at [acssansal@state.gov](mailto:acssansal@state.gov).

For after-hour emergencies, you may call (503) 2501-9999. This phone number is ONLY for assistance in an emergency directly affecting a U.S. Citizen in El Salvador. Examples of emergencies include: death, arrest, missing persons, and child abduction.

The American Citizen Services (ACS) Unit does not handle visas or immigration information requests.

### **Security Threat Information**

The threat against Americans from political activity is considered low. The threat from criminal elements is critical. Random, violent crime is endemic throughout the country. Armed street robberies, carjacking, kidnapping for ransom, sexual assaults and residential burglaries threaten those living in El Salvador. US citizens or official travelers have not been singled out, but are subject to the same threat as all other people in El Salvador. Consider scheduling flights to arrive during daylight. Traveling on the roads after dusk is dangerous for security and traffic safety reasons.

Travelers should be aware that the downtown area of San Salvador, along with other urban areas in the country, is significantly less safe than the west side of the capital. Visitors are strongly advised to exercise caution while in the vicinity of your hotel, particularly at night. Travel to rural areas should be undertaken with caution. Mountain roads and poorly maintained vehicles are a danger to travelers. Highway robberies and other violence are real threats. Public transportation, especially buses, both within and outside the capital, is risky and not recommended. Use radio dispatched taxis or those stationed in front of hotels.

Individuals entering El Salvador on U.S. diplomatic, official or tourist passports are not required to obtain a Salvadoran visa prior to entering the country. However, holders of tourist passports should expect to pay a \$10.00 fee at the port of entry. Official and diplomatic passport holders are exempt. The passport must be valid for at least six months.

Individuals possessing a passport from a country other than the United States should look up that country's visa requirements. Please check the following web page: <http://www.migracion.gob.sv/index.php/temas/tramites-para-extranjeros/ingreso-de-extranjeros-a-el-salvador>

### **Immigration, Customs and Quarantine**

Imports of certain high-caliber firearms are prohibited. Any exception to this rule MUST be approved in advance of arrival by the Salvadoran authorities, i.e. arms for personal defense or hunting may be imported, but are strictly controlled by the police and Ministry of Defense, based on a special law that also controls sales to public and private security companies.

The importation or possession of other firearms or ammunitions while traveling to or while in El Salvador is prohibited. Travelers in possession of any firearm or ammunition are subject to arrest/detainment by Salvadoran authorities.

Approval to carry a firearm on a flight from airlines departing the U.S. to El Salvador does not constitute approval from the Government of El Salvador to bear a firearm while in El Salvador.

For Salvadoran Consular Services you may find information at: <http://www.rree.gob.sv/index.php/servicios/guia/guia-ciudadano/servicios-consulares>

The departure fee is \$37.13. This is included in the airline ticket price. Bearers of diplomatic passports are exempt from this departure fee. Travelers leaving by land do not pay exit taxes.

### **Visas to the U.S.**

U.S. companies that require travel of foreign business persons the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links:

State Department Visa Website: [http://travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)

U.S. Embassy in El Salvador - Consular Section Website: <http://sansalvador.usembassy.gov/visas.html>

## **Interview Waiver Program for Non-Immigrant applicants to the United States**

The Consular Section of the U.S. Embassy in San Salvador, El Salvador, has instituted an Interview Waiver Program for qualifying individuals renewing visas (B1/B2), for certain minors under the age of 14, and for most applicants over the age of 79. This program is designed to reduce wait times and facilitate the visa application process for proven travelers. Qualifying applicants will be able to schedule a special appointment and will only be required to appear at the Embassy to submit their application and fingerprints, and they will no longer have to wait for an interview with a Consular Officer.

In general, applicants who qualify for this program must fall into one of the following categories:

1. Applicants renewing a tourist visa that expired in the last 48 months, or is still valid.
2. Applicants under the age of 14 whose parents hold valid visas.
3. Applicants over the age of 79.

For first category, the B1/B2 visa must have expired in the past 48 months, been issued in San Salvador and issued to the fullest validity possible (10 years for an adult or 5 years if issued to a minor). Applicants must not have had a visa refused after the original visa was issued.

To apply for a child under age 14, the parents must bring a photocopy of the child's birth certificate as well as photocopies of their valid B1/B2 visas. In the case of single parents, the custodial parent must present evidence that they have sole custody of the child. The day of the consular appointment, children in this category will not be required to appear at the Embassy.

Qualified applicants can schedule a special appointment via the website: ([www.ustraveldocs.com/sv](http://www.ustraveldocs.com/sv)) or the call center (2113-3122). All applicants, including those qualifying for an interview waiver, must still complete the online application (DS-160), pay the visa fee (\$160), and schedule an appointment to drop off the required documents and passport. Qualifying applicants will no longer have to wait to be interviewed by a consular officer; however, the Consular Section reminds applicants that the Consular Officer maintains the right to call any applicant for a personal interview if required. More information can be found on our website: [www.ustraveldocs.com/sv](http://www.ustraveldocs.com/sv)

### **Telecommunications**

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The Electricity and Telecommunications Regulator (SIGET) reported that El Salvador has 969,515 active fixed phone lines and 9,414,683 mobile phones. An estimated 309,007 people subscribe to internet service. The postal service system does not meet international standards; however there are many private courier services, such as DHL, FedEx, and UPS, operating in the market.

For the most current telecommunications indicators of the country, one can obtain the latest report issued by SIGET containing statistical information grouped by its main areas (Land lines, Mobile and other services like Internet, Charges and Tariffs). [http://www.siget.gob.sv/images/documentos/telecomunicaciones/Indicadores/Publicacion\\_Indicadores\\_Trimestre%20I%202014.pdf](http://www.siget.gob.sv/images/documentos/telecomunicaciones/Indicadores/Publicacion_Indicadores_Trimestre%20I%202014.pdf)

Telecommunication companies that provide fixed phone line service:

- CTE, S.A. de C.V.
- Telefónica Móviles El Salvador, S.A. de C.V.
- GCA Telecom, S.A. de C.V. (GCA)
- El Salvador Network, S.A. (SALNET)
- Telemovil El Salvador, S.A. (TIGO)
- Telecomunicaciones de America (TELECAM)
- CTE Telecom Personal (CLARO)
- I.P. Holding's S.A de C.V.
- RED 4G, S.A. de C.V.
- Digicel, S.A. de C.V.

Providers of Mobile service:

- CTE Telecom Personal (CLARO)
- Digicel, S.A. de C.V.
- Telemovil El Salvador, S.A. (TIGO)
- Telefónica Móviles El Salvador, S.A. de C.V.
- Intelfon, S.A. de C.V. (RED)

Providers of cable and satellite service:

- CTE Telecom Personal (CLARO)
- Telemovil El Salvador, S.A. (TIGO)
- SKY

Mobile phone providers offer roaming service. In order to avoid high roaming charges, consider purchasing a pre-paid SIM card from any of the major cell phone providers (Tigo, Movistar, Claro and Digicel). An ID card or passport is required to purchase a SIM card. There is GSM coverage in most of the country and 3G in the main cities.

## Transportation

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U.S. airlines with international flights to El Salvador include: American Airlines, United Airlines, Delta, and Spirit. The Colombian airline Avianca has direct flights to and from main cities in the United States and El Salvador serves as their regional hub.

Most hotels offer airport shuttle services for their guests at rates ranging from \$25 - \$45 for a one-way trip.

Taxi services, normally provided within the perimeter of deluxe hotels, are reliable. Take official taxis such as Acacya, etc. Public transit bus service is not recommended.

Renting a car in El Salvador is an option. However, car accidents are the most common causes of serious injury. Avoid driving at night, plan alternative routes, and use seat belts.

## Language

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Spanish is the official language. English is spoken in business circles. Business travelers should hire a Spanish-speaking interpreter for meetings.

<http://export.gov/elsalvador/businessserviceproviders/index.asp>

Travelers can check the latest health information with the Centers for Disease Control and Prevention, 1600 Clifton Rd. Atlanta, GA 30333, USA. 800-CDC-INFO (800-232-4636) TTY: (888) 232-6348, 24 Hours/Every Day. The hotline at 877-FYI-TRIP (877-394-8747) and website at <http://www.cdc.gov/travel> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled Health Information for International Travel (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, and Telephone: (202) 512-1800.

Following are some useful health hints while you are in El Salvador:

- Most well-known restaurants in El Salvador serve safe food and beverages, but lettuce, cabbage, and other uncooked ground vegetables should not be eaten, as there is a very high risk of bacterial dysentery and parasitic infection from these food items.
- As in any part of the world, common sense must prevail. Hot food should be eaten hot and cold food should be eaten cold.
- Meat, pork, and chicken should be well cooked.
- Bottled drinks are considered safe. Tap water is not potable. Commercially available water bottled in El Salvador from the Agua Cristal plant has been judged safe for consumption, however, be sure the heat-molded seal on the bottleneck has not been broken.
- All the reputable restaurants in El Salvador use ice made from bottled water and it is considered safe. Contrary to notices occasionally posted in some hotels, water from spigots and other non-bottled sources is not safe to drink.
- Insect repellent should be used liberally when outdoors. There has been a sharp rise in the occurrence of dengue fever in Central America.

### **Yellow Fever Immigration Requirement for El Salvador Entry/Exit**

All Salvadorans or foreigners traveling to/from the African continent, or certain countries in South America, must show proof of vaccination against yellow fever. The vaccination must have occurred 10 days prior to the exit from, or entry to, El Salvador.

Travelers going to, or coming from, the following countries/regions will be affected: Bolivia, Brazil, Colombia, Ecuador, French Guiana, Paraguay, Peru, Venezuela and the continent of Africa.

The government of El Salvador now requires all passengers coming from Panama to have a yellow-fever vaccination at least 10 days prior to entering El Salvador. The requirement does not affect travelers who are transiting El Salvador. The U.S. Embassy encourages all travelers to ensure they meet all immigration requirements before traveling. For further information on the requirement, please contact the Salvadoran Immigration Office:

## Dirección General de Migración y Extranjería (DGME)

Centro de Gobierno. 9ª Calle Poniente y final 15 Avenida Norte  
Edificio Ministerio de Gobernación, Centro de Gobierno, San Salvador, El Salvador  
Tel.: (503) 2526-3000 or (503) 2213-7800  
Website: <http://www.migracion.gob.sv/index.php/contactenos/consultas-para-extranjeros>  
E mail: [atencion.usuarios@seguridad.gob.sv](mailto:atencion.usuarios@seguridad.gob.sv)

## Chikungunya and Dengue

Chikungunya and Dengue are present in El Salvador. Most common symptoms include: fever, rash, severe headache, joint pain, and muscle or bone pain. Prevention is important as there are no specific treatments for Chikungunya or Dengue and vaccines are still in the developmental phase. It is recommended to use repellents, cover exposed skin, and sleep in screened or air conditioned rooms. The *Aedes* mosquitos that carry these illnesses are primarily day biting and often live in homes and hotel rooms especially under beds, in bathrooms and closets. Malaria is now uncommon in El Salvador but travelers to rural areas in the departments of Ahuachapán, Santa Ana, and La Unión should be aware of the potential for infection *Plasmodium vivax*. For further information on Yellow Fever, Dengue and Chikungunya, please visit the Centers for Disease Control and Prevention website at: <http://wwwnc.cdc.gov/travel/diseases>

## Medical Services

Although many physicians in El Salvador are highly trained, hospital emergency rooms and clinics are generally not equipped and maintained to U.S. standards. Hospitals and community physicians require payment of cash for all services. Travelers should arrange for medical evacuation prior to arrival. Refer to medical providers at: <http://export.gov/elsalvador/businessserviceproviders/index.asp>

For further information on vaccinations in El Salvador, please contact the Ministry of Health:

### Ministerio de Salud

Calle Arce # 827, San Salvador, El Salvador  
Tel.: (503) 2221-1001 or (503) 2205-7219  
Website: <http://www.salud.gob.sv/>

## Local Time, Business Hours, and Holidays

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Standard time zone: UTC/CMT –6 hours. El Salvador does not follow daylight savings time. For the current time, go to: <http://www.timeanddate.com/worldclock/city.html?n=228>. Working hours in the private sector usually are from 8:00 am to 5:30 pm and in the government sector from 7:30 am to 3:30 pm.

Holidays observed in El Salvador:

January 1	New Year's Day
March 30 to April 3*	Holy Week (Semana Santa)
May 1	Labor Day
June 17	Father's Day
August 3-6*	Feast of San Salvador (Agostinos)
September 15	Independence Day
November 2	All Soul's Day
December 25*	Christmas Day

\* Salvadoran government offices remain closed for an entire week during Holy Week, Feast of San Salvador Holidays (early August), and between Christmas and New Year's Eve. Many offices are closed during the period from December 15 to the end of the first week in January. U.S. firms should not visit the country for business purposes during these time periods.

### **Climate**

The climate in San Salvador is suitable for summer clothing year round, with an occasional need for a sweater in the evening in December and January.

### **Temporary Entry of Materials and Personal Belongings**

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Customs may authorize temporary entry of foreign merchandise with temporary or partial suspension of duties for specific purposes under the condition that they are re-exported within the time authorized and without any modification.

Those who plan to live and work in El Salvador for an extended period will need to obtain temporary residency, renewed periodically depending on the amount of time granted in the residency permit. Under Article 11 of the Investment Law, foreign investors with investments equal to or more than 4,000 minimum monthly wages, have the right to receive "Investor's Residence" permitting them to work and stay in the country. Such residency can be requested within 30 days after the investment has been registered. The residency permit covers the investor and family and is issued for one year, subject to extension on a yearly basis. There are few restrictions on the professional and technical jobs that can be held by foreigners.

American investors seeking permanent residence in El Salvador or interested in a multiple entry visa, should review requirements and fees at the Direction of Commerce and Investment (DCI) of the Ministry of Economy, website:

<http://servicios.minec.gob.sv/oni/html/proceso/tramitesMigratoriosEspanol.html>

### **Web Resources**

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Ministry of Tourism in El Salvador (MITUR) and CORSATUR:

<http://www.elsalvador.travel/en>

Ministry of Foreign Relations: <http://www.rree.gob.sv>

Salvadoran Restaurants Association:

<http://www.restaurantesdeelsalvador.com/index.php>

Commerce and Investment Direction/ Ministry of Economy:

<http://servicios.minec.gob.sv/oni/main.html>

Salvadoran Immigration Office: <http://www.migracion.gob.sv>

SIGET

<http://www.siget.gob.sv/index.php/temas/telecomunicaciones/estadisticas/indicadores>

## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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#### U. S. Commercial Service San Salvador

Ms. Aileen Nandi, Regional Senior Commercial Officer  
E-mail: [Aileen.Nandi@trade.gov](mailto:Aileen.Nandi@trade.gov)

Ms. Laura Gimenez, Commercial Officer  
E-mail : [Laura.Gimenez@trade.gov](mailto:Laura.Gimenez@trade.gov)

Boulevard Santa Elena Sur,  
Antiguo Cuscatlán, La Libertad, El Salvador  
Tel: (503) 2501-2999 ext. 3211 or (503) 2501-3211; Fax: (503) 2501-3067  
Web: <http://export.gov/elsalvador>

#### Global Markets – Washington D.C.

Ms. Julie Anglin, Desk Officer  
International Trade Administration (ITA)  
U.S. Department of Commerce  
1401 Constitution Ave NW  
Washington, DC 20230  
E-mail: [julie.anglin@trade.gov](mailto:julie.anglin@trade.gov)  
Tel: (202) 482-0704; Fax: (202) 482-5865  
Web: <http://www.trade.gov/mac>

#### Country Government Agencies

##### Ministry of Economy

Mr. Tharsis Salomon Lopez, Minister  
Complejo Plan Maestro  
Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel: (503) 2590-5283; Fax: (503) 2590-5810  
Web: <http://www.minec.gob.sv>

**Ministry of Public Works**

Mr. Gerson Martínez, Minister  
Km. 5 Calle a Santa Tecla, Plantel DUA / La Lechuza  
San Salvador, El Salvador, C.A.  
Tel: (503) 2528-3085 / 02; Fax: (503) 2528-3065  
Web: <http://www.mop.gob.sv>

**Ministry of Finance**

Mr. Carlos Enrique Cáceres Chávez, Minister  
Edificio Los Cerezos  
Blvd. Los Héroes  
San Salvador, El Salvador, C.A.  
Tel: (503) 2244-3002 / 03; Fax (503) 2225-7491  
Web: <http://www.mh.gob.sv>

**Ministry of Health**

Ms. Elvia Violeta Menjivar, Minister  
Calle Arce No. 827  
San Salvador, El Salvador, C.A.  
Tel: (503) 2222-8235; Fax: (503) 2221-0985  
Web: <http://www.salud.gob.sv/>

**Ministry of Agriculture & Livestock**

Mr. Orestes Ortez, Minister  
Final 1a Av. Norte y Av. Manuel Gallardo  
Santa Tecla, La Libertad, El Salvador, C.A.  
Tel: (503) 2210-1745 / 1700; Fax: (503) 2534-9850  
Web: <http://www.maq.gob.sv>

**Ministry of Environment**

Ms. Lina Pohl, Minister  
Kilómetro 5 ½ Carretera a Santa Tecla, Calle y Colonia Las Mercedes,  
Edificio MARN (anexo al edificio ISTA) No. 2  
San Salvador, El Salvador, C.A.  
Tel: (503) 2132-9418/21; Fax: (503) 2132-9420  
Web: <http://www.marn.gob.sv>

**Ministry of Foreign Relations**

Mr. Hugo Roger Martinez, Minister  
Calle El Pedregal Blvd. Cancillería  
500 metros al PTE. del Campus 2 de U Matías Delgado,  
San Salvador, El Salvador, C.A.  
Tel: (503) 2231-2929/03 2289-3633; Fax: (503) 2278-1025  
Web: <http://www.rree.gob.sv>

**Ministry of Governance**

Mr. Ramon Aristides Valencia, Minister  
Final 15 Av. NTE y 9a calle PTE. Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel: (503) 2527-7984; Fax: (503) 2221-6387  
Web: <http://www.gobernacion.gob.sv>

**Ministry of Public Security and Justice**

Mr. Benito Lara Fernandez, Minister  
Complejo Plan Maestro Edif. B 1, 1a planta Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel: (503) 2526-3083/4; Fax: (503) 2281-5959  
Web: <http://www.seguridad.gob.sv>

**Ministry of Tourism**

Mr. José Napoleón Duarte Durán, Minister  
Edificio Carbonell # 1 Col. Roma  
Alameda Dr. Manuel Enrique Araujo y Pasaje Carbonell  
San Salvador, El Salvador, C.A.  
Tel: (503) 2243-7835; Fax: (503) 2223-6120  
Web: <http://www.elsalvador.travel/en>

**Ministry of Labor and Social Welfare**

Ms. Sandra Guevara Perez, Minister  
Alameda Juan Pablo II y 17 Avenida Norte, Plan Maestro Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel: (503) 2529-3773; Fax (503) 2529-3782  
Web: <http://www.mtps.gob.sv/>

**Ministry of Defense**

General David Munguia Payes, Minister  
Carretera a Santa Tecla Km 5 ½  
San Salvador, El Salvador, C.A.  
Tel: (503) 2250-0021; Fax: (503) 2298-2005  
Web: <http://www.fuerzaarmada.gob.sv>

**Ministry of Education**

Mr. Carlos Mauricio Canjura, Minister  
Alameda Juan Pablo II Edificios A 1, Plan Maestro, Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel: (503) 2592-4022; Fax (503) 2281-0257  
Web: <http://www.mined.gob.sv/>

**Civil Aviation Authority**

Mr. Rene Roberto Lopez Morales, Executive Director  
Km 9 1/2 Boulevard del Ejercito Nacional, Aeropuerto Ilopango  
San Salvador, El Salvador, C.A.  
Tel: (503) 2565-4404;  
Web: <http://www.aac.gob.sv>

**Vice Ministry of Transportation**

Mr. Nelson Napoleón García Rodríguez, Vice Minister  
Km 9.5 carretera al Puerto de La Libertad #100  
Santa Tecla, El Salvador, C.A.  
Tel: (503) 2133-3602; Fax: (503) 2133-3611  
Web: [www.vmt.gob.sv](http://www.vmt.gob.sv)

**Central Reserve Bank**

Mrs. Oscar Ovidio Cabrera Melgar, President  
Alameda Juan Pablo II y 17 Av. Norte  
San Salvador, El Salvador, C.A.  
Tel: (503) 2281-8402; Fax: (503) 2281-8401  
Web: <http://www.bcr.gob.sv>

**Comisión Ejecutiva Portuaria Autónoma (CEPA) (Port and Airport Administration)**

Mr. Nelson Edgardo Vanegas Rodríguez, President  
Boulevard Los Héroes, Edificio Torre Roble, Metrocentro  
San Salvador, El Salvador, C.A.  
Tel: (503) 2260-3320 Fax: (503) 2249-1380  
Web: <http://www.cepa.gob.sv>

**Comisión Ejecutiva Hidroeléctrica del Río Lempa (CEL)**

(Hydroelectric Executive Commission)  
Mr. David Antonio Lopez Villafuerte, President  
9a Calle PTE. No. 950 Entre 15 y 17 Av. NTE. Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel: (503) 2211-6011; Fax: (503) 2211-6232  
Web: <http://www.cel.gob.sv>

**Administración Nacional de Acueductos y Alcantarillados (ANDA)**

(Water & Sewage Autonomous Administration)  
Mr. Marco Antonio Fortín, President  
Avenida Don Bosco Colonia Libertad Edificio ANDA.  
Costado Norte Universidad Nacional. San Salvador.  
Tel: (503) 2247-2700; Fax: (503) 2247-2571  
Web: <http://www.anda.gob.sv/>

**Dirección Nacional de Medicamentos (National Medicine Directorate)**

Mr. José Vicente Coto, Director  
Edificio DNM Nivel 4 y 5, Merliot  
Santa Tecla, El Salvador, C.A.  
Tel: 2247-6000 Fax: N/A  
Web: <http://www.medicamentos.gob.sv/>

**Agencia de Promoción de Inversiones y Exportaciones – PROESA**

(National Investment & Export Promotion Agency)  
Mr. William Granadino, President  
Edificio D'Corra, Primer Nivel, Boulevard Orden de Malta,  
Urb. Santa Elena, Antiguo Cuscatlán, La Libertad, El Salvador, C.A.  
Tel: (503) 2241-6400; Fax: (503) 2241-6497  
Web: <http://www.proesa.gob.sv/>

**Defensoría del Consumidor** (Consumer Protection Agency)

Mrs. Yanci Guadalupe Urbina González, President

Calle Circunvalación # 20, Plan de La Laguna

Antiguo Cuscatlán, La Libertad

El Salvador, C.A.

Tel: (503) 2526-9004

Web: <http://www.defensoria.gob.sv>

**Country Trade Associations/Chambers of Commerce**

**American Chamber of Commerce of El Salvador (AMCHAM)**

Mrs. Claudia de Ibáñez, President

Ms. Carmen Aida Muñoz, Executive Director

Edificio World Trade Center, Torre 2 Nivel 3

San Salvador, El Salvador, C.A.

Tel: (503) 2263-9494; Fax: (503) 2263-9393

Web: <http://www.amchamsal.com>

**Cámara Salvadoreña de Tecnologías de Información y Comunicaciones (CASATIC)**

Mr. Juan Francisco Martínez, President

Iris Palma, Executive Director

Calle Lorena y Calle Roma #170, San Salvador

San Salvador, El Salvador

Tel. (503) 2343-4229

Web: <http://www.casatic.org.sv/>

**Asociación de Distribuidores de El Salvador (ADES)**

(Distributors' Association of El Salvador)

Mr. Rodrigo Zablah, President

Plaza Suiza, 3ra. Planta, Local LC-5

San Salvador, El Salvador, C.A.

Tel: (503) 2223-6574; Fax: (503) 2245-3359

Web: <http://www.ades.org.sv>

**Asociación Nacional de la Empresa Privada (ANEP)**

(National Association for Private Enterprise)

Mr. Jorge Daboub, President

Boulevard del Hipódromo # 542 Col. San Benito

San Salvador, El Salvador, C.A.

Tel: (503) 2209-8300; Fax: (503) 2209-8317

Web: <http://www.anep.org.sv>

**Asociación Salvadoreña de Distribuidores de Materiales de Construcción (ASDEMAC)**

(Construction Materials Distributors Association)

Mr. Alejandro Marroquín, President

4ª Calle Poniente y 13ª Ave. Sur # 807 2ª Planta local #4

San Salvador, El Salvador, C.A.

Tel: (503) 2264-4390; Fax: (503) 2222-3524

Web: N/A

**Asociación Salvadoreña de Empresarios del Transporte de Carga (ASETCA)**  
(Cargo Transportation Association)  
Mr. Nelson Vanegas, President  
11 Av. Sur (Avenida José Zablah Touche) Colonia Utila Casa No 3-4, Santa Tecla, La Libertad, El Salvador, C.A.  
Tel.: (503) 6134 4236  
Web: N/A

**Asociación Salvadoreña de Industriales (ASI)**  
(Salvadoran Industrial Association)  
Mr. Javier Simán, President  
Calles Roma y Liverpool, Colonia Roma  
San Salvador, El Salvador, C.A.  
Tel: (503) 2279-2488; Fax: (503) 2267-9251  
Web: <http://industriaelsalvador.com/>

**Asociación Salvadoreña de Importadores de Repuestos Automotrices (ASIRA)**  
(Auto-Parts Importers Association)  
Mr. David Ramón Canahuati, President  
Condominio Monte María, Edif. C 1-1 1a C. PTE. # 2904  
San Salvador, El Salvador, C.A.  
Tel: (503) 2260-5327; Fax: (503) 2261-1803  
Web: N/A

**Cámara Agropecuaria y Agroindustria de El Salvador (CAMAGRO)**  
(Salvadoran Chamber of Agriculture and Agribusiness)  
Mr. José Agustín Martínez, President  
Calle la Ceiba #171, Colonia Escalon ,  
San Salvador, El Salvador, C.A.  
Tel: (503) 2264-4622/23/24; Fax: (503) 2263-9448  
Web: N/A [milagrogonzalex@gamagro.com.sv](mailto:milagrogonzalex@gamagro.com.sv)

**Cámara de Comercio e Industria de El Salvador**  
(Salvadoran Chamber of Commerce and Industry)  
Mr. Luis Cardenal, President  
9a. Avenida Norte y 5a. Calle Poniente  
San Salvador, El Salvador, C.A.  
Tel: (503) 2231-3000; Fax: (503) 2271-4461  
Web: <http://www.camarasal.com/>

**Cámara Salvadoreña de la Industria de la Construcción (CASALCO)**  
(Salvadoran Chamber of the Construction Industry)  
Mr. Carlos José Guerrero, President  
Paseo General Escalón No. 4834, Col. Escalón  
San Salvador, El Salvador, C.A.  
Tel: (503) 2510-1200; Fax: (503) 2510-1225  
Web: <http://www.casalco.org.sv>

## **Cámara de la Industria Textil y Confección de El Salvador (CAMTEX)**

(Chamber of Textile and Apparel Industry)

Mr. José Antonio Escobar, President  
Edificio ASI, Tercera Planta  
San Salvador, El Salvador, C.A.  
Tel: (503) 2267-9243; Fax: (503) 2298-3508  
Web: <http://www.camtex.com.sv>

## **Corporación de Exportadores de El Salvador (COEXPORT)**

(Exporters Corporation)

Mr. Pablo Arturo Durán Castro, President  
Av. La Capilla # 359 A Col. San Benito

San Salvador, El Salvador, C.A.  
Tel: (503) 2212-0200; Fax: (503) 2243-3159  
Web: <http://www.coexport.com.sv/>

## **Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES)**

(Social and Economic Development Think Tank)

Mr. Francisco de Sola, President  
Edificio FUSADES  
Blvd. y Urb. Santa Elena  
Antiguo Cuscatlán, La Libertad, El Salvador, C.A.  
Tel: (503) 2278-3366; Fax: (503) 2278-3356  
Web: <http://www.fusades.org/>

## **Fundación Empresarial para la Acción Social (FUNDEMÁS)**

(Business Foundation for Social Action- CSR Organization)

Mrs. Elena María de Alfaro, President  
Edificio FEPADE/ISEADE, Calle El Pedregal,  
Antiguo Cuscatlán, La Libertad, El Salvador, C.A.  
Tel: (503) 2212-1799; Fax: (503) 2212-1798  
Web: <http://www.fundemas.org>

## **Market Research**

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To view market research reports produced by the U.S. Commercial Service visit: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required and is free.

## **Trade Events**

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Please click on the link below for information on upcoming trade events.  
<http://www.export.gov/tradeevents/index.asp>

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## Chapter 10: Guide to Our Services

- [SelectUSA](#)
- [National Export Initiative](#)

### SelectUSA

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

**Ombudsman Services:** SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

**Investment Advocacy:** U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

**Promotional Platform:** SelectUSA brings the power of the “USA” brand to high-profile events, such as the annual Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

**Note:** SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:

<http://selectusa.commerce.gov/>

### **National Export Initiative**

The President's National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information about services provided in El Salvador, please see the following:

<http://www.export.gov/elsalvador/servicesforu.s.companies/>.

**To the best of our knowledge, the information contained in this report is accurate as of the date published. However, The Department of Commerce does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. The Department of Commerce can assist companies in these endeavors.**