



## **Doing Business In El Salvador: A Country Commercial Guide for U.S. Companies**

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- [Chapter 1: Doing Business In ...](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

# Chapter 1: Doing Business In El Salvador

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

## Market Overview

[Return to top](#)

- The United States is El Salvador's leading trade partner enjoying a 50% import market share. The U.S. is the destination of 67% of Salvadoran exports.
- Central America and Mexico are other top bilateral trade partners.
- El Salvador looks to the U.S and is only a 2-3 hour flight from key U.S. gateways.
- Increased trade with the United States is central for further growth and development. El Salvador offers an outstanding platform for industrial and service investments aimed at re-exports to the region.
- The Government of El Salvador views private investment, both domestic and foreign, and increased trade as crucial to development.
- The government has a marginal role in the economy due to privatizations that began in 1990.
- El Salvador has the most open trade and investment environment in Central America and is surpassed in Latin America only by Chile and Mexico.
- The US dollar is the official currency. El Salvador enjoys excellent macroeconomic stability, low inflation, and falling interest rates.
- Per capita income has risen during the last decade. Consumer demand is fueled both by the increase in income and the massive inflow of remittances from Salvadorans living in the United States.
- The most outstanding feature of El Salvador's balance of payments is the country's dependence on remittances, by far the largest source of foreign income. In 2003, remittances reached \$2.1 billion -- 14% of GDP.
- The government's GDP growth forecast for a 2.5 to 3.5% expansion in 2004 is up from the 2% achieved in 2003, but still below the estimates for the country's potential growth rate.
- The U.S.-Central American Free Trade Agreement (CAFTA), was signed May 28<sup>th</sup>, 2004 and ratified by El Salvador's Congress in December 2004.
- El Salvador enjoys a democratically elected government and has an excellent relationship with the United States. Most Salvadorans view the United States favorably. More than 2 million Salvadorans live in the U.S.

## Market Challenges

[Return to top](#)

Like the rest of Central America, El Salvador offers an open market for U.S. goods and services. Tariffs are relatively low and will be reduced further with the ratification of

CAFTA. VAT rate is 13%. There are almost no import restrictions. Standards are similar to those in the U.S. and labeling and testing are not major issues. However, U.S. firms need to be aware of certain challenges including the following:

- The judicial system presents significant hurdles for U.S. companies. The system is very slow and favors national interests. Attempts at establishing commercial arbitration have not been supported by the government.
- IPR protection is in its early stages needs to be developed.
- The expiration of the Multi Fiber Arrangement (MFA) at the end of 2004 will cause dislocations and possibly disinvestments in El Salvador's textile maquiladora sector.
- El Salvador needs to address its anemic growth rate through programs to encourage new business in order to provide jobs and raise living standards.
- Under the electricity sector law approved in April 2003 the government can determine the retail price of electricity. This adversely affects potential investors in the sector.
- Although the National Civil Police force has improved, high levels of crime add measurably to the cost of business operations.
- Low levels of literacy and of English as a Second Language are long term drags on economic development.

## **Market Opportunities**

[Return to top](#)

El Salvador offers a steady and growing market for a wide range of U.S. goods and services. Best prospects include:

- Automotive Parts and Service Equipment
- Electric Power Generation and Distribution Equipment
- Food Processing and packaging Equipment
- Medical Equipment
- Telecommunication Equipment
- Textile Materials and Machinery

Major Projects Include:

- Cutulco Port construction and other projects related to a possible dry canal
  - Hydro-electric expansion
  - Regional electric grid interconnection
- Regional telecommunications interconnection

## **Market Entry Strategy**

[Return to top](#)

- The use of agents and distributors is the most common way to export products and services.
- One agent is sufficient as commercial activity is concentrated in the capital San Salvador and the size of the country does not usually justify regional agents.

- Agreements should be non-exclusive. An exclusive territorial contract is recommended only when the business relationship has proven to be stable, professional, and profitable for both parties.
- An exclusive agent is entitled to compensation for damages upon termination of the relationship. A local lawyer should be consulted.
- U.S. firms should check the bona fides of potential partners as soon as a business relationship begins to develop.

[Return to table of contents](#)

## **Chapter 2: Political and Economic Environment**

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

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

[Return to table of contents](#)

[Return to table of contents](#)

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

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

The use of agents and distributors is the most common way and a very effective means to market new products. For El Salvador one agent for the country is sufficient as commercial activity is concentrated in the capital San Salvador. An exclusive territorial contract is recommended only when the business relationship has proven to be stable, professional, and profitable for both parties. For first-time partners or new-to-market companies, an authorized distributor or an alternative to exclusive representation is recommended.

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. 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 any other type 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 sale or distribution of the merchandise or services due to the representative agent. Revealing confidential information by the representative agent that prejudices the distribution of the product is also grounds for termination.

If the principal should terminate, modify or not extend the representation, agency or distribution without having met any of the conditions specified in Art. 398 of the Commerce 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 is a key for success. For a nominal fee, the Commercial Section of the U.S. Embassy in El Salvador offers a range of services to help U.S. companies find potential partners, agents or distributors. U.S. firms interested in those services can request them from the nearest U.S. Department of Commerce District Office or visit the web page at <http://buyusa.gov/elsalvador>.

The local lawyer plays a critical role in providing in-depth analysis of the legal consequences of contracts or agreements with local partners, and other crucial issues. The attorney is also useful to U.S. companies wishing to participate in government tenders. As legal representative, the lawyer can obtain bid documents and forward them to the company in the United States. While the Embassy Commercial Section cannot recommend a specific attorney, it does provide a list of prominent lawyers in different business areas who can be employed to assist foreign companies.

## **Establishing an Office**

[Return to top](#)

The government of El Salvador's National Investment Office (ONI - Oficina Nacional de Inversiones) 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, whether it is a branch, agency, office, or joint venture. Hiring a local legal representative or attorney to work with ONI is recommended as a way to help ensure that all steps are completed. A brief description of the needed authorizations and licenses follows:

Once the U.S. investor has provided proof that his company is legally registered in the United States, the Superintendent of Business and Mercantile Corporations (Superintendencia de Empresas y Sociedades Mercantiles) grants authorization for commercial activity and establishes the minimum capital required for the business to begin operations. At present, this is approximately \$25,000.

Obtain an income and property clearance (this includes an income tax contributor number (numero de identificacion tributaria [NIT]) and a Value Added Tax (Impuesto de Valor Agregado [IVA]) collector number from the General Director of Internal Taxes (Direccion General de Impuestos Internos) at the Ministry of Finance (Ministerio de Hacienda).

Request a license at the Commerce Registry at the National Registry Center (Registro de Comercio en el Centro Nacional de Registros [CNR]) in the Commerce and Industry License Registry Department. All companies operating in El Salvador must prepare their accounting records in Spanish. For the issuance of the license, the Registry must approve the Spanish version of the accounting system. The names of the company's board of directors and administrative personnel must be provided to the Commerce Registry.

Obtain municipal services clearance from the municipality where the company and its facilities will be located and a certification that the firm is properly registered in the National Industrial and Commercial Establishments Directory at the General Director of Statistics and Census (Direccion General de Estadistica y Censos).

Once the Commerce Registry has issued the company's license, it must be published in a local newspaper. The Salvadoran government must certify the company's accountants and external auditors. Firms that sell or manufacture pharmaceuticals must obtain a permit from the Superior Council for Public Health (Consejo Superior de Salud Publica). The Council must also approve each of their pharmaceutical products as safe for sale in El Salvador. Companies in the banking and insurance sector that intend to collect deposits, manage investments, or receive payment for premiums or investment services are regulated by the Superintendent of the Financial System (Superintendencia del Sistema Financiero) and must register with this agency.

An environmental permit is required for all activities. This includes activities related to road infrastructure, activities at maritime ports, sewage system, mining, energy transmission, dams, water development, fishing industry, tourist industry, agro industries, urban construction and others listed in the environmental law.

## **Franchising**

[Return to top](#)

While U.S. franchises have been present in El Salvador for at least 30 years, they began to increase rapidly during the last eight years and this trend has accelerated. U.S. fast-food franchises (such as pizza, sub sandwiches, and hamburgers) have been the most successful. Despite the increasing number of used vehicles imported in recent years, automotive service franchises have not yet had much success in the market. Office supply franchises have also not been as successful as market conditions might indicate. The U.S. franchise Office Depot, however, opened two stores in 2003 so franchises in this sector may be gaining. U.S. franchises operating in El Salvador include hotel and car rental, auditing/accountancy, credit reports, mobile advertising and media marketing, print shop/one hour photo labs, beauty/hair salons, fitness centers, computer learning, child care/learning centers, video rental, and dry cleaning. A trademark protection law passed in 2002 improved protections of trademarks and distinctive signs to international standards. To get full protection, the trademarks must be registered at the Intellectual Property Registry at the National Registry Center. A longstanding dispute between a prominent U.S. franchise and its former franchisee suggests that enforcement of franchise contracts in the courts can be difficult, and we urge franchisers to develop their business cautiously and based on careful analysis of the business bona fides of their potential franchisees.

## **Direct Marketing**

[Return to top](#)

Privatization of telecommunications has greatly improved the possibilities for direct marketing by allowing telemarketing services and created new target audiences on cable television. The number of cellular phone and Internet users has dramatically increased. Reliable telecommunication services have allowed more use of fax communication features and e-mail. As a result, direct marketing is easier than before. Although the GOES is making efforts to upgrade its public mail system, the business sector normally uses local private delivery companies. Door-to-door sales by U.S. cosmetics and



household products firms, under-the-door-promotional flyers and direct-from-television sales are increasing, as is the use of e-mail for direct marketing.

## **Joint Ventures/Licensing**

[Return to top](#)

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.

Licensing is included in the Law for Trademarks and Other Distinctive Signs, approved in 2002, which raises protections for trademarks and distinctive signs to internationally-accepted standards and obliges national and foreign firms to register in the Commerce Registry and the Intellectual Property Registry. To have the exclusive right of exploitation of commercial names, trademark, any expression and/or advertising sign, including patents and industrial designs, an attorney or legal representative must register the trademark at:

Registro de Propiedad Intelectual  
Centro Nacional de Registros  
1a. Calle Poniente y 43 Ave. Norte No. 2310  
San Salvador, El Salvador  
Tel. (503) 260-8000  
Fax (503) 260-7916  
Web Page: <http://www.cnr.gob.sv>

Registration fees range from \$10.00 to around \$60.00

## **Selling to the Government**

[Return to top](#)

In April 2000, the GOES enacted a modern and transparent government procurement and contracting law, which increased the efficiency and transparency in public sector purchases and contracting procedures and helped to eliminate corruption.

For small government purchases, sellers should contact the procurement office in each ministry or autonomous institution, consult postings on the web pages of each institution, or for general information go to <http://www.mh.gob.sv/se/unac/consulta.jsp>. Generally, sellers need to speak Spanish to be successful. For purchases worth more than US\$10,000-20,000 dollars (depending on the ministry or agency), the government publishes a tender in the major newspapers and/or sends written notices to various embassies. Salvadoran law calls for civil engineering and construction projects that are financed by the Government of El Salvador's own funds to give preference to Salvadoran companies. This law is not a major trade barrier since most large projects receive aid or loans from international financial institutions, and therefore are open to

international bid including U.S. companies. Government tenders received by the U.S. Embassy are placed on the Department of Commerce's National Trade Data Bank or on-line Electronic Bulletin Board as "Foreign Government Tenders" or in the "Business Development" publication of the Inter-American Development Bank. While a WTO member, El Salvador has not signed the government procurement agreement.

## **Distribution and Sales Channels**

[Return to top](#)

Large distributors usually import most products, and large department stores import directly from manufacturers or exporters. The large distributors have well-established networks of buyers, but handle such a wide range of products that they often cannot dedicate the time and resources necessary to promote new or lesser-known products. Many well-known U.S. products are imported via distributors in El Salvador and not directly from the producer. As a result, many U.S. products gain name recognition before a formal supplier/distributor relationship is set up. Small retailers often travel to the U.S. to purchase and carry back products themselves. This is especially true for used vehicles and auto parts, clothing, jewelry, cosmetics, computers and certain household goods. Major distribution centers are located at free trade zones in order to export outside the Central American region. Imported containerized products enter via neighboring Atlantic ports in Guatemala and Honduras as well as through El Salvador's Pacific maritime port Acajutla. Air cargo comes through El Salvador's International Airport in Comalapa.

## **Selling Factors/Techniques**

[Return to top](#)

New consumer products are often introduced at a reception in an upscale hotel, together with a newspaper and billboard ad campaign. As competition increases, creative sales promotions such as contests, drawings, raffles, etc., 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 local practice for brand positioning. Shared budget for promotional campaigns and advertising is highly appreciated by local importer/distributor, and simple things such as the availability of brochures and other promotional materials in Spanish are very helpful 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. Each sector has its peculiarities and techniques; therefore the Commercial Section encourages U.S. companies to approach the Embassy for specific information.

Use of E-Mail and the Internet has made great advances in just the last year. The Chamber of Commerce and Industry reported that more than 90% of its members use E-Mail, up from slightly more than 50% of its members who had an e-mail address just a couple years before. About half now use the Internet to promote their businesses. The American Chamber of Commerce reports that almost all of its members have E-Mail, while only about 41% used the Internet to promote their business.

## Electronic Commerce

[Return to top](#)

Electronic commerce is still in an early stage. The American Chamber of Commerce helped draft a bill to promote and regulate e-commerce in El Salvador. The drafting of the laws contemplated best practices internationally, in trade, commerce and investment.

During the past two years the government has used the internet to facilitate information, promote commerce, reduce bureaucracy and to improve services to the public. For example: import/export documents can be now processed electronically through a system administered by Customs; trade data and economic indicators can be downloaded from the Central Bank; companies can register their supply and demand of product and services. Real estate will soon be registered electronically.

El Salvador has at least a dozen of internet providers. Internet accounts are estimated to number 112,500 and this is expected to increase due to the fact that the government is using the internet to make available to the public the large amount of information that it generates. As new telephone providers improve access to telephone lines in rural areas and provide better services in metropolitan areas additional internet growth will be seen.

The government is fostering the creation of infocenters to facilitate SME's access to information and e-commerce through the internet. On the private sector side, e-commerce efforts are being carried out by the electronic commerce division of the Salvadoran Chamber of Commerce and Industry. More and more companies have a presence in the internet but only few are doing business transactions involving payment with credit card.

Companies doing business through internet are: department store "Siman", <http://www.siman.com.sv>; virtual stores of art, crafts, books and music, <http://www.latienda.com.sv>;

## Trade Promotion and Advertising

[Return to top](#)

Advertising in El Salvador is mainly through TV, radio, newspapers, billboards and leaflets. Depending on the target market, nature of product, purpose of the message or marketing plan, advertising agencies will recommend the most appropriate media mix.

In terms of mass communication, the country has four VHF commercial television stations; channel 2, 4, 6 and 12, three of which are a conglomerate that reaches approximately 80% of the viewers. Five newspapers circulate in the country with an estimated daily circulation of 281,000. Four of these have Internet versions. Two of the newspapers are the leading dailies with nationwide coverage and about 75% of the total circulation. The main radio stations are located in the city of San Salvador. There are

approximately 200 FM radio stations in the country but only 20% broadcast nationwide. Statistics indicate that 70% of FM stations are music, 30% are news programs, commentary, religious, sports and/or educational. The American Chamber of Commerce, the Chamber of Commerce and Industry and the Salvadoran Association of Industry, as well as other trade organizations, circulate monthly and bi-monthly journals that accept advertising.

The leading Salvadoran newspapers with circulation over 90,000 each and nationwide distribution are: La Prensa Grafica, TEL. (503) 241-2364; FAX: (503) 241-2000; <http://www.laprensa.com.sv>; and El Diario de Hoy, TEL. (503) 271-0100; FAX: (503) 271-2040; <http://www.elsalvador.com>. Circulating mainly in the capital with about 30,000 daily: El Mundo, TEL. (503) 225-3300; FAX: (503) 225-3178; <http://www.elmundo.com.sv>; Mas, TEL. (503) 281-1477; FAX (503) 222-2046. The smallest is Co-Latino (estim. Circ. 14,000), TEL. (503) 271-1303; FAX (503) 271-0971; <http://www.diariocolatino.com>

The Fair authority (<http://www.xxiferia.fies.gob.sv>) organizes several exhibits and trade events on a regular basis. For company or brand promotion, the most known are the fashion, the automotive, and the biannual International Fair. The Catalog Show organized by the Salvadoran Chamber of Commerce and Industry (<http://www.camarasal.com>) every two years, catalyzes potential distributors for new to market companies. The Construction Chamber, CASALCO, (<http://www.casalco.org.sv>) holds an exhibit every two years, where new products and technology can be observed. The Distributors Association organizes the main food and beverage event for company or product promotion. <http://www.buyusa.gov/elsalvador/en/services.html>

## Pricing

[Return to top](#)

In general, there are no controls on prices in El Salvador. The exceptions are liquefied propane gas, public transport rates, and energy, which the government regulates. The government regulatory agency, the General Superintendent of Electricity and Telecommunications (SIGET), regulates electricity and telecommunications. Government ministries directly subsidize water services and establish the distribution service tariff. The Ministry of Economy closely monitors credit card interest rates and gasoline retail prices through its consumer protection office.

For imported products, price structure includes import duty and the 13-percent value-added tax (VAT) that must be added to the purchase price of all products, including basic food products and medicines. Import tariffs for capital goods are zero percent, raw materials range from zero to 5%, intermediate goods range from 5 to 10%, and final 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%. These new tariffs apply to products coming from outside the Central American Common Market. A comparative chart of Central American import duties can be found at the Central American Economic Integration System website: <http://www.sieca.org.gt> USTR: [http://www.ustr.gov/Trade\\_Agreements/Bilateral/DR-CAFTA/DR-CAFTA\\_Final\\_Texts/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/DR-CAFTA/DR-CAFTA_Final_Texts/Section_Index.html)

## **Sales Service/Customer Support**

[Return to top](#)

With over 2 million Salvadorans resident in the United States, Salvadorans are familiar with U.S. products and would like to receive U.S. customer service. Sellers can get an edge by offering good service and customer support. Consumers and/or end user purchasing decisions respond differently depending on the product or sector, but in general they are price oriented, tied to credit conditions and to after-sale service.

## **Protecting Your Intellectual Property**

[Return to top](#)

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. Chapter 6 further explains Intellectual Property Rights.

## **Due Diligence**

[Return to top](#)

The success or failure of an operation in a foreign country is often closely tied to quality of the information a company was able to obtain about credit worthiness, 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 International Company Profile (ICP), to help 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 the well-known Dun & Bradstreet, also provide credit reports on Salvadoran firms. The Commercial Section can provide contact information to interested firms.

## **Local Professional Services**

[Return to top](#)

The Commercial Section can provide contact information for professional services such as legal counsel, auditors, collection agencies, trade publication, market research, advertising agencies, consultants and translators. :List of professional service: information visit weblink <http://www.buyusa.gov/elsalvador/en/localprofserv.html>

## **Web Resources**

[Return to top](#)

<http://www.buyusa.gov/elsalvador/en/usefullinks.html>

[Return to table of contents](#)

[Return to table of contents](#)

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

- [Agricultural Sector](#)

### **Commercial Sectors**

- [\(Automotive Parts and Service Equipment APS\)](#)
- [\(Electrical Power Systems ELP\)](#)
- [\(Textile Fabrics and Machinery TXF TXM\)](#)
- [\(Food Processing and Packaging Equipment FPP\)](#)
- [\(Telecommunications Equipment TEL\)](#)
- [\(Medical Equipment MED\)](#)

## Automotive Parts and Service Equipment (APS)

### Overview

[Return to top](#)

Parts and Accessories of Motor Vehicles

	2002	2003	2004 (estimated)
Total Market Size	25.3	30.2	29.5
Total Local Production	N/A	N/A	N/A
Total Exports	0.9	0.8	1.2
Total Imports	26.2	31.0	30.7
Imports from the U.S.	9.9	11.1	10.6

Source: Central Bank trade statistics in millions of US dollars:

[http://elsalvadortrade.com.sv/estadisticas/i\\_index.html](http://elsalvadortrade.com.sv/estadisticas/i_index.html)

U.S. imports maintained the position of market leader over the closest competitor Japan, and a far 3<sup>rd</sup> place Taiwan. The sector represents potential due to changes in the law and the increase of American vehicles in the market. The strength of the Euro favors substitution with US products.

### Best Prospects/Services

[Return to top](#)

The following Auto Parts and Service Equipment products rank among the Top 50 Salvadoran imports: Automobiles, Chassis, Car Bodies & Trailers; Engines, Filters, Accumulators; and Tires. Engine parts dominate the value market. Diagnostic service equipment is competitive.

### Opportunities

[Return to top](#)

Imports of Parts and Service Equipment will continue to grow, finding demand among the 650,000 registered vehicles and the 32,000 vehicles imported in 2004, of which 69% are used and mostly imported from the U.S. American auto brands have also increased their units in the market over the past several years, and spares are needed. Additionally, if amendments to the Public Transportation Law are approved and enforced, imports of Buses and Service/Control Equipment will increase substantially.

### Resources

[Return to top](#)

US Census Bureau: <http://www.census.gov/foreign-trade/schedules/b/2004/sb87.html>

Ministry of Economy: <http://www.minec.gob.sv/default.asp?id=29&mnu=29>

Ministry of Treasure:

[http://www.aduana.gob.sv/aduanas/valoracion/Instructivo\\_Valores\\_Minimos.pdf](http://www.aduana.gob.sv/aduanas/valoracion/Instructivo_Valores_Minimos.pdf)

Local automotive exhibit:

<http://www.fies.gob.sv/fies/news/eventos.asp?vID=103&PageNo=>

CS San Salvador: [san.salvador.office.box@mail.doc.gov](mailto:san.salvador.office.box@mail.doc.gov)

AAIW & SEMA shows are excellent platforms to showcase parts, accessories and service equipment and the specialty automotive aftermarket industry. Annually we recruit and lead large delegations from Central America to attend these shows.



## Electric Power Systems (ELP)

### Overview

[Return to top](#)

Electrical power distribution and some electrical power generators in El Salvador were privatized in the late 1990s. At that time, the electricity market was liberalized, leaving new investment opportunities in generation and distribution to be driven by market forces. The sector became the largest recipient of U.S. investment in El Salvador.

The total installed generating capacity as of mid 2004 was 1,088.7 MW; thermal sources accounted for 46%, hydropower 39% and geothermal 15%. Total electricity injections were 4155.8 Gwh, 10% of which was supplied by imports from Guatemala and Honduras. Electricity demand is estimated to increase 4% in 2005.

	2002	2003	2004
Total Market Size	4538.2	4402.3	4249.4
Total Local Production*	4155.8	4077.3	3865.5
Total Exports	83.6	102.50	50.7
Total Imports	466.0	427.82	434.60
Imports from the U.S.	--	--	--

Source: Unidad de Transacciones S.A. on line statistics in Gwh;  
<http://216.184.107.61/utweb/publicaciones.php>. \*Electricity injection.

As of December 2004, El Salvador's electric sector consisted of: six-generation companies (four thermal; one hydroelectric, one geothermal), three small hydroelectric generators with less than 3MW-installed capacity; and three co-generators. Also, participating in the sector are five foreign distribution companies connected to 115Kv line, four of which are controlled by the same corporation; and eight companies which take part as electricity traders.

### Best Prospects/Services

[Return to top](#)

Consulting services for hydroelectric projects and geothermal exploration are short-term best opportunities for U.S. services. Also, power transmission and distribution equipment; measuring equipment; devices to protect grid; current carrying wiring devices and power/distribution transformers. Demand for solar panels for isolated rural areas is expected, possibly covered by donations or grant agreements with European countries.

### Opportunities

[Return to top](#)

Increasing energy demand as well as investment in rural electrification projects will provide opportunities for export sales to El Salvador. Specifically, two government hydroelectric generation projects -- one expected to be ready for international bidding mid 2005 and the other under feasibility study -- promise demand for energy-related products and consulting services. Geothermal exploration and perforation of five new wells will continue in 2005, with estimated investment of \$110 million.

Opportunities in distribution: electricity distribution companies have announced investments will amount to \$20 million to expand the electricity distribution grid in 2005. The enforcement of quality standards to reduce interruptions will drive the demand on imports of grid protection products.

Opportunities in rural electrification are based on government plans. The government of El Salvador estimates that 230,000 families in rural areas do not have electricity and that an approximate investment of \$96 million is required to reduce the deficit. Estimated investment includes \$24 million for the most isolated areas where solar or wind energy might be viable. In 2005 the government has assigned \$5 million for these types of projects and has \$1 million offered by the French government. France has committed long-term support to rural electrification through 2013.

At a regional level, the Central America countries have launched an interregional energy trading system, known as SIEPAC, which presents ongoing opportunity for sales of electricity equipment as the countries upgrade their transmission systems. SIEPAC's projects are being financed with international funds from the IDB, the European Investment Bank and the Central America Bank for Economic Integration. \$41.2 million will be invested in the transmission system before the end of 2007. For 2005, El Salvador plans to announce the bidding for construction of new transmission lines and a couple of new substations, as well as to increase capacity in existing ones.

## Resources

[Return to top](#)

Public utility companies: <http://www.delsur.com.sv/>; <http://www.aes.com/>;  
<http://www.gesal.com.sv/>; <http://www.cel.gob.sv/>

Regional Electricity Transmission System: <http://www.eprsiepac.com/>

Electricity wholesalers trading market: <http://www.ut.com.sv/>

Regulatory Agency: <http://www.siget.gob.sv/>

Rural electrical infrastructure: <http://www.fisdI.gob.sv/>

Central Bank Trade Statistics: [http://elsalvadortrade.com.sv/estadisticas/i\\_index.html](http://elsalvadortrade.com.sv/estadisticas/i_index.html)

IDB Regional Infrastructure Project, Plan Puebla Panama (PPP):

[http://www.iadb.org/ppp/document/documentDetails.asp?document\\_id=356](http://www.iadb.org/ppp/document/documentDetails.asp?document_id=356)

Central American Bank for Economic Integration: <http://www.bcie.org>

CS San Salvador: [san.salvador.office.box@mail.doc.gov](mailto:san.salvador.office.box@mail.doc.gov)

## Textile Fabrics and Machinery (TXF and TXM)

### Overview

[Return to top](#)

The textile clothing assembly sector, or "maquila", is crucial to El Salvador's economy as a source of employment and economic growth. Restructuring is predicted over the next two years with the expiration of the Multifiber Arrangement (MFA), opening new windows of opportunity for certain imports as described in the opportunities below. Maquila operators expect CAFTA to help maintain business with the additional trade benefits provided to production that incorporates fabrics, yarns, thread and other inputs from the United States, which in turn will help U.S. manufactures of those articles.

Due to this sector's importance in the economy, the government has stepped in to develop a strategy that combines partnership with foreign companies, CAFTA trade preferences, geographic position and production targeting for niches for which speed to market has an edge.

El Salvador does not produce any textile machinery and parts. U.S. dominates the import market and according to government sources, further increase is expected based on potential investment. The table below corresponds to trade of machines and auxiliary machinery for extruding, drawing, texturing or cutting textile materials; and machines for preparing textiles fibers; spinning, doubling or twisting machines and other machinery for producing textile yarns; and others classified under HTS headings 8444 to 8452. Figures will be updated as statistics become available.

	2002	2003*	2004 (estimated)
Total Market Size	47	45	Na
Total Local Production	Na	na	Na
Total Exports	1	1	Na
Total Imports	48	46	Na
Imports from the U.S.	25	23	Na

Source: On line Trade Statistics - Central American Economic Integration System in millions of U.S. dollars. <http://www.sieca.org.gt/SIECA.htm>; \*2003 preliminary data.

### Best Prospects/Services

[Return to top](#)

Textile yarn; knitted and crocheted fabrics; textile machines for preparing textile fibers; weaving & knitting machines; dyeing or finishing machines; parts and accessories; and quality assurance services. Imports from the U.S. control over 50% of the market for this type of textile machines. Main competitors are Germany and Italy.

### Opportunities

[Return to top](#)

The government of El Salvador has a tactical strategic plan to assist apparel and textile companies in this transition. A package of incentives is being offered for new investment in the sector to local and foreign companies. An investment promotion agency is actively attracting key foreign textile companies. That, combined with CAFTA, has

motivated textile companies from Europe, South American and North America to explore investment operations in El Salvador to join vertically integrated clusters. If investment is located in El Salvador, these companies are likely to demand machinery and services for the industry, yarns and fabrics, as well as packing and handling equipment, laundry equipment and software.

Local demand for fabrics is not yet satisfied. The existing full package companies continuously comment on the lack of fabrics' diversity in the region, access to mills that are willing to serve smaller purchases, and/or wholesalers willing to supply the fabrics. Also, smaller garment manufacturers are limited to purchase whatever is available locally and have the same complaint. This is not the case for full package companies that have developed a sophisticated chain of suppliers.

## Resources

[Return to top](#)

Trade shows most visited by local companies are the Bobbin Show and Material World. Trade Statistics from Central American Integration System:

<http://www.sieca.org.gt/SIECA.htm>

Central Bank Trade Statistics: [http://elsalvadortrade.com.sv/estadisticas/i\\_index.html](http://elsalvadortrade.com.sv/estadisticas/i_index.html)

Association of Apparel Industry: <http://www.asic.com.sv/>

Textile Apparel Summit: <http://www.fullpackage.org/summit2003.asp?id=12>

CS San Salvador: [san.salvador.office.box@mail.doc.gov](mailto:san.salvador.office.box@mail.doc.gov)

## Food Processing and Packaging Equipment (FPP)

### Overview

[Return to top](#)

	2002	2003	2004 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
Imports from the U.S.	4.6	5.1	4.7

Source: ITC Trade DataWeb <http://dataweb.usitc.gov>. In millions of US dollars

Total Market Size will increase in the near term by 10-15% per year. The pending Central America Free Trade Agreement (CAFTA) should ensure market viability in the long term. The Salvadoran Government promotes local manufacturing industry with no Import Tariffs for practically all U.S. imports of processing and packaging equipment and related items, including paper/paperboard and plastic raw materials. There are duties of up to 15% on imported finished products.

The strongest competitor is Brazil. Locally made equipment is competitively priced but of lesser and low tech quality. Food processing and packaging equipment made in the United States enjoys a high level of recognition and acceptance and has a reputation for high quality. U.S. products are considered to be more practical, especially since service and parts are generally easy to procure from the nearby U.S. market.

### Best Prospects/Services

[Return to top](#)

Based on equipment importers projections, the following equipment has been described as having the best sales prospects:

- Commercial and industrial stoves and ovens, electric or LP gas operated
- Fryers
- Hot and cold tables/dispensers
- Food processing equipment in general
- Cutters
- Slicers
- Dough mixers
- Meat preparing machines
- Industrial refrigerators and freezers; spare parts
- Food packaging and labeling machines
- Machines to package and seal frozen food
- Vending machines

Sub-sectors:

- Hand-operated Mechanical Appliances, weighing less than 10 kg, for preparing, conditioning or serving food or drink, and Base Metal Parts there of

- Machinery, plant or equipment for making hot drinks or for cooking or heating food
- Water Filtering or Purifying Machinery and Apparatus
- Machinery for filling, closing, sealing, capsuling or labeling bottles, cans, boxes or other containers; Machinery for aerating beverages
- Bakery Machinery and Machinery for the manufacture of pastas
- Machinery for sugar manufacture
- Machinery for the preparation of meat or poultry
- Machinery for the industrial preparation or manufacture of food or drink (not for the extraction etc. of animal or fixed vegetable fats or oils) NESOI

Electromechanical Domestic Food Grinders, Processors and Mixers, and Fruit or Vegetable Juice Extractors, with self-contained electric motor

## Opportunities

[Return to top](#)

The current weakness of the U.S. dollar is an advantage vs. European suppliers from Germany, Sweden, Spain, Italy and Denmark. Most of the imported equipment is being used to generate foreign exchange through exports. With 25% of Salvadorans living in the U.S., Salvadoran exports have reported increases in ethnic or “nostalgic” products, illustrating the potential demand for additional equipment as trade improves. Significant expansion of investment will be done mainly among big companies, in response to cost-performance & quality enhancement market requirements, particularly for perishable products. Major food & beverage processors are Arrocería San Francisco, Pollo Campero, Productos Alimenticios Diana, Bocadelli, Industrias La Constancia, Queso Petacones, Molinos de El Salvador, etc. New stores and modernization of hotels, cafeterias, fast food restaurants, franchises, bakeries, sandwich stands, cyber cafes, booths, etc., offer a good chance for U.S. products.

## Resources

[Return to top](#)

United States International Trade Commission: <http://www.usitc.gov/>

Major food & beverage processors and equipment distributors perspectives

FAS San Salvador: [AgSanSalvador@usda.gov](mailto:AgSanSalvador@usda.gov)

CS San Salvador: [san.salvador.office.box@mail.doc.gov](mailto:san.salvador.office.box@mail.doc.gov)

ExpoAlimentos ([\) is held in El Salvador every two years aimed at national and international businesses related to the food & beverage industry. The next event is scheduled for Sept. 28 - Oct. 2, 2005. The fair gathers equipment for hotels & restaurants, producers and distributors of food & beverages, distributors of machinery & equipment for food processing, packing, etc.](http://www.fies.gob.sv/fies/news/eventos.asp?vID=104&PageNo=)

Each year, numerous Salvadoran buyers attend the NRA, FMI and Pack Expo shows, searching the full range of new machinery, equipment and technology for food & beverage in-store preparation, converting, packaging, refrigeration, etc.

## Telecommunications Equipment (TEL)

### Overview

[Return to top](#)

Telecommunication in El Salvador is completely privatized. At least 17 companies offer services that include wire and wireless telephone, data, voice, video, cable TV, internet connectivity and private and public regional networking. Fixed lines installed in the market total 752,645. Nine companies participate in the fixed telephony services, but one company – CTE dominates hardwire telephone service. On the wireless side, four mobile operators aggressively compete in the 800, 900 and 1900 Mhz band. In 2003, the regulatory agency reported that 1,149,790 mobile lines were active, a 29% increase with respect to 2002. The regulatory agency announced that in May 2005, an eighth digit will be added to phone numbers, earlier than planned due to the demand for cellular numbers that last year averaged 50,000 per month.

The table presents trends for the export and import of telephone apparatus, handsets, switching and other apparatus for telecommunications, including apparatus for carrier-current line systems and or digital line systems. US imports dominated over 50% of the market in 2002 and 2003, Sweden is the major competitor but with only 3-4% import market share. Local service providers believe that the market is mature.

	2002	2003*	2004 (estimated)
Total Market Size	56	37	na
Total Local Production	Na	na	na
Total Exports	3	--	na
Total Imports	59	37	na
Imports from the U.S.	39	22	na

Source: On line Trade Statistics - Central American Economic Integration System in millions of US dollars. <http://www.sieca.org.gt/SIECA.htm>; \*2003 preliminary data.

El Salvador has a high level of international telephone traffic. It has 21 systems of 2 megabytes per second in submarine cable (Columbus II) and 12 systems of 2 megabytes in satellite (Intelsat). Competitive services are offered by the private sector for cellular phones, radio search, pagers, multi-carriers systems, data transfer, multimedia and cable television.

At a regional level, the Central American countries and Mexico plan to develop a regional fiber optic broadband telecommunications highway through Central America by 2007. This project is known as Mesoamerican Information Highway and the fiber optic line will utilize the existing electricity transmission infrastructure. Funds are from the Central America Bank for Economic Integration and from the IDB.

### Best Products/Services

[Return to top](#)

The Commercial Section anticipates that the demand for fiber optic cable and other telecommunication equipment and services will increase with the development of the Central America broadband highway. Foreign consulting services for feasibility studies

for this long-term regional project will be required in 2005. Also, we foresee export opportunities for providers of telephone poles that can be easily transported on secondary roads for use in rural electrification projects.

## **Opportunities**

[Return to top](#)

Information on investment in telecommunication is managed by private companies which do not reveal details on their expansion plans. However, information can be gathered through investment plans presented to the regulatory agency every five years in order to get the authorization to adjust basic tariffs. The only two areas where the government plays a role is in rural infrastructure and the regional telecommunication broadband highway that the Central America countries have agreed to conclude by 2007 with funds from the IDB and the Central America Bank for Economic Integration. At the end of 2004, a Panamanian-Salvadoran consortium, Sky Technologies, was reported to be the new entrant in mobile services with an investment estimated of \$50 million to provide digital radio and GSM mobile telephone services with ISDN technology.

## **Resources**

[Return to top](#)

Regional Technical Telecommunication Commission: <http://www.comtelca.hn>

IDB Regional Infrastructure Project, Mesoamerican Information Highway:

[http://www.iadb.org/ppp/document/documentDetails.asp?document\\_id=356](http://www.iadb.org/ppp/document/documentDetails.asp?document_id=356)

Central American Bank for Economic Integration: <http://www.bcie.org/>

Regulatory Agency: <http://www.siget.gob.sv/>

On line Trade Statistics - Central American Economic Integration System:

<http://www.sieca.org.gt/SIECA.htm>

CS San Salvador: [san.salvador.office.box@mail.doc.gov](mailto:san.salvador.office.box@mail.doc.gov)



## Medical Equipment (MED)

### Overview

[Return to top](#)

	2002	2003	2004 (estimated)
Total Market Size	22.6	29.5	33.8
Total Local Production	N/A	N/A	N/A
Total Exports	0.18	0.51	0.82
Total Imports	22.8	30.07	34.3
Imports from the U.S.	14.08	18.29	20.44

(Source: Central America Trade Statistic System, and Central Bank of El Salvador Statistics in millions of US dollars)

The main players in El Salvador's health system are the Ministry of Health, Salvadoran Institute of Social Security (ISSS, Instituto Salvadoreño del Seguro Social), and private hospitals. Approximately 80% of El Salvador's market is for new medical equipment, and 20% for used or refurbished. New and used medical equipment are treated the same and may enter the market without tariff. The only applicable tax is a 13% value added tax.

Demand for medical equipment in El Salvador is expected to increase due to hospital reconstruction projects and the replacement of obsolete equipment. The United States is the main exporter of medical equipment, with a 60.8% market share in 2003. US products are preferred due to quality, price, customer awareness, and proximity. Main competitors in this sector are Germany, Mexico, Panama, Sweden and Japan. There is no significant local production in the country; which is limited to hospital furniture.

### Best Products/Services

[Return to top](#)

Hospital Equipment such as x ray equipment, surgery tables, beds, equipment for diagnosis by images, cardiac monitors, ultrasonic scanning apparatus, and magnetic resonance imaging apparatus.

### Opportunities

[Return to top](#)

RHESSA Project (Hospital Reconstruction and Healthcare Services Extension Project) funded by the World Bank. It's a \$170 million project for the rehabilitation and reconstruction of 7 hospitals damaged during the 2001 earthquakes, the extension of basic health services, nutrition coverage, and health prevention campaigns.

### Resources

[Return to top](#)

Ministry of Health: <http://www.mspas.gob.sv>

ISSS: <http://www.isss.gob.sv/>

RHESSA Project: <http://www.prhessa.gob.sv/>

Local trade exhibit ExpoSalud:

<http://www.fies.gob.sv/fies/news/eventos.asp?vID=106&PageNo=>

CS San Salvador: [san.salvador.office.box@mail.doc.gov](mailto:san.salvador.office.box@mail.doc.gov)

## 1) CONSUMER-ORIENTED PRODUCTS

### OVERVIEW:

El Salvador is a unique, dynamic market that is ranked as one of the most transparent business climates in all of Latin America. Most large importers/distributors are members of the Salvadoran Distributors Association (ADES). ADES manages the relationship of its members with local retailers, wholesalers and supermarkets. The Salvadoran consumer is very familiar with U.S. products and is an avid purchaser of quality goods. Distribution of consumer-ready foods is carried out through a number of channels. Supermarkets are the principal outlets, but a fair amount is moved through wholesalers who may be supermarket owners themselves or who may be middlemen delivering products to smaller stores. Distributors normally handle product on an "exclusive" basis, most often as representatives of a line of products. Direct sales are also a way of doing business, but having a local distributor facilitates the operation and also provides solid customer service.

Salvadorans spend approximately 43 percent of their income on food.

U.S. exports to El Salvador in the consumer-oriented product category were \$39.5 million in 2003. January-October 2004 exports reached \$33.9 million, 10% higher than in same period 2003.

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 imported by Guatemala. The main reason is that many containers come through Guatemala's Santo Tomas port and even though they are in-transit to El Salvador, local customs officials tally them as Guatemalan imports.

It's estimated that 49 percent of the population lives in urban areas. There are four major cities: San Salvador, San Miguel, Santa Ana and Sonsonate. The capital city of San Salvador accounts for approximately one-third of the country's 6.4 million population (2004 estimated data).

Households earning \$ 400 to \$ 1,500 per month and above are considered to be in the middle to middle-upper income classes. There are approximately 460,000 households in this category and, as might be expected, 60 percent reside in urban areas. It is estimated that about 1.2 million people or 20 percent of the population is middle class. Growth in the supermarket industry continues at a rapid pace, mainly in the working class areas of the capital and in towns and cities with populations of 50,000 to 250,000. Consumers are increasingly purchasing in supermarkets and moving away from the traditional open-air markets or mom-and-pop stores. It is estimated that approximately 40 percent of food sales are made in supermarkets.

### BEST PRODUCTS & SERVICES:

Processed Fruit and Vegetables

Breakfast Cereals

Pet Foods (Dog and Cat)

Meat Sausages

Wine

Ramen Style Noodle Soups

Dairy Products  
Fresh & Frozen Potatoes, and Hash Browns  
Salad Dressings  
Apples  
Grapes  
Stone Fruit  
Pork Cuts for Hotel/Restaurant/Institutional (HRI) & Retail  
Beef Cuts for HRI & Retail  
Sardines  
Snacks (including candies and chocolates)  
Cookies  
Food Processing Ingredients (i.e. raisins, concentrated juice, shelf extenders)

\*Selection criteria are based on: USDA/FAS Unified Export Strategy (UES), market surveillance, and suggestions by industry players.

#### OPPORTUNITIES:

More than 2 million Salvadorans reside in the U.S., and they annually remit close to 2.5 billion dollars to relatives in El Salvador. The remittances in turn raise the disposable income and expenditures of Salvadoran consumers. Many Salvadorans have become "Americanized". The typical consumer believes that 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 percent of the population who are buying U.S. consumer-ready products. With an increase of housewives joining the labor force and a decline in the number of domestic employees to assist in food preparation, the demand for convenience and fast foods will increase. The positive association with U.S. brands is a major advantage over competitive products from other countries. All distributor 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 ones continues to take place. This trend will definitely increase the demand for imported products into the local market.

#### RESOURCES:

<http://www.fas.usda.gov/>  
<mailto:Miguel.Herrera@usda.gov>

## 2) WHEAT

#### OVERVIEW:

Wheat is the number one U.S. agricultural commodity exported to El Salvador. Most of the wheat processed by Salvadoran mills comes from the U.S., although Canadian wheat has become very competitive in recent years. Average annual imports of U.S. wheat are 240,000 metric tons. In January-October 2004, U.S. wheat imports reached a record \$41.9 million.

#### BEST PRODUCTS & SERVICES:

Bulk Wheat – DNS, SRW & HRW varieties

#### OPPORTUNITIES:

Bakery consumption has increased tremendously, mainly due to the availability of fresh bakery centers in all major supermarket chains.

Bakery manufacturers are very optimistic about free trade and believe that the Central America Free Trade Agreement (CAFTA) provides an excellent growth opportunity.

#### RESOURCES:

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

<mailto:Miguel.Herrera@usda.gov>

### 3) RICE

#### OVERVIEW:

El Salvador is not self sufficient in rice production and needs to import from other countries to fulfill demand. Actual local demand is estimated at approximately 110,000 metric tons of rough rice. Local production only covers 33 percent of local demand. In 2005, the Salvadoran Rice Millers Association (ASALBAR) is estimating that El Salvador will need to import approximately 70,000 metric tons of rough rice to satisfy demand. The United States is the main supplier of rice to the Salvadoran market. Traditionally, El Salvador imports rough rice in order 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 for assessing import duties for basic grains. Import tariffs for rice are now assessed according to a supply deficit quota that is established every marketing year by the Ministry of Agriculture (MAG). This quota is estimated by MAG and is based on the deficit in supply once local production and demand have been calculated. Under this quota rice millers can import at 0 % duty. Once demand has been satisfied, all additional imports are assessed a 40 % duty for both rough and milled rice. Once CAFTA kicks in, Tariff Rate Quotas will be established (see Opportunities).

#### BEST PRODUCTS & SERVICES:

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, tariffs will be eliminated and Tariff Rate Quotas (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 7,500 MT for milled rice, growing by 5 % per year.

#### RESOURCES:

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

<mailto:Miguel.Herrera@usda.gov>

#### 4) CORN

##### OVERVIEW:

Since the 1960's, El Salvador has been an important market for U.S. yellow corn, used almost exclusively by the poultry and animal feed industries. Snack processing industry is also a major importer of hard endosperm corn. Annual imports of yellow corn from the U.S. average some 200,000 metric tons, and virtually cover 100 percent of local demand.

##### BEST PRODUCTS & SERVICES:

Yellow corn - #2 and Hard Endosperm for snack manufacturing.

##### OPPORTUNITIES:

The food-processing sector in El Salvador is not as developed as in Guatemala or Costa Rica. However, snack food production is at the top of the list in this sector. Yellow corn is a main ingredient in the snack manufacturing process.

The DIANA brand produced in El Salvador offers respectable quality for the price, and has roughly 73 percent of the market. In addition, this company is the largest snack producer in Central America and is already exporting certain products to ethnic markets in the U.S.

The poultry and dairy sectors are also major users of yellow corn for feed mix.

CAFTA provides for a yellow corn Tariff Rate Quota (TRQ) of 350,000 metric tons (MT) with a 5 % growth per year.

##### RESOURCES:

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

<mailto:Miguel.Herrera@usda.gov>

#### 5) SOYBEANS

##### OVERVIEW:

El Salvador does not produce any soybean meal, thus, all demand must be fulfilled with imports. The main users are the poultry and livestock sectors, which use the product for feed. Commercial trade is growing at a rapid rate due to the high demand for poultry products. In January-October 2004, soybean meal imports reached \$11.9 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 & SERVICES:

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 feed mix.

##### RESOURCES:

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

<mailto:Miguel.Herrera@usda.gov>

## Agricultural Sector - Statistics

Crop (1000 MT)	2002			2003			2004 (Estimated)		
	Production	Imports	Consumption	Production	Imports	Consumption	Production	Imports	Consumption
Corn	564	409	977	567	414	983	570	410	985
Rice 1/	24	44	72	23	48	74	19	51	75
Wheat	0	241	235	0	248	242	0	250	245
Soybean Meal	0	148	147	0	152	151	0	156	155

1/Milled

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

As a member of the Central American Common Market (CACM), most of El Salvador's tariffs do not exceed the maximum common external tariff of 15 percent. Exceptions include Salvadoran imports of clothing, certain agricultural and meat products, vehicles, and certain other items subject to tariffs ranging from 15 percent to 30 percent--and in a few significant cases even higher. Tariffs on new and used clothing are generally 25 percent. Tariffs on fabrics range from 5 percent to 20 percent, with some exceptions. Once CAFTA goes into effect, about 80 percent of U.S. industrial and commercial goods will enter El Salvador duty free, with the remaining tariffs on such goods being eliminated within 10 years. Textiles and apparel will be duty-free and quota-free immediately if they meet the Agreement's rule of origin, promoting new opportunities for U.S. and Central American fiber, yarn, fabric and apparel manufacturing. Import Tariffs can be consulted on line: <http://www.minec.gob.sv/default.asp?id=29&mnu=29>

Agricultural products face the highest tariffs--duties up to 40 percent are levied on certain food imports and alcoholic beverages. Dairy, rice and pork products are assessed a 40 percent duty, while the poultry tariff is higher. Alcoholic beverages are subject to 30 percent duty, a specific tax based on alcoholic content, and an ad valorem 20 percent sales tax. El Salvador implemented the WTO Agreement on Customs Valuation in March 2002. CAFTA will eliminate most tariffs immediately, and will establish duty free bilateral trade in consumer and industrial goods within 10 years and in virtually all agricultural products within a maximum of 15 years (dairy in 20 years and rice and poultry in 18). The Agreement requires transparency and efficiency in administering customs procedures, including CAFTA rules of origin. El Salvador committed to ensure procedural certainty and fairness and all parties agree to share information to combat illegal transshipment of goods.

### Trade Barriers

[Return to top](#)



There are virtually no trade barriers that affect the import of manufactured goods. But El Salvador maintains a few barriers to services. For example, notaries must be Salvadoran and certain professionals like architects must be licensed locally and be a member of the local association.

Trade barriers primarily impact agricultural products.

Rice and pork are both subject to import quota systems and 40 percent 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 and there is still a need for imported rice, rough or milled rice can be freely imported, subject to a 40 percent duty. Pork importers face a similar arrangement to first buy locally, then import, subject to a 40 percent duty. Under CAFTA, El Salvador committed to a 15-year phase-out for all tariffs on pork, except for bacon and most offal, which will be eliminated immediately. Only a fixed part of the TRQ will remain subject to a performance requirement, and the requirement will be eliminated in 15 years. Tariffs for rice will also be phased out over a 15-year period with no performance requirements.

Although sanitary standards have generally not been a barrier in El Salvador, practices with respect to raw poultry are a notable exception. Since 1992, the Ministry of Agriculture has imposed arbitrary sanitary measures on U.S. poultry imports. These sanitary restrictions call for zero tolerance or negative laboratory tests for diseases such as avian adenovirus, chicken anemia, and salmonella. These diseases, common worldwide, are not recognized as list "A" diseases by the International Office of Epizootics. The Salvadoran government applies these standards in a discriminatory manner since domestic production is not subject to the same requirements as imports. As a result of these measures, the United States has been unable to export poultry to El Salvador. The industry estimates the value of lost U.S. poultry exports at \$5 million to \$10 million per year. Resolution of this issue has been a priority for U.S. agencies, which continue to work with the government of El Salvador in ongoing talks parallel to CAFTA.

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

## **Import Requirements and Documentation**

[Return to top](#)

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

Food is another matter. Importers must deliver samples of all foods for laboratory testing to the Ministry of Public Health, which upon approval issues the product registration numbers that allow the imported goods to be sold at retail outlets. 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.

Some U.S. processed foods that were approved in the United States were rejected after analysis in El Salvador, thereby barring their sale. There is not yet a standard regulation allowing entry of U.S.-approved products, but implementation of the CAFTA agreement will require the acceptance of the equivalence in testing, which will assure that testing done in the United States will be accepted in the other countries.

## **U.S. Export Controls**

[Return to top](#)

El Salvador's iguana-export industry is regulated by the provisions of the Convention on International Trade in Endangered Species (CITES). In 2000, El Salvador's shrimp industry was certified as complying with U.S. government standards for use of turtle excluder devices (TEDS). Salvadoran tuna exports to the United States embargo was lifted in January 2004. In 1995, a bilateral agreement was reached with the U.S. to restrict the shipment of certain categories of pre-hispanic archaeological materials into the United States.

## **Temporary Entry**

[Return to top](#)

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. 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.

Every person entering the country may bring tax-free: two cameras, a personal computer, a printer, a typewriter and other goods valued at less than \$1,000.

The temporary entry of the following merchandise is allowed on the condition that it will be exported in the same state:

- Vehicles to be used in tourism.
- Merchandise to be exhibited in fairs, trade shows, and international conventions or congresses.
- Equipment, vehicles, animals and goods 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 material, none of which can be for profit-making activities.

- Educational, religious and cultural merchandise to be exhibited and support an activity in this field.
- Scientific equipment to support scientific research.
- Machines, equipment, instruments, tools to be used in public works.
- Goods to be used by the government.
- Manipulation and protection of merchandise: special material, transport elements or reusable containers to manipulate and protect merchandise.
- Commercial vehicles and parts.
- Commercial goods to be used in the demonstration of products and their characteristics, proofs of quality, exhibition, publicity, and others.
- Movies and other material for the reproduction of image and sound.

Other goods according to specific norms or international agreements.

## **Labeling and Marking Requirements**

[Return to top](#)

The following requirements are included in the Consumer Protection Law:

- Retailers must have 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 its content on the label.
- For pharmaceuticals, the list of ingredients, expiration date, dosage, contraindications, risks involved when used, residual toxic effects, etc. as established by the Ministry of Public Health must be printed on the label.

Labels on frozen and canned foods must include an expiration date.

## **Prohibited and Restricted Imports**

[Return to top](#)

The import 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 the public and to private security companies.

Cocaine, opiates and barbiturates may be imported solely for medical use, with the permission of the Superior Council for Public Health (Consejo Superior de Salud Publica). The Council 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:

- Books, booklets, emblems, posters and any 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 (including common magazines such as Playboy).
- Movies contrary to ethics and good behavior.
- Abortives.
- Gambling machines. Not prohibited, but subject to authorization by the Ministry of Finance and local municipalities.
- Roulette wheels, gambling tables, and any other item or article used for gambling. 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 those 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 and heavy passengers and cargo motor vehicles in use for more than 15 years.

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

Some goods are subject to a "limited import prohibition"; only the government can import them. 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 Contact Information**

[Return to top](#)

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

The Central American Uniform Customs Code (CAUCA III) custom's procedures are in force in Guatemala, El Salvador, Nicaragua and Honduras. The code is in the process of being approved by Costa Rica's National Assembly. CAUCA III 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. Its application began during the first quarter of 2003 as a pilot project involving El Salvador and Guatemala.

El Salvador has "Teledespacho" system in which goods can be presented without the use of a custom broker. With the Teledespacho system the importer/exporter is electronically linked to the Central Customs Service and can present and process all his documents from his office. Teledespacho has reduced the documentation processing time from two to three weeks to a few hours. The service has been available on the Internet since February 2002.

The Central America Integrated and Peripheral Customs Project under implementation will allow customs clearance for several Central American countries to be done at a single customs point of entry facility. The goods cleared through customs will then be shipped on to their final destination in Central America. In the case of trade within the region, the new system will allow 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 just the one 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. El Salvador began implementing the WTO Customs Valuation Agreement in March 2002 with the exception of its disciplines pertaining to minimum values. El Salvador will apply minimum values up to March 2005 for worn clothing and other worn articles; used televisions; footwear; re-treaded or used pneumatic tires, sacks and bags used for packing, jute or other fibers of HS heading 53.03, and used vehicles and used parts and accessories.

In general, every customs declaration should contain at least the following information: the requested customs regime; particulars of the dispatcher or consignee; particulars of the applicant or his representative; type of transport; cargo manifest number; number of the corresponding transport document; country or countries of origin of the goods; description of the goods; tariff classification of the goods and their trade description; customs value of the goods; and the applicable duties and taxes.

Customs Office, Ministry of Finance  
(Direccion General de la Renta de Aduanas, Ministerio de Hacienda)  
Edif. Ministerio de Hacienda, Blvd. Los Heroes,  
San Salvador, El Salvador  
Tel: (503) 244-5000/244-3000  
Fax: (503) 244-7201  
[http://www.mh.gob.sv/mh\\_2003/legislacion.htm](http://www.mh.gob.sv/mh_2003/legislacion.htm)

## Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

## Overview

[Return to top](#)

In general standards and labeling do not pose a major hurdle for U.S. exporters to El Salvador. This is because 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. Here registration and labeling requirements require U.S. exporters to follow strict local guidelines.

El Salvador is open to participation by U.S. in the standards development process. With CAFTA implementation local producers will experience additional changes as El Salvador's products are redesigned and packaged to meet international standards. We expect active participation of the U.S. to assist El Salvador in developing or streamlining standards. The objectives of Chapter 7 (Technical Barriers to Trade) in the CAFTA agreement are to increase and facilitate trade through the improvement to the TBT agreement, the elimination of unnecessary technical barriers to trade and the enhancement of bilateral cooperation.

## Standards Organizations

[Return to top](#)

El Salvador's key legislation on standardization, metrology, verification and certification is the Law for the National Science and Technology Council, CONACYT <http://www.conacyt.gob.sv>, (enacted in July 1992, Decree 287) and the WTO Agreement on Technical Barriers to Trade (TBT Agreement) and it has adopted the Code of Good Practice annexed to the TBT Agreement. CONACYT is the entity responsible for standards and coordinates the drafting, adoption, and adjustment of standards through technical committees. CONACYT has a Department of Standardization, Metrology and Quality Certification in charge of: coordinating the development and adoption of national technical standards with other government bodies

and with private and scientific institutions; establishing technical committees to study, develop and amend official technical standards, and to coordinate the committees' work; accrediting laboratories and keeping a register of accredited facilities; cooperating and ensuring an ongoing exchange of information with institutions in El Salvador and abroad and other related international bodies. By law CONACYT is also required to work towards the harmonization, coordination, and unification of adopted standards with other Central American countries.

There are two types of standards in Salvadoran legislation: Mandatory Salvadoran Standards (NSO) and Recommended Salvadoran Standards (NSR). NSOs include the standards regulating the International System of Units; standards relating to materials, procedures, products and services that may affect human life, safety and integrity and the safety and integrity of other live organisms; environmental protection standards; and standards considered by the government to be relevant to the economy or in the public interest. NSRs are concerned with materials, procedures, products and services not covered by an NSO, as of 2002 El Salvador had 900 NSRs. NSR is identical to an international standard, while the NSOs are based on international, regional or foreign standards. As of 2002, El Salvador was applying 104 NSOs, most of them fall in the category of food technology and other two categories such as agriculture and petroleum; few related to environment and health protect, metrology and measurement, mechanical system and components, textile and leather technology, clothing industry and chemical. A certificate of NSO consistency is not required for imports into El Salvador.

CONACYT's Board of Directors main role is to set up the technical standardization committees responsible for studying and preparing draft NSOs and NSRs. Representatives from the government, academia, professional associations and the private sector form the board of directors. The committees are made up of government officials and representatives of other sectors with an interest in developing a specific standard. Once the technical standardization committee has prepared a draft NSO, the draft is published in the country's main newspaper and notified to the WTO Secretariat and the Central American Secretariat for Economic Integration (SIECA). Interested parties are then given a period of 60 days to make their comments. At the end of the two-month period, the committee reviews the draft standard in the light of any comments received and submits it for approval to CONACYT's Board of Directors, which in turn forwards it to the Ministry of the Economy for authorization and issuance of the executive decision that officially establishes it as a mandatory Salvadoran standard. The NSO is then published in the Official Journal of El Salvador. Standards enter into force six months after their publication in the Journal. Once endorsed by CONACYT's Board of Directors, NSRs are likewise submitted to the Ministry of the Economy for executive approval and publication in the Official Journal.

Standards technical committees are responsible for the drafting of standards, but the general practice is that committees adopt international standards; consequently local standards organizations are more takers not makers. ISO is the first reference used; others such as Pan-American Commission on Technical Standards (COPANT) and CODEX are also consulted. CONACYT has an agreement with the American Standards Testing and Materials (ASTM). The annual plan of standards they intend to develop each year as well as the list of mandatory and voluntary standards and technical committees are transmitted electronically through the inquiry point at <http://www.infoq.org.sv>.



## **Conformity Assessment**

[Return to top](#)

CONACYT engages in the accreditation of official bodies and maintains a list of those bodies (public, private, local or foreign) and applicants at <http://www.infoq.org.sv>. Policies and criteria for accreditation is described in the “Reglamento de Acreditacion de Laboratorios de Ensayos y Analisis”. Conformity Assessment bodies include laboratories, inspection bodies and certification bodies. The procedures for conformity assessment adopted by CONACYT are ISO/IEC standards.

## **Product Certification**

[Return to top](#)

The process of product certification requires the integration of a Certification Technical Committee with manufacturer, government, consumers, users and academic representation. CONACYT is developing guides for product certification programs in accordance to international standards ISO certification process.

## **Accreditation**

[Return to top](#)

Accreditation is voluntary unless any government institution requires it through a special law or norm making it necessary to conduct conformity assessment. El Salvador is member of the Inter American Accreditation Cooperation of Accreditation (IAAC) and the International Laboratory Accreditation Cooperation (ILAC). CONACYT has accredited twelve laboratories; a list is transmitted electronically at <http://www.infoq.org.sv/laboservi.htm>.

## **Publication of Technical Regulations**

[Return to top](#)

Proposed technical regulations are published in the main newspapers, and the WTO and Central American Secretaries for Economic Integration are notified. Final regulations are published in the Official Journal (Diario Oficial).

## **Labeling and Marking**

[Return to top](#)

Regional labeling norms are being developed by Central American countries for pharmaceuticals and other products. Detailed labeling requirements are available at [http://www.infoq.org.sv/u\\_aduanera.htm](http://www.infoq.org.sv/u_aduanera.htm). Also, the following requirements are included in the Consumer Protection Law: retailers must have 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 its content on the label; For pharmaceuticals, the list of ingredients, expiration date, dosage, contraindications, risks involved when used, residual toxic effects, etc. as established by the Ministry of Public Health must be printed on the label. Labels on frozen and canned foods must include an expiration date.

## **Trade Agreements**

[Return to top](#)

The United States and four Central American countries (El Salvador, Guatemala, Honduras, and Nicaragua) concluded negotiations on the U.S.-Central American Free Trade Agreement (CAFTA) in December 2003 with Costa Rica following in January



2004. The Dominican Republic became a party to the agreement in August 2004. El Salvador ratified the agreement in December 2004, before all other signatories.

El Salvador belongs to the World Trade Organization (WTO). El Salvador is also a signatory of the Central America-Chile free trade agreement (June 2002), Central America-Panama free trade agreement (October 2002), Central America-Dominican Republic free trade agreement (October 2001) and Northern Triangle (El Salvador, Guatemala, Honduras)-Mexico free trade agreement (March 2001).

The General Treaty for Central American Integration, signed December 13, 1960, created Central American Common Market (CACM). After nearly two decades in abeyance, CACM was revived in the early 1990s. The five countries have agreed on maximum tariffs and harmonized 92 percent of tariff rates; they hope to establish a complete customs union by 2006.

El Salvador participates in the Free Trade Area of the Americas (FTAA) negotiating process and is a beneficiary of the tariff preferences of the Caribbean Basin Initiative and the Generalized System of Preferences. The Central American countries are negotiating free trade agreements with Canada and the European Union.

## Web Resources

[Return to top](#)

Customs Legislation, Ministry of Treasury:

[http://www.mh.gob.sv/mh\\_2003/legislacion.htm](http://www.mh.gob.sv/mh_2003/legislacion.htm)

Regional Customs Integration, Central America Economic Integration System (SIECA):

<http://www.sieca.org.gt/SIECA.htm>

Import Tariffs, Ministry of Economy:

<http://www.minec.gob.sv/default.asp?id=29&mnu=29>

National Science and Technology Council (CONACYT): <http://www.conacyt.gob.sv>

Standards Inquiry Point: <http://www.infoq.org.sv>.

Trade Agreements, Ministry of Economy:

<http://www.minec.gob.sv/default.asp?id=31&mnu=31>

CAFTA, Ministry of Economy: <http://www.minec.gob.sv/default.asp?id=70&mnu=70>

Trade Agreements, Organization of American States:

<http://www.sice.oas.org/trades.asp#MCCA>

<http://www.sice.oas.org/ctyindex/ESVpg.asp#AT>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### Openness to Foreign Investment

[Return to top](#)

The Government of El Salvador views foreign investment as crucial for economic growth and development and has taken numerous steps in recent years to improve the investment climate. The government has enacted new laws and amended existing ones to encourage foreign direct and portfolio investment. It has announced a medium-term objective to become a logistics/shipping hub for Central America, and it recognizes that doing so will require significant foreign investment. The government recently ratified a free trade agreement among Central America countries, the Dominican Republic, and the United States (CAFTA-DR) that includes an investment chapter and other chapters that, when implemented, will strengthen the investment climate in El Salvador.

Salvadoran Central Reserve Bank statistics show that foreign investment stock has steadily increased, reaching \$2.6 billion in 2003, up from \$1.58 billion in 1998. Companies from many countries--including the United States, France, Spain, Canada, Germany, Luxembourg, the United Kingdom, Korea, Taiwan, Chile, Guatemala, Venezuela, and Mexico--have invested in El Salvador.

The principal laws governing foreign investment in El Salvador are the Investment Law, Export Reactivation Law, and Free Trade Zones Law. Other laws complementing the basic legal framework for investment include the Monetary Integration Law, Banking Law, Insurance Companies Law, Securities Market Law, Intellectual Property Promotion and Protection Law, and special legislation governing privatizations.

The 1999 Investment Law grants equal treatment to foreign and domestic investors. With few exceptions, foreign investors may freely establish businesses in El Salvador.

The Investment Law created the National Investment Office (ONI) at the Ministry of Economy that serves as a one-stop shop to facilitate the registration of new investments in the country. ONI seeks to help foreign investors complete all steps necessary to begin operations within seven working days; in practice, ONI reports that it takes an average of 17 days. ONI works closely with PROESA, a government agency created in 2000 and headed by the Vice President, that seeks out foreign investment. The law establishes procedures to resolve disputes between foreign investors and the government and eases residence requirements for foreign investors who make significant investments. It also provides that underground resources (minerals) belong to the state, which may grant concessions for their exploitation.

The government launched its privatization process in 1990 with the privatization of most of the banking system. Privatization has played an important role in attracting foreign investment, especially in electricity distribution, telecommunications, and pension funds.

Investors from the United States, Chile, and Venezuela bought controlling shares in four electricity distribution companies in 1998, which has since been consolidated under the control of a U.S. investor. A U.S. investor bought three thermal generation plants in 1999 from CEL, the state energy company. The government also sold shares of CEL's geothermal power generation subsidiary to private investors to finance the expansion of the geothermal facilities.

Privatization and foreign investment have modernized Salvadoran telecommunications. In 1998, France Telecom purchased 51 percent of CTE, the state-owned fixed-line telephone firm, for \$275 million, and Telefonica of Spain paid \$41 million for 51 percent of the state-owned wireless firm. The government sold additional shares of the state telephone companies on the Salvadoran securities exchange in 1999. In 2003, America Movil, the Mexican telecommunications giant, bought France Telecom's shares in CTE and other shares owned by the Salvadoran Government; including a December 2004 purchase of additional shares, it now owns 94 percent of CTE. There are now 17 private local and foreign companies providing standard and cellular telephone service as well as beeper, cable television, Internet, and other telecommunications services. The only remaining restrictions for foreign investors are on free reception television and AM/FM radio broadcasting, where foreign ownership cannot exceed 49 percent of equity.

The government created five privatized pension funds in 1998 with the participation of Citibank, Spanish banks Banco Bilbao Vizcaya and Argentaria, and two local investors. After considerable consolidation in the sector, there now exist two funds, both owned by local investors.

## **Conversion and Transfer Policies**

[Return to top](#)

There are no restrictions on transferring funds associated with investment 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 also allows unrestricted remittance of royalties and fees from the use of foreign patents, trademarks, technical assistance, and other services.

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. El Salvador has long had a freely convertible currency and since 1994 the colon traded at 8.75 per dollar. The Monetary Integration law fixed the colon at that rate. While prices are often listed in both currencies, the colon is seldom used. U.S. dollars accounted 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 by November 2004 had reached \$2.3 billion that calendar year, 15.4 percent of GDP. As of the end of November 2004, the Central Reserve Bank reported international reserves of \$1.75 billion.

## **Expropriation and Compensation**

[Return to top](#)

According to El Salvador's 1983 constitution, the government may 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, there was a major rural/agricultural land reform that established that no single natural or legal person could own more than 245 hectares (605 acres) of land. In 1980, the banks were nationalized, but beginning in 1990 they were returned to private ownership.

A 2003 amendment to the 1996 Electricity Law contains a provision that, while not authorizing expropriation, requires energy generating companies to obtain government approval before removing energy generating assets from the country. According to the government, this provision of the law is intended to prevent energy supply disruptions.

## **Dispute Settlement**

[Return to top](#)

Article 15 of the 1999 Investment Law states that disputes between foreign investors and the government will be submitted for arbitration to the International Center for Settlement of Investment Disputes (ICSID), a World Bank affiliated organization. While foreign investors can seek redress of commercial disputes with Salvadoran companies through El Salvador's courts, investors have found that seeking resolution of problems through the slow-moving domestic legal system can be costly and unproductive. The course of some cases has shown that the legal system is subject to manipulation by private interests, and final rulings are sometimes not enforced. Where possible, arbitration clauses, preferably with a foreign venue, should be included in commercial contracts as a means to resolve business disputes. Investors should make sure that all contracts are carefully drafted and that the relationships with local firms are specifically defined. Some U.S. firms have been embroiled in major legal disputes in recent years in cases where they asserted that the contract with the Salvadoran firm either had formally ended or never existed, but Salvadoran courts have ruled that the contract remained in force.

In 2002, the government approved a law to allow private sector organizations to establish arbitration centers for the resolution of commercial disputes, including those involving foreign investors. The first case of commercial arbitration in El Salvador

involved a U.S.-related firm and the parastatal water company; the arbitration hearing ruled in favor of the U.S.-related firm, but the Supreme Court has suspended the proceedings pending a review of the case.

El Salvador's commercial law is based on the Commercial Code and the Code for Mercantile Processes. There is a mercantile court system for resolving commercial disputes, although there have been complaints about its slow processes and erratic rulings, particularly at the Supreme Court level. The Commercial Code, Code of Mercantile Processes, and Banking Law contain sections that deal with bankruptcy; there is no separate bankruptcy law or bankruptcy court.

## **Performance Requirements and Incentives**

[Return to top](#)

El Salvador's Investment Law does not require investors to export specific amounts, transfer technology, incorporate set levels of local content, or fulfill other performance criteria. Foreign investors and domestic firms are eligible for the same export incentives. Exports of goods and services pay zero value added tax.

The 1998 Free Trade Zones Law is designed to attract investment in a wide range of activities, although at present more than 90 percent of the businesses in export processing zones are "maquila" clothing assembly plants. A Salvadoran partner is not needed to operate in a free zone, and some maquila operations are completely foreign-owned.

The 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 very similar.

Firms located in the free zones and the bonded areas enjoy the following benefits:

- Exemption from all duties and taxes on imports of raw materials and the machinery and equipment needed to produce for export.
- Exemptions from taxes for fuels and lubricants used for producing exports, if these are not domestically produced;
- Exemption from income tax, municipal taxes on company assets and property; and
- Exemption from taxes on real estate transferances that are related to export 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 may apply for tax rebates of 6 percent of the FOB value of manufactured or processed exports shipped outside the Central American Common Market area. These firms need not be located in the free zones or be exporting 100 percent of their output. Exports of coffee, sugar, and cotton can qualify for this rebate if they have undergone a transformation that adds at least 30 percent to their original value. Firms that qualify for these tax rebates are also eligible for duty

exemptions for imported raw materials and intermediate goods used in the assembly of the products to be exported. There are also other tax advantages. El Salvador has until the end of 2005 to eliminate this WTO-inconsistent measure, but the government has the option to ask the WTO to extend the transition period until the end of 2007.

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 (\$570,000), 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 his family and is issued for one year, subject to extension on a yearly basis.

Most companies employ a local lawyer to manage the process of obtaining residency. The American Chamber of Commerce in El Salvador can also help its members with the process. Labor law requires that 90 percent of the labor force at plants and in clerical jobs be Salvadoran. There are fewer restrictions on the professional and technical jobs that can be held by foreigners.

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

[Return to top](#)

There are restrictions on land ownership. No single natural or legal person--Salvadoran or foreign--can own more than 245 hectares (605 acres). Rural lands cannot be acquired by foreigners from countries where Salvadorans do not enjoy the same right. Foreign citizens and private companies can freely establish businesses in El Salvador. The only exception for this is in some cases involving small business. 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.

#### **Protection of Property Rights**

[Return to top](#)

Private property, both movable and real estate, is recognized and protected in El Salvador. Companies that plan to buy land or other real estate are advised to conduct a thorough search of the property's title prior to purchase.

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. Criminal enforcement of intellectual property protection laws has greatly improved in recent years. Acting on the basis of complaints, the Attorney General's office conducts raids against distributors and manufactures of pirated CDs, cassettes, clothes, and computer software. Investors, however, should know that using the criminal and mercantile courts to seek redress of a violation of intellectual property can be a slow and frustrating process. Pharmaceutical companies should be aware that acceptable standards for test data exclusivity are not



observed in El Salvador. When CAFTA is implemented, test data exclusivity will be protected for a period of at least five years.

The Law of Trademarks and Other Distinctive Signs, approved in 2002, brings El Salvador closer to compliance with the World Trade Organization's (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The law reinforces established regulations for the acquisition, registration, and protection of trademarks, logos, statements, distinctive advertising signs, and geographical indicators. The law also makes it much more difficult to register a trademark already in use outside El Salvador--particularly well-known marks--by requiring the person attempting to register the mark to show that he is authorized to do so.

El Salvador is a signatory of the Bern 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.

CAFTA-DR provisions will strengthen El Salvador's IPR protection regime to conform with, and in many areas exceed, WTO norms and will criminalize end-user piracy, providing a strong deterrence against piracy and counterfeiting. CAFTA will require El Salvador to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. It will also mandate both statutory and actual damages for copyright infringement and trademark piracy.

## **Transparency of Regulatory System**

[Return to top](#)

The laws and regulations of El Salvador are relatively transparent and generally foster competition. Bureaucratic procedures have improved in recent years and are relatively streamlined for foreign investors. However, new foreign investors should review the regulatory environment carefully.

The Superintendency of Electricity and Telecommunications (SIGET), a regulatory agency modeled after a public utilities commission, regulates electricity and telecommunications. SIGET oversees electricity tariffs, telecommunications, and distribution of electromagnetic frequencies. SIGET's processes and procedures have been in general transparent.

In April 2003, the government amended the 1996 Electricity Law with the intention of reducing volatility in the wholesale market and thereby stabilize the level of retail electricity prices. The new law expanded SIGET authority and allowed the government to change the way the retail prices of electricity are determined, and the government appears to be moving away from the market-based system put in place at the time of privatization to a closely regulated arrangement. Investors in this sector complained that the government made these changes without adequate consultation with interested parties. They are also concerned that the reforms and new law challenge the agency's capacity to adequately and effectively regulate the electricity sector.

The Superintendent of the Financial System supervises the banks and other businesses in the financial system. 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. Accounting systems are generally consistent with international norms. December 2004 fiscal reforms require that applicants for credit at Salvadoran financial institutions show that they are current in their tax obligations with Salvadoran Government.

El Salvador's banks are among the largest in Central America. The banking system is sound and in general well managed and supervised. The banking system's total assets as of November 2004 were \$11 billion.

Under the 1999 Banking Law and amendments made in 2002, foreign banks are afforded national treatment and can offer the same services as Salvadoran banks; they can open branches and buy or invest in Salvadoran financial institutions. The law raised the local financial sector standards to international standards, strengthened supervisory authorities, and provided more transparent and secure operations for customers and banks. The law also established an FDIC-like autonomous institution to insure deposits, increased the minimum capital reserve requirement for a bank to 100 million colones (\$11.4 million), 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 transaction to the Attorney General and the Superintendency of the Financial System.

The 1996 Insurance Companies Law regulates the operation of local insurance firms and accords national treatment to foreign insurance firms. Foreign firms, including U.S. and Spanish companies, have invested in Salvadoran insurers.

The 1994 Securities Market Law established the present form for the Salvadoran securities exchange, which opened in 1992, and has played an important role in the privatization of state enterprises and facilitating foreign portfolio investment. Stocks, government and private bonds, and other financial instruments are traded on the exchange, which is regulated by the Superintendency of Securities. Foreigners can buy stocks, bonds and other instruments sold on the exchange and can 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. Then they must submit the required documentation to the Superintendent, who will decide whether the security can be traded. The exchange has averaged daily volumes of about \$30 million. Government regulated private pension funds and Salvadoran insurance companies are the largest buyers on the Salvadoran securities exchange.



El Salvador's 12-year civil war ended in 1992 with a peace agreement. The former guerrilla insurgent organization, the FMLN, became a political party. The FMLN has participated in elections since 1994 and now has more seats than any other party in the Legislative Assembly, although it does not have a majority. Although general levels of crime are high and are of concern to the business community, there has been no political violence aimed at foreign investors, their businesses, or their property.

## **Corruption**

[Return to top](#)

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. The government, with assistance from the U.S. Agency for International Development, has developed a government code of ethics and an ethics office that would include a unit where citizens can file complaints about corruption and unethical behavior. Long-standing legislation to establish this office in the Court of Accounts has failed to gain sufficient support for passage.

When it occurs, corruption is usually at lower governmental levels. However, a recent corruption scandal involved senior officials of the Salvadoran water authority, including its former president. There have been credible complaints about judicial corruption. There is also an active, free press that reports on corruption issues. El Salvador ratified the Inter-American Convention Against Corruption in 1998.

## **Bilateral Investment Agreements**

[Return to top](#)

The United States and El Salvador signed a bilateral investment treaty (BIT) in March 1999, which addresses issues such as national treatment for foreign investors, transfers, expropriation, investment disputes, and tax policies. The United States has ratified the treaty but El Salvador has not. The United States and four Central American countries (El Salvador, Guatemala, Honduras, and Nicaragua) concluded negotiations on the U.S.-Central American Free Trade Agreement (CAFTA) in December 2003 and the Dominican Republic became a party to the agreement in August 2004. El Salvador ratified the agreement in December 2004, before all other signatories. The investment chapter included in the agreement will offer many of the same measures to protect investors as included in the BIT. The two countries also have a trade and investment council (TIC) framework agreement.

El Salvador is also negotiating a free trade agreement with Canada, which will contain investment provisions. The five Central American Common Market countries, which include El Salvador, have an investment treaty. In addition, the free trade agreements that El Salvador has with Mexico, the Dominican Republic, Chile, and Panama, contain sections that promote investment.

## OPIC and Other Investment Insurance Programs

[Return to top](#)

The Overseas Private Investment Corporation (OPIC) has a bilateral agreement with El Salvador. The agreement requires the Government of El Salvador to approve all insurance applications. A new agreement is being negotiated that will eliminate this requirement. OPIC insures against currency inconvertibility, expropriation and civil strife, and can also provide corporate project financing and special financing oriented to small business. Because of El Salvador's use of the U.S. dollar, full inconvertibility insurance is not needed, although investors do insure against inability to transfer funds. El Salvador is a member of the Multilateral Investment Guarantee Agency (MIGA).

## Labor

[Return to top](#)

El Salvador has a labor force of approximately 2.6 million. Salvadoran labor is perceived as hard working and receptive to training and advanced study. The general educational level is low, however, which may pose problems for investors needing skilled, educated labor. There is a lack of middle management-level talent, which sometimes results in foreigners being brought in to perform such tasks. 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 accord with internationally recognized standards, but is not enforced consistently by government authorities. The International Labor Organization's Committee on Freedom of Association has expressed concern in a number of cases about the government's failure to apply the protections of workers rights to organize and bargain collectively required by International Labor Organization conventions. It has asked the government to review these cases and take corrective action when necessary.

## Foreign-Trade Zones/Free Ports

[Return to top](#)

As of November 2004, there were 13 free zones operating in the country. Maquila textile operations constitute the businesses of 12 of the free zones. These firms, mostly owned by Salvadoran, U.S., Taiwanese, and Korean investors, employ approximately 80,000 people. See para. 18 for a discussion of benefits available to investors in these zones

## Foreign Direct Investment Statistics

[Return to top](#)

### Accumulated Foreign Investment by Country of Origin (Millions of Dollars)

Country	2001	2002	2003
-----	----	----	----

United States	807.5	880.1	950.1
Venezuela	309.5	309.5	309.5
France	214.5	214.7	214.7
Chile	91.5	91.5	91.7
Mexico	69.0	72.7	84.7
Panama	85.6	100.7	102.3
Spain	120.5	159.0	161.4
Bahamas	65.2	71.4	72.8
Germany	75.7	78.7	84.8
Costa Rica	63.3	69.6	70.3
Singapore	32.1	32.1	32.2
Netherlands	32.2	34.8	39.1
Peru	22.3	22.3	22.3
Nicaragua	25.0	32.9	33.2
Ecuador	9.0	9.0	9.0
Canada	44.6	45.8	46.6
Guatemala	32.0	38.7	48.2
Aruba	15.0	15.0	15.0
Korea	14.9	14.9	22.9
Switzerland	11.7	11.7	11.7
Japan	14.0	14.2	14.2
Bermuda	10.6	10.6	11.2
Taiwan	40.2	42.1	56.9
England	6.4	6.4	6.4
Honduras	9.3	9.3	19.4
BVI	4.2	23.1	29.2
Italy	0.0	26.6	26.6
Israel	0.0	8.5	10.4
Other	11.0	14.0	19.9
TOTAL:	2,252.1	2,460.0	2,616.5

Source: Central Reserve Bank of El Salvador

#### Annual Foreign Investment Flows in Selected Sectors (Millions of Dollars)

Sector	2001	2002	2003
-----	----	----	----
Industry	64.6	46.7	30.7
Commerce	21.1	35.7	25.2
Services	20.0	19.4	1.5
Construction	0.1	0.0	0.0
Communications	61.6	58.6	10.1
Electricity	14.6	26.7	0.0
Agriculture and fishing	30.0	8.5	3.0
Mining	0.0	0.0	0.0
Finance	41.4	12.1	15.6
Maquila	25.7	10.1	70.6
Total:	173.4	267.8	165.6

Source: Central Reserve Bank of El Salvador

### 50. Foreign Direct Investment as a Percentage of GDP (Millions of Dollars)

	2001	2002	2003
	----	----	----
GDP	13,812.7	14,311.9	14,940.9
FDI stock	2,252.1	2,460.0	2,616.5
FDI flows	279.0	207.9	156.5
FDI stock as a percentage of GDP	16.3	17.2	17.5
FDI flows as a percentage of GDP	2.0	1.5	1.1

Source: Central Reserve Bank of El Salvador

### Partial List of Major Foreign Investors

AES Corporation (USA) -- Electricity distribution  
 AIG (USA) -- Insurance  
 America Movil (Mexico) -- Fixed and wireless telephone  
 Avery Dennison (USA) -- Labels for clothing  
 Bayer de El Salvador (German) -- Pharmaceutical processing plant, fertilizer plant  
 Citi Corp (USA) -- Banking  
 Dell – Customer service/sales call center  
 Digicel (Venezuelan) -- Cellular telephone service  
 Duke Energy (USA) -- Thermal electricity generation plants  
 El Paso Corporation (USA) -- Owner/operator of the Nejapa power/ thermal generating plant  
 Elf (France) -- Propane gas  
 EMEL S.A. (Chilean/USA) -- Electricity distribution  
 Esso Standard Oil (USA) – Importer / Distributor of hydrocarbons. Gas stations/ refinery at the Acajutla seaport  
 Grupo Calvo (Spain) -- Tuna fishing, processing, exporter  
 Hiper Paiz (Guatemala) -- Supermarkets  
 International Paper (USA) -- El Salvador division Empaques Liquidos de Centro America (ELCA), liquid packaging company  
 Kimberly Clark de C.A. (USA) -- Distribution facility  
 Maseca (Mexico) -- Flour maker  
 Max (Guatemala) -- Appliance store  
 Price Smart (USA) -- Member discount store and supermarket  
 Sara Lee Knit Products (USA) -- Four clothing assembly plants  
 Shell El Salvador (Netherlands/U.K.) -- Partially owner of oil refinery with Esso; Importer/ Distributor of Hydrocarbons, Service station/convenience stores.  
 Telefonica de Espana (Spain) -- Cellular telephone Service  
 Telemovil (Luxembourg) -- Cellular telephone Service

Texaco Caribbean (USA) – Importer / Distributor of Hydrocarbons. Lubricant blending plant in Acajutla, and service station/convenience stores.  
Syks, Customer service/sales call center.  
Unisola-Unilever (UK) -- Food products

## Web Resources

[Return to top](#)

Foreign Direct Investment Statistics, Central Bank:

[http://www.bcr.gob.sv/estadisticas/series\\_estadisticas.html](http://www.bcr.gob.sv/estadisticas/series_estadisticas.html)

Investment Promotion Agency, PROESA: <http://www.proesa.com.sv/>

Country Investment Climate and Economic Outlook, Think Tank NGO, FUSADES;

[http://www.fusades.com.sv/i\\_index.html](http://www.fusades.com.sv/i_index.html)

Investment Office, Ministry of Economy: <http://www.minec.gob.sv/oni/index.html>

Capital Market Regulatory Agencies: <http://www.superval.gob.sv/> and

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

Investment Financing: <http://www.opic.gov/>

Mediation Center, Chamber of Commerce – El Salvador:

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

Intellectual Property Rights, Office of Registration: <http://www.cnr.gob.sv/proi.asp?n=0>

Trade Agreements, Ministry of Economy:

<http://www.minec.gob.sv/default.asp?id=31&mnu=31/>

CAFTA, Ministry of Economy: <http://www.minec.gob.sv/default.asp?id=70&mnu=70/>

Trade Agreements, Organization of American States:

<http://www.sice.oas.org/trades.asp#MCCA/>

<http://www.sice.oas.org/ctyindex/ESVpg.asp#AT/>

Labor regulations, Ministry of Labor: <http://www.mtps.gob.sv>

Regional Labor Information: <http://www.laboral.sieca.org.gt/>

Infrastructure Map (Ports, Airports, Highways, Customs and Free Trade Zones):

<http://www.proesa.com.sv/map.asp>

Monetary Integration: <http://www.bcr.gob.sv/ingles/integracion/ley.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### How Do I Get Paid (Methods of Payment)

[Return to top](#)

The banking system offers a wide array of methods of payment. For domestic transactions, many use open accounts where the exporter ships the goods as soon as the order is received and then invoices the purchaser for payment within 30, 60, or 90 days. Letters of credit, a legal document between an importer and exporter, give the exporter confidence that the importer is able to pay for the goods while assuring the importer that payment will be made only after the terms outlined in the letter have been met. Local banks also offer standby letters of credit in which the issuing bank promises to pay a third party on behalf of a second. Cash against documents allow the buyer to assume the title for the goods being purchased upon paying the sale price in cash. A variant of this is the documents against acceptance where the shipping documents are held by the buyer's bank until the buyer has accepted (signed) the draft. Cash in advance is also common. Many exporters accept credit cards in payment for exports of consumer or other products. Another common practice is factoring, whereby a company sells its account receivables to a financial institution, normally at a discounted rate.

The following credit rating agencies operate in El Salvador:

#### EQUILIBRIUM

Boulevard del Hipódromo, edificio GRANPLAZA, local 305, Colonia San Benito, San Salvador. San Salvador. Phone: (503) 275-4853 (503) 245-1121.

<http://www.equilibrium.com.pe>

#### FITCH CENTROAMERICA, S.A.

Edificio Plaza Cristal Local 2-4, 79 Avenida Sur y Calle Cuscatlán, San Salvador

Panamá. Phones: (503) 263-1300; (503) 263-6039 <http://www.fitchca.com/main.html>

#### GLOBAL VENTURE, S.A. DE C.V.

Calle Las Palmas, Pasaje 7, No. 130 Colonia San Benito, San Salvador. San Salvador.

Phones: (503) 224-5701; (503) 245-6173

#### PACIFIC CREDIT RATING, S.A. DE C.V.

87 Avenida Norte, No.720, Apartamento D, Colonia Escalón, San Salvador. San

Salvador. Phones: (503) 263-3130; (503) 263-3260. <http://www.ratingspcr.com>

## How Does the Banking System Operate

[Return to top](#)

Nine private banks, two branches of foreign banks, and two state-owned banks provided the full range of commercial banking services in El Salvador. The commercial banks include Banco Agrícola Comercial and Banco Cuscatlan, which are, respectively, the first and third largest banks in Central America. These banks, along with Banco Salvadoreño and Banco de Comercio, account for more than 80 percent of the Salvadoran banking business. There are also five other private banks, branch operations for two foreign banks, Citibank and First Commercial Bank of Taiwan, and two banks that are still owned by the government. By law, all operations carried out in Salvadoran banks must be done in U.S. dollars. Interest rates and fees are set by market conditions. All financial institutions in El Salvador are authorized and supervised by the Superintendent of the Financial System (Superintendente del Sistema Financiero), an independent regulatory agency. In addition to the two foreign banks operating branches, there are two operating as representation offices—BAC Florida Bank and Banco de Santander. Non-resident banks also lend without restriction to Salvadoran clients. Citicorp, N.A., is the only U.S. banking institution with a full service bank in El Salvador. The banking industry is very competitive due to the presence of foreign banks and the openness of the banking law.

## Foreign-Exchange Controls

[Return to top](#)

There are no foreign exchange controls in El Salvador.

## U.S. Banks and Local Correspondent Banks

[Return to top](#)

CITIBANK, N.A.

Ing. Gijs Veltman, President

Alameda Dr. Manuel Enrique Araujo, Edif. PALIC

Calle Nueva No. 1, Col. Escalón

San Salvador, El Salvador, C.A.

Tel. (503) 211-2800, Fax (503) 211-2892

<http://www.citibank.com/us/index.htm>

BAC Florida Bank

Representative: Ms. Antonella de Fernández

Edif. Credomatic, Edif. C, 5o. Piso 55 Av. Sur

San Salvador, El Salvador, C.A.

Tel. (503) 298-6844, Fax (503) 279-3556

<http://www.bacflorida.com/>

Inter-American Development Bank (IDB)

Philippe Dewes

Representative for El Salvador

Edificio World Trade Center, 4o. Nivel

Calle El Mirador y 89 Av. Norte

Apartado Postal No. (01) 199  
San Salvador, El Salvador, C.A.  
Tel: (503) 233-8900 (Ext. 2212), Fax (503) 233-8921  
<http://www.iadb.org/exr/country/eng/ElSalvador/>

Central American Bank for Economic Integration (CABEI)  
Lic. Miguel Angel Simán, Director  
Calle La Reforma No. 130, Col. San Benito  
San Salvador, El Salvador, C.A.  
Tel. (503) 267-6147, 267-6100, Fax (503) 267-6180  
<http://www.bcie.org/>

Banco Cuscatlan, S.A.  
Ing. Mauricio Samayoa, President  
Edif. La Pirámide, Km. 10 Carretera a Santa Tecla,  
La Libertad, El Salvador, C.A.  
Tel. (503) 228-7777, Fax (503) 228-5700  
<http://www.bancocuscatlan.com/elsalvador/index.html>  
Bank of America NT &SA, San Francisco, California  
Citibank, New York  
The Bank of New York, New York, New York  
The International Bank of Miami, Miami, Florida  
Union Planters Universal National Bank, Miami, Florida  
Union Bank of California, San Francisco, California  
Wachovia Bank, N.A., New York, New York  
American Express Bank  
JP Morgan Chase Bank

Banco Salvadoreño  
Ms. María Eugenia Brizuela de Avila, President  
Centro Financiero Banco Salvadoreño No. 3550  
Alameda Dr. Manuel Enrique Araujo  
San Salvador, El Salvador, C.A.  
Tel. (503) 214-2788, Fax (503) 298-0102  
<http://www.bancosal.com/>  
Bank of America, Miami, Florida  
Citibank, New York, New York  
The International Bank of Miami, Miami, Florida  
Union Bank of California, San Francisco, California  
Union Planters Bank, N.A. Miami, Florida  
Wachovia Bank, N.A. Miami, Florida  
Gulf Bank, Miami, Florida  
Banco Internacional de Costa Rica, Miami

Banco de Comercio de El Salvador  
Ing. José Gustavo Belismelis  
25 Av. Norte y 23 Calle Pte. No. 1250  
San Salvador, El Salvador, C.A.  
Tel. (503) 225-2945, Fax (503) 225-7767  
<http://www.banco.com.sv/>  
American Express Bank, New York, USA



Banco Internacional de Costa Rica, Miami, FLA. USA  
Banco de Crédito e Inversiones, Miami Florida, USA  
BPD International Bank, New York, USA  
Bank of America NT & S.A., San Francisco, CA  
Citibank, New York, USA  
Cobank, Denver, Colorado, USA  
Commerce Bank, N.A., Coral Gables, Florida, USA  
Israel Discount Bank, New York, USA  
JP Morgan Chase Bank, Texas, USA  
Pine Bank, N.A., Miami, Florida, USA  
Rabobank Nederland, New York, USA  
Standard Chartered Bank, Miami, Florida, USA  
The International Bank of Miami, Miami, Florida, USA  
Union Bank of California, San Francisco, California, USA  
Union Planters Bank, N.A., Miami, Florida, USA  
Whitney National Bank, New Orleans, Louisiana, USA  
The Hong Kong and Shanghai Banking Corp, New York, USA  
Wachovia Bank, N.A., Miami, FLA, USA  
Wells Fargo Bank, San Francisco, CA, USA

Banco Agrícola Comercial  
Lic. Rodolfo Schildknecht, President  
Blvd. Constitución No. 100 y 1a. Calle Pte., Plaza Las Américas  
San Salvador, El Salvador, C.A.  
Tel. (503) 267-5900, Fax (503) 267-5920

<http://www.bancoagricola.com>

American Express Bank, Ltd., New York, USA  
Atlantic Security Bank, Miami, Florida, USA  
BAC Florida Bank, Miami, Florida, USA  
Bank of America, San Francisco, California, USA  
Banco Santander Central Hispano, Miami, Florida, USA  
Citibank N.A., New York, USA  
Pine Banking Corporation, Miami, Florida, USA  
The Bank of New York, New York, USA  
The International Bank of Miami, Miami, Florida, USA  
Union Bank of California, Los Angeles, California, USA  
Whitney National Bank, New Orleans, USA  
Wachovia Bank, Miami, Florida, USA  
Banco Internacional de Costa Rica, Coral Gables, USA  
Banco Santander Ctrl Hispano SA, Miami, FLA, USA  
JPMorgan Chase Bank, New York, USA  
Citibank, S.A., New York, USA  
Union Planters Bank, NA, Miami, USA  
Hemisphere National Bank, USA

Banco Hipotecario  
Ing. Roberto Navarro, President  
Sucursal Senda Florida Sur, Colonia Escalón  
San Salvador, El Salvador, C.A.  
Tel. (503) 250-7101, Fax (503) 298-0447  
<http://www.bancohipotecario.com.sv/>

Bank of America NT & S.A., San Francisco  
Citibank N.A., New York, USA  
Wachovia Bank, N.A., Miami, Florida, USA  
The International Bank of Miami, Miami, Florida  
Banco Internacional de Costa Rica, Miami, FLA, USA

Banco Americano  
Ing. Ronald Lacayo, President  
Alameda Roosevelt No. 2511  
Tel. (503) 245-0651, Fax (503) 298-5261  
<http://www.bamericano.com/>  
Wachovia Bank National Association, New York

Banco Uno  
Ing. Albino Román, President  
Carretera a Comalapa Km. 9, Edif. AVAL CARD  
San Salvador, El Salvador, C.A.  
Tel. (503) 213-2604, Fax (503) 238-2323  
<http://www.bancouno.com.sv/>  
The International Bank of Miami, Miami, Florida  
Bank of America, USA  
Wachovia Bank, USA  
Rabobank, USA  
Pine Bank, Miami, USA

Banco de America Central  
Lic. Raúl Ernesto Cardenal Debayle, President  
Edif. Credomatic 51 Av. Sur y Alameda Roosevelt y Av. Olímpica  
San Salvador, El Salvador, C.A.  
Tel. 247-4453, Fax 224-4138  
<https://www.credomatic.com/elsalvador/esp/credo/index.html>  
BAC Florida Bank, USA  
Banco Atlántico, NY, USA  
Bank of America, USA  
Barclays Bank PLC, USA  
BICSA, Miami, FLA, USA  
CITIGROUP, N.A. USA  
First Union National Bank, Usa  
First Union National Bank, USA  
Gulf Bank, USA  
Merryl Lynch, USA  
The Bank of New york, USA  
The International Bank of Miami, USA  
Union Bank of California, USA  
Union Planters Bank, USA  
Wachovia Bank, N.A., USA

Banco Procredit  
Mr. Gabriel Schor, President  
Blvd. Constitución y 1a. Calle Pte. No. 3538  
Colonia Escalón

San Salvador, El Salvador, C.A.  
Tel. (503) 267-4411; Fax (503) 267-4511  
<http://www.bancoprocredit.com.sv/>

## Project Financing

[Return to top](#)

Bank finance is readily available. Since dollarization in 2001, interest rates for deposits and for loans have dropped sharply and are near 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 6.4 percent for terms of less than a year. Intermediate goods are financed at even lower interest rates. Local banks offer a variety of letters of credit, sight drafts, and other methods of payment at competitive prices. The Embassy recommends using confirmed irrevocable letters of credit in any commercial transactions in El Salvador.

The Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture 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 percent 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 Export Credit Guarantee Program (GSM-102) covers credit terms up to three years. The Intermediate Export Credit Guarantee Program (GSM-103) covers credit terms up to 10 years. However, because payment is guaranteed, financial institutions in the United States can offer competitive credit terms to the foreign banks, usually with interest rates based on the London Inter-Bank Offered Rate (LIBOR).

The USDA also offers the 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.

The U.S. Overseas Private Investment Corporation (OPIC) provides medium to long-term financing in the form of investment guarantees and direct loans and loans guaranties to projects with at least 25 percent 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 percent of the total costs of a new venture but cannot exceed 75 percent of the total investment. OPIC support is available for new investments, privatizations, and 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.

The Export-Import Bank of the United States also 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 takes the repayment risk of 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 US\$10 million, with much less paperwork required than for other programs. U.S. exporters do not need to go through the Ex-Im bank application process. 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 percent of principal and interest for up to 85 percent of the U.S. export value, plus Ex-Im Bank's exposure fee, if financed. The buyer must make a 15 percent cash payment to the exporter outside of the CGF.

The U.S. Trade and Development Agency facilitates partnership between American companies and infrastructure and industrial project sponsors in Latin America through the funding of project planning assistance. These activities are designed to involve American companies on the "ground floor" of projects.

The Inter-American Development Bank, through the Salvadoran Multisector Bank for Investments (Banco Multisectorial de Inversiones) offers credit to support the development of the private sector, especially small and medium-sized enterprises. These credits to date have not been widely used due to the extensive paperwork required. Machinery and other capital goods exports to El Salvador may be financed at low rates and long terms through special credit lines offered by international financial institutions.

## Web Resources

[Return to top](#)

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)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

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

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

Credit Rating Agencies registered in El Salvador:  
[http://www.superval.gob.sv/i\\_index.html](http://www.superval.gob.sv/i_index.html)

Banks in El Salvador: <http://www.buyusa.gov/elsalvador/en/banks.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### Business Customs

[Return to top](#)

Salvadoran business relationships and meetings are, at first, formal. A suit and tie are appropriate for most 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.

El Salvador tends to be very much a business card society and it is important upon first meeting someone to exchange business cards with him or her. It would be a good idea to have a supply of business cards printed in Spanish.

Breakfast meetings are common and begin about 7:30 a.m. Lunches and dinners can become lengthy affairs (2-3 hours); so do not plan too tight a schedule around them. Dinners start late by U.S. standards, frequently at 8:00 or 9:00 p.m. Lunch is usually at 12:30 p.m.

### Travel Advisory

[Return to top](#)

The Department of State warns United States citizens to exercise caution when traveling to El Salvador because of the high rate of crime. For additional general or specific travel information please contact: Bureau of Consular Affairs, Office of Overseas Citizen Services (CA/OCS) 1-888-407-4747, from overseas: 317-472-2328 or the El Salvador Desk, U.S. Department of State, Phone: (202) 647-3505. The Department of State web site <http://www.travel.state.gov/travel/elsalvador.html>, offers e-mail safety information updates. Also, the Travel Advisory Service of the Department of State can provide information in recorded and fax form for any travel warnings on traveling to foreign countries. For recorded information contact Tel: (202) 647-5225. To receive a facsimile, call (202) 647-3732.

## Visa Requirements

[Return to top](#)

No visa or other documentation such as tourist card is necessary for U.S passport holders. Six months valid passport is required. This applies to all types of passports (ordinary, official, diplomat). For non-U.S. passport holders: Please consult the following web page.

<http://www.gobernacion.gob.sv/eGobierno/Direcciones/DGME/visas/>.

Consular visas can be requested at any of El Salvador's Consular offices in the U.S.

<http://www.elsalvador.org/home.nsf/consularinfo>

When departing from El Salvador, an exit tax of US\$27.15 must be paid at the International Airport. Travelers leaving by land do not pay exit taxes.

U.S. Companies that require travel of foreign businesspersons to 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://www.travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular Section: <http://elsalvador.usembassy.gov/consular/index.html>

## Telecommunications

[Return to top](#)

Following a successful privatization of the sector, El Salvador has more than 750,000 installed phone lines. El Salvador is one of the largest cell phone market in Central America with over 1,100,00 subscribers in 2003. The major international telephone services are available in El Salvador. There are direct dialing, fax and telex facilities to most countries in the world. Internet connectivity is offered by ten different companies. The mail system is inadequate, but there are many private courier services, such as DHL, Federal Express and UPS.

<http://www.buyusa.gov/elsalvador/en/telecommunication.html>

## Transportation

[Return to top](#)

U.S. airlines with international flights to El Salvador include: American Airlines, Continental, Delta, United and U.S. Air which starts service in February 2005. Also a Central American airline TACA, has direct flights to and from the main cities in the U.S. <http://www.buyusa.gov/elsalvador/en/airlines.html>. Deluxe hotels have Airport to hotel transportation services <http://www.buyusa.gov/elsalvador/en/hotels.html>. Visitors commonly drive rental cars and a U.S. driver's license is valid for 60 days. Taxi cab

services normally parked within the perimeter of deluxe hotels are reliable. Public transit bus service is not recommended. <http://www.buyusa.gov/elsalvador/en/carrental.html>

## Language

[Return to top](#)

Spanish is the official language. English is widely spoken in business circles and by educated Salvadorans. List of interpreters  
<http://www.buyusa.gov/elsalvador/en/interpreters.html>

## Health

[Return to top](#)

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 877-FYI-TRIP (877-394-8747) and a web site at <http://www.cdc.gov/travel/index.htm> 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, tel. (202) 512-1800. Following are some useful health hints: Careful attention to choice of food and beverages helps to reduce the risks. Most well know restaurants in El Salvador serve safe food and beverages. 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 should be well cooked. Bottled drinks are considered safe. Tap water is not considered potable. Commercially available water bottle in El Salvador from the Agua Cristal plant has been judged safe for consumption, but be sure the heat-molded seal on bottleneck has not been broken. Freezing does not make water safe. Avoid ice cubes unless you know they have been made from potable water. All the reputable restaurants in El Salvador use ice from commercial source and it is considered safe. Contrary to notice occasionally posted in some hotels, water from spigots and other non-bottled sources should not be considered safe to drink.

## Local Time, Business Hours, and Holidays

[Return to top](#)

Standard time zone: UTC/CMT –6 hours. No daylight saving time. For current time go to: <http://www.timeanddate.com/worldclock/city.html?n=228>. Working hours in the private sector usually are from 8:30 am to 5:30 pm and in the government sector from 8:00 am to 4:00pm.

The holidays observed in El Salvador are:

January 1	New Year's Day
March or	Holy Week (Semana Santa)
April*	Begins on Good Friday; Ends Easter Monday



May 1	Labor Day
August 5-6*	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 and Feast of San Salvador Holidays. Holy Week is in March or April; in 2005 this feast will be from March 24 to March 26. The Feast of San Salvador is in early August. U.S. firms should not visit the country for business purposes during these periods.

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

[Return to top](#)

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. Chapter 8 provides more details about temporary entry.

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 (\$570,000), 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 his 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.

### **Web Resources**

[Return to top](#)

Turismo, S.A. de C.V.: <http://www.turismo.com.sv/pages/english.php>  
Salvadorian Tourism Corporation (CORSATUR): <http://www.elsalvadorturismo.gob.sv/>  
The Salvadoran Association of Hotels: <http://www.elsalhotels.com/ingles-quienes.htm>

[Return to table of contents](#)

[Return to table of contents](#)

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

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

### Contacts

[Return to top](#)

#### Country Government Agencies

Ministry of Economy  
Yolanda de Gavidia, Minister  
Complejo Plan Maestro  
Centro de Gobierno  
San Salvador, El Salvador, C.A.  
Tel. (503) 231-5603  
FAX (503) 221-2797  
Web page: <http://www.minec.gob.sv>

Ministry of Public Works  
David Gutierrez, Minister  
Plantel DUA/La Lechuza  
Km. 5 Calle a Santa Tecla  
San Salvador, El Salvador, C.A.  
Tel. (503) 279-3727  
Fax: (503) 224-1882  
Web page: <http://www.mop.gob.sv/>

Ministry of Finance  
Guillermo López, Minister  
Edificio Los Cerezos  
Blvd. Los Héroes  
San Salvador, El Salvador, C.A.  
Tel. (503) 244-3002  
Fax (503) 225-7491  
Web page: <http://www.mh.gob.sv>

Ministry of Public Health  
Dr. José Guillermo Maza, Minister  
Calle Arce No. 827  
San Salvador, El Salvador, C.A.  
Tel. (503) 271-0008  
Fax: (503) 221-0985  
Web page: <http://www.mspas.gob.sv>

Ministry of Agriculture & Livestock  
Mario Salaverria, Minister  
Final 1a. Av. Norte y Av. Manuel Gallardo  
Santa Tecla, La Libertad  
Tel. (503) 288-9983  
Fax: (503) 288-5040  
Web page: <http://www.mag.gob.sv>

Ministry of Environment  
Hugo Cesar Barrera, Minister  
Alameda Roosevelt y 55 Av. Nte.  
Torre El Salvador, Edif. IPSFA  
San Salvador, El Salvador, C.A.  
Tel. (503) 260-8876  
Fax: (503) 260-3092  
Web page: <http://www.marn.gob.sv>

Executive Director  
Civil Aviation Authority  
Renzo Zaghini  
Aeropuerto de Ilopango  
San Salvador, El Salvador, C.A.  
Tel. (503) 295-0265  
FAX (503) 295-0345

Vice Ministry of Transportation  
Rogelio Tobar, Vice Minister  
1a. Av. Sur No. 630  
San Salvador, El Salvador, C.A.  
Tel. (503) 222-2681, 222-2677  
Fax (503) 221-2954  
Web page: <http://www.mop.gob.sv/ivmt.php>

Central Reserve Bank  
Luz María de Portillo, President  
Alameda Juan Pablo II  
San Salvador, El Salvador, C.A.  
Tel. (503) 281-8403, 281-8402  
Fax (503) 281-8401  
Web page: <http://www.bcr.gob.sv>

Comisión Ejecutiva Portuaria Autónoma  
Miguel Angel Salaverria, President  
Boulevard Los Héroes, Edificio Torre Roble, Metrocentro ,  
San Salvador, El Salvador  
Tel: (503) 260-5477  
Web page: <http://www.cepa.gob.sv>

Comisión Ejecutiva Hidroeléctrica del río Lempa

Nicolás Salume  
9a Calle Pte. No. 950 Entre 15 y 17 Av. Nte. Centro de Gobierno  
San Salvador, El Salvador  
Tel. (503) 211-6000  
Web page: <http://www.cel.gob.sv>

Administración Nacional de Acueductos y Alcantarillados  
Manuel Arrieta  
Av. Don Bosco, Col. Libertad, Edificio ANDA,  
San Salvador, El Salvador  
Tel.: (503) 225-8377, 239-2632  
Web page: <http://www.anda.gob.sv/>

#### Country Trade Associations/Chambers of Commerce

American Chamber of Commerce of El Salvador , AMCHAM  
David Huezo, President  
Edificio World Trade Center, Torre 2 Nivel 3  
San Salvador, El Salvador, C.A.  
Tel. (503) 263-9494; FAX (503) 263-9393  
Web page: <http://www.amchamsal.com>

Asociación de Distribuidores de El Salvador, ADES  
(Distributors' Association of El Salvador)  
Carlos Imberton Beneke, President  
Plaza Suiza, 3ra. Planta, Local LC-5  
San Salvador, El Salvador  
Tel.: (503) 223-6574; Fax: (503) 245-3359  
E-mail: [ades@salnet.net](mailto:ades@salnet.net)  
Web page: <http://www.ades.org.sv>

Asociación Nacional de la Empresa Privada, ANEP  
(Salvadoran National Association of Private Enterprise)  
Federico Colorado, President  
1a. Calle Poniente y 71 Avenida Norte 204  
San Salvador, El Salvador, C.A.  
Tel. (503) 298-0966, 224-1236 FAX (503) 223-8932  
Web page: <http://www.anep.org.sv>

Asociación Salvadoreña de Distribuidores de Materiales de Construcción, ASDEMAC  
Alejandro Marroquín, President  
4ª calle poniente y 13ª av. Sur #807 2ª planta local #4  
San Salvador, El Salvador, C.A.  
Tel.: (503) 222-3712; Fax: (503) 222-3524

Asociación Salvadoreña de Empresarios del Transporte de carga, ASETCA  
Nelson Vanegas, President  
37 Ave. Sur No. 535, Col. Flor Blanca  
San Salvador, El Salvador, C.A.  
Tel.: (503) 275-6813; Fax: (503) 275-6657  
E-mail: [asetcaes@hotmail.com](mailto:asetcaes@hotmail.com)

Asociación Salvadoreña de Industriales  
(Salvadoran Association of Industrialists)  
Napoleón Guerrero, President  
Calles Roma y Liverpool, Colonia Roma  
San Salvador, El Salvador, C.A.  
Tel. (503) 279-2488; FAX (503) 279-2070  
Web page: <http://www.asi.com.sv>

Asociación Salvadoreña de Importadores de Respuestas Automotrices, ASIRA  
David Canahuati, President  
Condominio Monte María, Edif. C 1-1 1a C. Pte. #2904  
San Salvador, El Salvador, C.A.  
Tel. (503) 260-5327; Fax: (503) 261-1803  
E-mail: [asira@salnet.net](mailto:asira@salnet.net)

Asociación de Industriales de la Confección (ASIC)  
Francisco Escobar, President  
Ofic. ASI, Colonia Roma y Calle Liverpool  
San Salvador, El Salvador, C.A.  
Tel.: (503) 279-2488; Fax: (503) 298-3508  
E-mail: [direccion\\_asic@integra.com.sv](mailto:direccion_asic@integra.com.sv)  
Web page: <http://www.asic.com.sv>

Cámara de Comercio e Industria de El Salvador  
(Salvadoran Chamber of Commerce and Industry)  
Elena Maria de Alfaro, President  
9a. Avenida Norte y 5a. Calle Poniente  
San Salvador, El Salvador, C.A.  
Tel. (503) 231-3000; FAX (503) 271-4461  
Web page: <http://www.camarasal.com/>

Cámara Salvadoreña de la Industria de la Construcción (CASALCO)  
Jose Raul Castaneda  
Paseo General Escalón No. 4834, Col. Escalón  
Tel. (503) 263-5344, 263-6521; Fax (503) 263-6518  
Web page: <http://www.casalco.org.sv>

Corporación de Exportadores de El Salvador (COEXPORT)  
(Salvadoran Exporters Corporation)  
Licda. Vilma de Calderón, President  
Condominios del Mediterraneo  
Edificio A-23, Jardines de Guadalupe  
San Salvador, El Salvador, C.A.  
Tel. (503) 243-3110, 243-1329 FAX (503) 243-3159  
Web page: <http://www.coexport.com>

Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES)  
Antonio Cabrales, President  
Edificio FUSADES  
Blvd. y Urb. Santa Elena

Antiguo Cuscatlan  
San Salvador, El Salvador C.A.  
Tel: (503) 278-3366; FAX (503) 278-3354  
Web page: [http://www.fusades.com.sv/i\\_index.html](http://www.fusades.com.sv/i_index.html)

## **Market Research**

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> 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, but free of charge.

## **Trade Events**

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

<http://www.buyusa.gov/elsalvador/en/events.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. 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

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/elsalvador/en/services.html>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

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.