



Investor's Guide

EL SALVADOR



Investment and Export Promotion Agency of El Salvador

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Dear investor

Welcome to the 2024 edition of the Investor's Guide to El Salvador, an essential tool designed to provide you with a comprehensive overview to evaluate and select El Salvador as the destination for your next investment.

El Salvador stands out for the exceptional skills and expertise of its workforce, the excellent connectivity provided by its modern infrastructure, and the strength of a fully dollarized economy. The legal framework not only promises attractive incentives for new businesses but also ensures the comprehensive safeguarding and protection of your investments.

El Salvador's commitment to free trade, its competitive cost structure, and its strategic proximity to key markets make it a privileged location for both domestic and international companies.

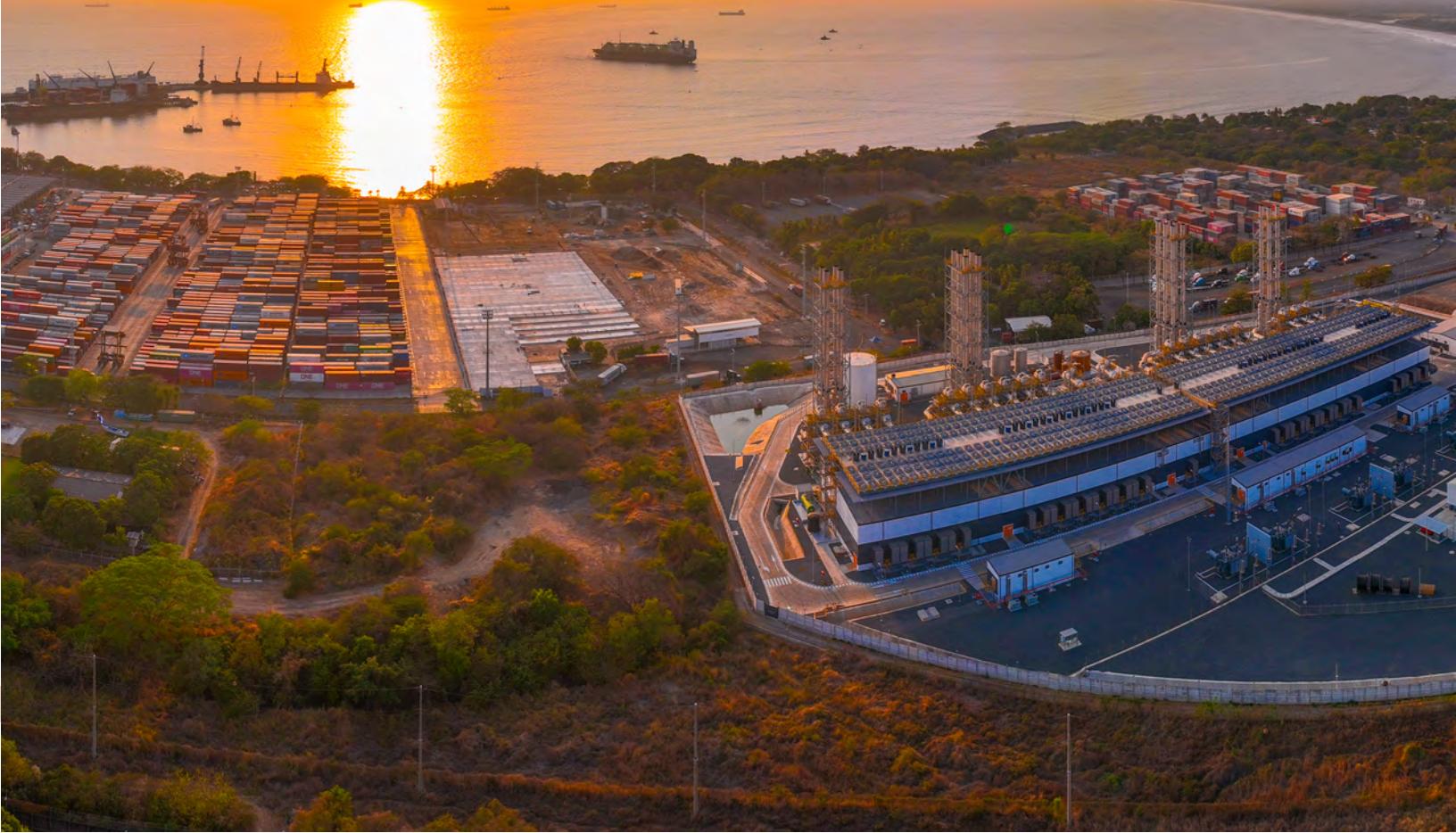
Over the past year, efforts have intensified to optimize the business environment and simplify global trade dynamics. This drive has culminated in updates to the legal framework, including reforms to the Income Tax Law (LISR) and the Law for the Promotion of Innovation and Manufacturing Technologies. This legislation is pivotal in the ambition to make El Salvador a technological hub synonymous with progress and economic expansion.

Internationally renowned companies continue to establish successful and profitable investments in El Salvador. The Investment and Export Promotion Agency (Invest in El Salvador) offers tailored services to meet your needs for information, advice, and support throughout the establishment process in the country.

As champions of investments and exports, our agency strives to be your strategic partner, accompanying you in discovering the numerous opportunities that El Salvador has to offer.

We invite you to contact us and explore together the potential of your next investment project.

Why El Salvador?





Preferential access to key markets

El Salvador's strategic location in the heart of the Americas, along with its extensive network of trade agreements, makes it an ideal location for businesses focused on exporting a diverse range of goods and services.



Young and competitive human talent

Investors certify that Salvadoran labor is globally renowned for its efficiency and work ethic. We are a predominantly young and highly productive population.



Cost-effective location

El Salvador ranks among the most cost-competitive countries to establish and operate a business in the region. Additionally, it boasts one of the lowest inflation rates in Latin America..



Favorable business environment

El Salvador is a market-oriented, export-driven economy that offers a solid legal framework for the protection of investments.



Modern infrastructure

The Global Competitiveness Index 2019 by the World Economic Forum ranks El Salvador among the countries with the best infrastructure in the region.

What is said about El Salvador and its business climate

“The overall perception worldwide aligns with that of El Salvador in terms of the improving business environment.”

AHK World Business Outlook, Spring 2023

Multiple Salvadoran participants in the AHK Worldwide survey perceive a positive trend in investment development in the country. In El Salvador, 44% of respondents see increased investments, whereas globally, only 19% of partners perceive improved investment opportunities.

Several factors make El Salvador more attractive for attracting further investments. Firstly, the global shortage of qualified personnel is a significant concern, with over 40% of partners stating that finding qualified personnel is increasingly difficult. In contrast, El Salvador stands out for having a young and highly competent workforce. Exchange rate fluctuations are perceived as another significant risk globally (28%), while in El Salvador, this risk is negligible due to its dollarized economy.

Security and its influence on commercial activity represent a competitive advantage in El Salvador. While in many other Latin American countries, the majority of entrepreneurs report a worsening security situation, negatively impacting their businesses, the opposite is true in El Salvador: a large majority confirms a notable improvement in this aspect.

Source: AHK World Business Outlook, Spring 2023.

El Salvador at a glance

Official name
Republic of El Salvador

General information

Total area
21,041 km²

Language
Español

Moneda
● 2001
USD **Dollar**

Capital city
San Salvador

Time zone
Central Standard Time (CST), UTC-6

● 2021
Bitcoin

Economy

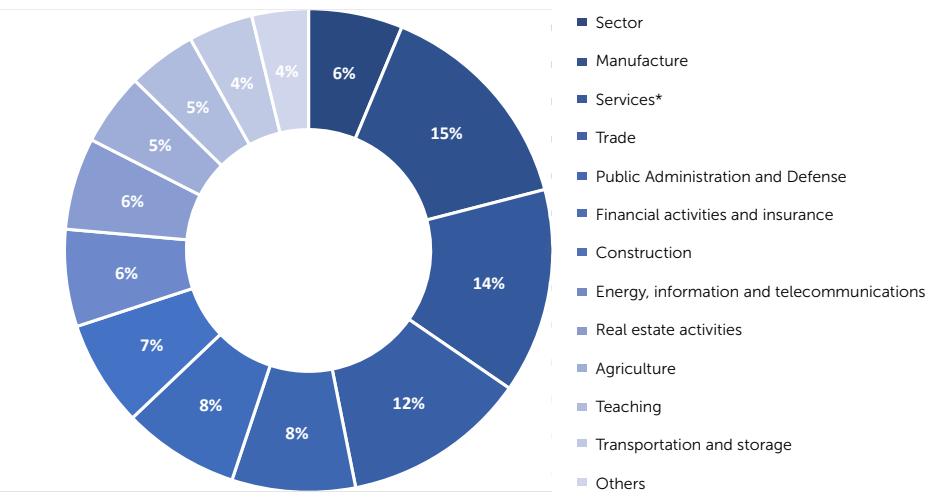
GDP: USD \$34 billion (2023).

GDP per capita: USD \$5,558 (2023).

Stock of Foreign Direct Investment: USD \$10.8 billion (2023).

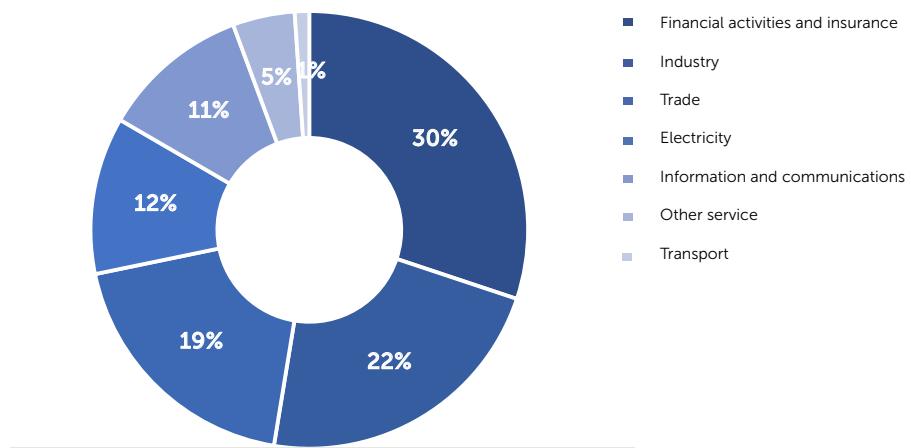
*** Includes:**
administrative services, social and health assistance, activities scientific and technical professionals and catering and accommodation services.

Chart 1: GDP by economic activity (2023)



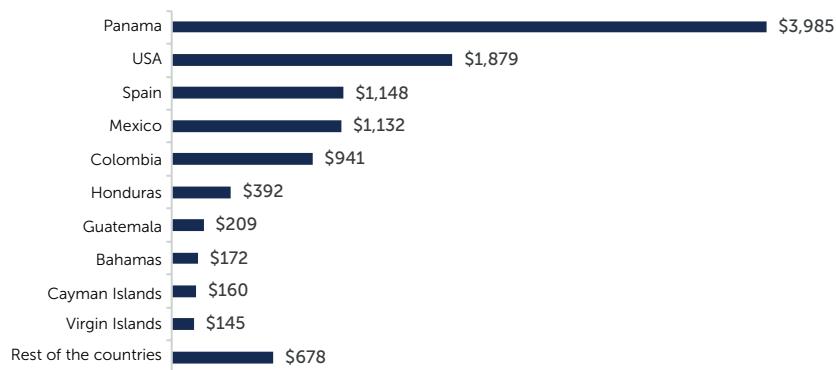
Source: Own elaboration with data from the Central Reserve Bank of El Salvador (BCR).

Chart 2: Foreign Direct Investment by sector (2023)



Source: Own elaboration with data from the Central Reserve Bank of El Salvador (BCR).

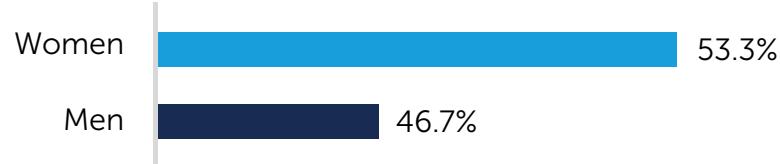
Chart 3: Foreign Direct Investment by country of origin (2023)



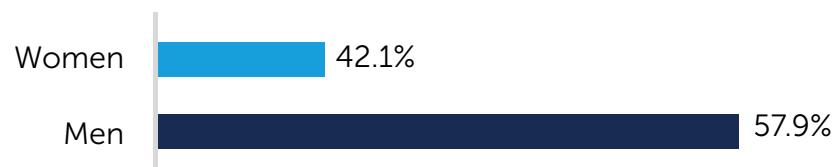
Source: Own elaboration with data from the Central Reserve Bank of El Salvador (BCR).

Population: 6.3 million inhabitants

Demography

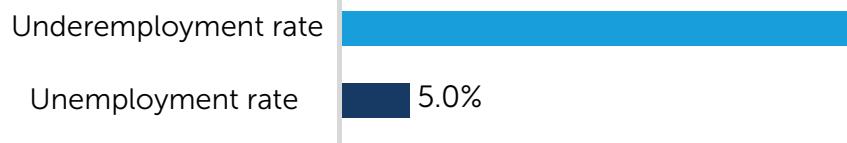


Workforce: 3 million people¹



¹ Population over 16 years of age that is employed or looking for work.

Employability



Source: Own elaboration with data from the Central Reserve Bank of El Salvador (BCR).

Preferential access to key markets

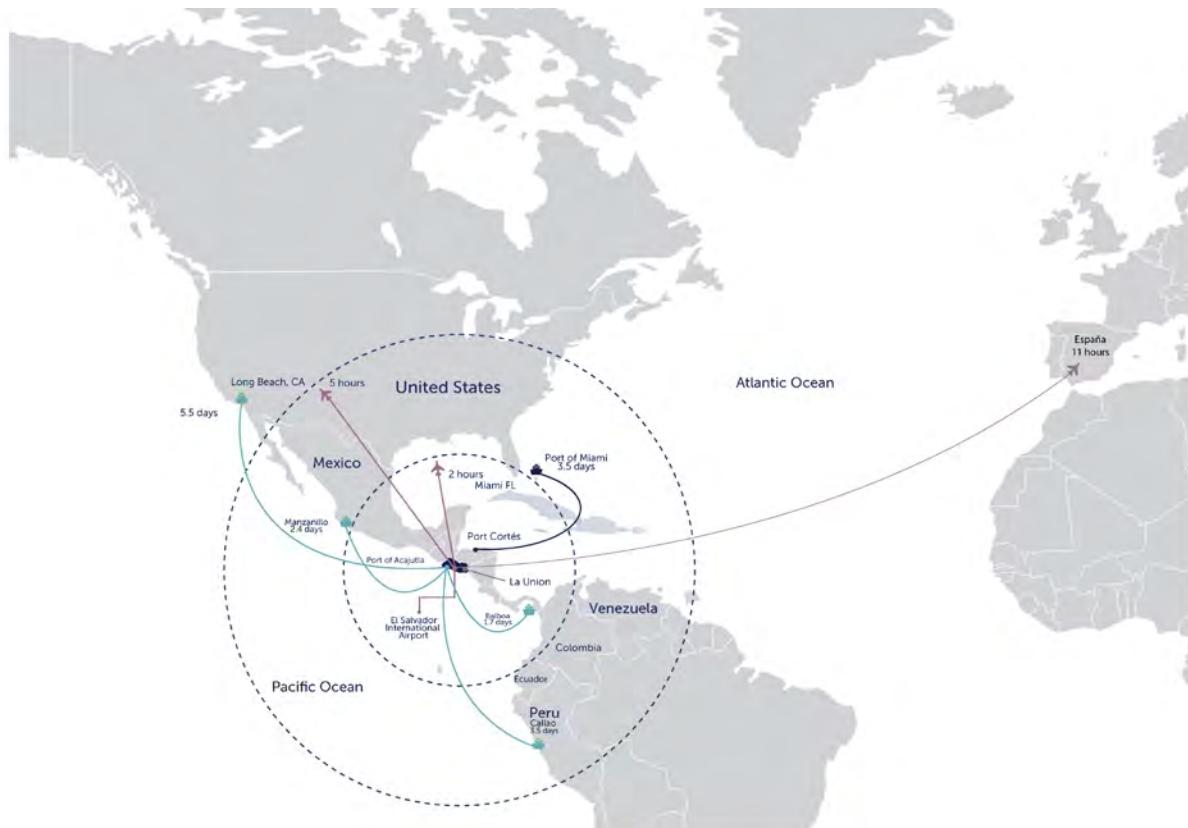
El Salvador's strategic location in the heart of the Americas, along with its extensive network of trade agreements, makes it an ideal location for businesses focused on exporting a diverse range of goods and services.

Strategic location

El Salvador stands out for its strategic geographical location, facilitating commercial connections by both sea and air. From the Port of Acajutla, a maritime journey of just 6 days reaches Long Beach, California, USA. Recently, a significant expansion has been completed at the port, resulting in a container yard with an operational capacity of up to 350,000 TEUs, spread over an area of 91,000 square meters.

El Salvador International Airport, a regional hub for Avianca, provides rapid air connections of 2 to 5 hours to major cities across the Americas. It is currently transforming into a first-rate logistics hub with the construction of a modern free trade zone. This evolution is bolstered by the operation of the cargo terminal, efficiently managed by a private company following the award of El Salvador's first Public-Private Partnership contract. This pivotal step enhances the airport's logistical capabilities, promising to elevate efficiency and expand cargo and logistics services throughout the region.

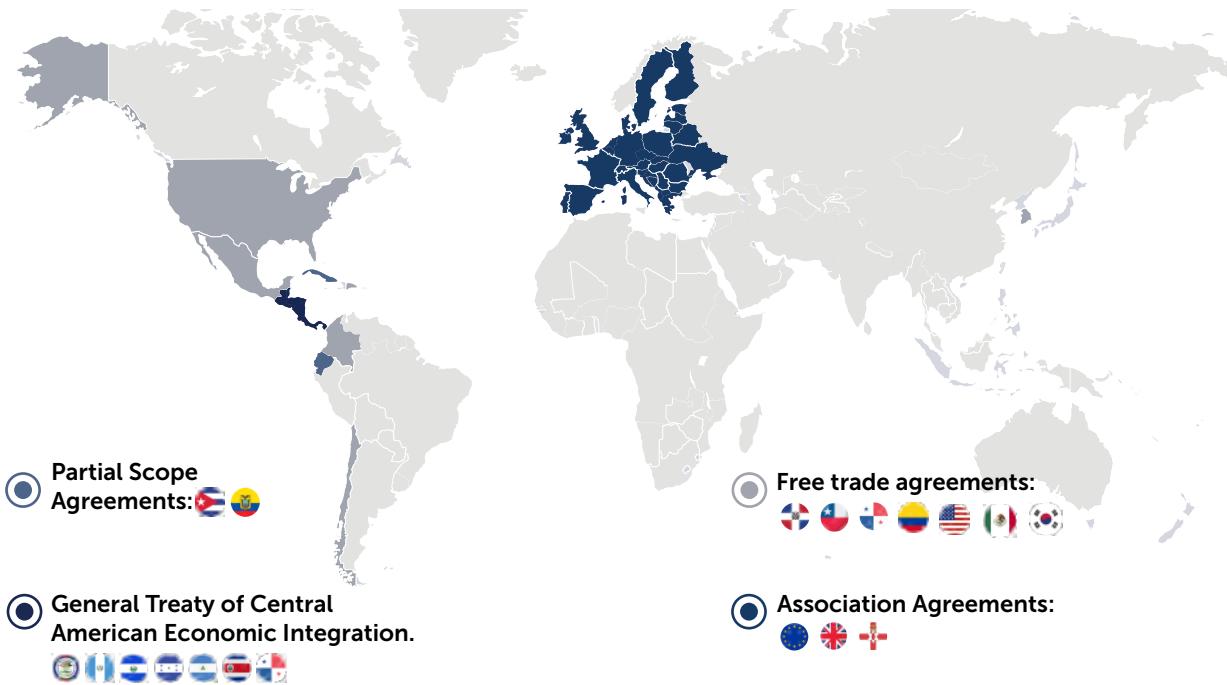
Finally, El Salvador's geographical location aligns with the Central Standard Time (CST, GMT -6) of the USA, allowing businesses to optimize their global business service operations. This makes El Salvador an ideal location to expand commercial reach and strengthen supply chains across the Americas



Preferential access to international markets

El Salvador serves as an export platform to reach major markets thanks to its extensive network of 12 trade agreements with 41 countries across the Americas, Europe, and Asia.

Collectively, these agreements provide access to a potential market of 1.185 billion consumers. The country's trade agreements are notable for offering flexible rules of origin, along with the elimination or significant reduction of import tariffs. This facilitates a more efficient and beneficial flow of trade for both El Salvador and its trading partners.



More detailed information on the scope, depth and application of these agreements can be found in the Commercial Information System of the Ministry of Economy.

Young and competitive human talent



3 million people

Workforce of El Salvador



54%

From the labor force is under 40 years old

Investors certify that Salvadoran labor is globally renowned for its industriousness, efficiency, and work ethic. El Salvador's workforce comprises 3 million people, with 54% aged 40 or younger. This demographic indicates a highly productive and adaptable workforce capable of quickly acquiring new skills.

With a growing number of workers possessing higher education, El Salvador is prepared to meet the challenges of a modern, globalized economy. It offers highly skilled human capital ready to make significant contributions across various economic sectors.

² Economically Active Population: Defined as the population over 16 years old who are either employed or actively seeking employment.

**Some
testimonials
from investors
who have
chosen our
country**



"Now we tell the world that Salvadoran human capital is capable of servicing aircraft from world-renowned airlines. Our people have made this dream possible. They are the main pillar and heart of our company, and their commitment to quality is what makes us great and enables us to go further."

Roberto Kriete

President of the Board of Directors of AEROMAN (aeronautical sector)

"Nearly a decade ago, when we were considering countries worldwide, we discovered the potential of El Salvador. We have been very pleased with the work ethic, communication skills, formal training, and soft skills of our employees in El Salvador."



Logan McCune

Director of People and Culture at Rulesware (ITO)

**Good work
environment**

The Salvadoran Labor Code balances the protection and rights of workers with the flexibility needed by employers to manage their businesses and create employment. In El Salvador, the right to freedom of association is a fundamental and respected principle, allowing for the organization and collective expression of labor interests.

Despite this, over the past five years, the country has experienced a stable labor climate, especially in the private sector. There have been no significant events of protests, conflicts, labor strikes, or large-scale strikes involving unions. This stability indicates a harmonious and collaborative work environment where the needs and concerns of workers are effectively and constructively addressed, thereby avoiding major disruptions to productivity and business operations. This conducive environment is a positive factor for investments and their development.

Availability of Personnel

El Salvador boasts a large pool of technicians and professionals ready to join the country's productive sectors.



**22,000
technicians**

and professionals join the workforce each year.



**21% of
graduates**

are in engineering and technology.

Specialized Technical Education

Investors can meet their demand for technicians through a set of specialized technical education institutes, such as:

- MEGATEC (Gradual Educational Model for Technical and Technological Learning), with campuses in Santa Ana, Cabañas, Zacatecoluca, La Unión, Chalatenango, and Sonsonate.
- Escuela Superior Franciscana Especializada / AGAPE
- Escuela Especializada en Ingeniería/ ITCA-FEPADE, with regional centers in Santa Ana and San Miguel.
- Universidad Don Bosco (UDB)
- Escuela Nacional de Agricultura (ENA)

Some of the available technical careers linked to the sectors of Foreign Direct Investment (FDI) growth include:

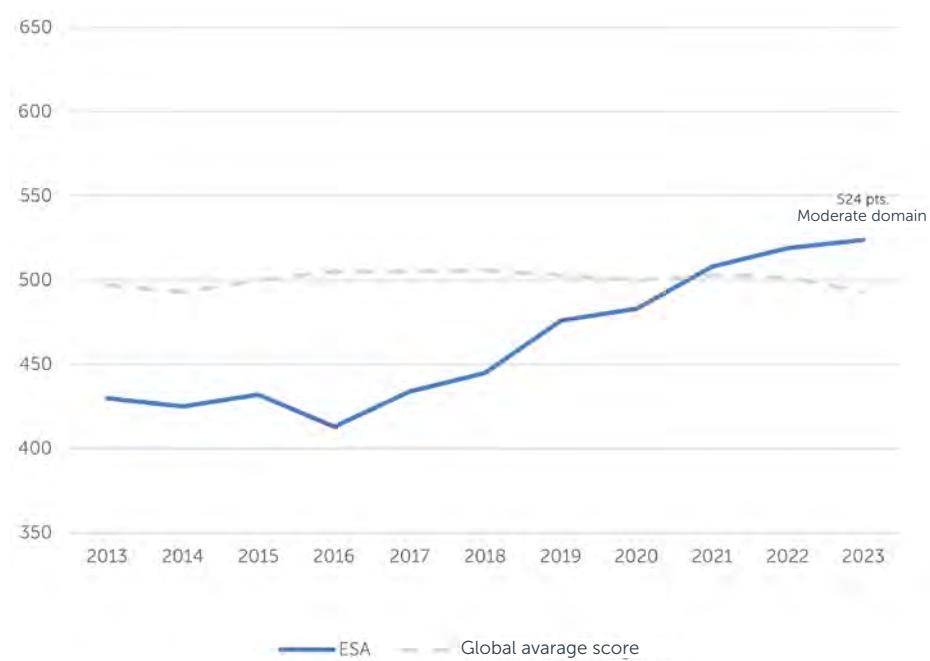
- Aeronautical Maintenance, Biomedical Engineering, Agroindustry with Specialization in Fruits, Vegetables, and Grains, Agronomy, Aquaculture, Civil Engineering, Customs and Logistics, Dental Surgery, Electronics.
- Gastronomy, Global Logistics, Industrial Engineering, Mechanical Engineering, Orthotics and Supports, Medicine, Nursing, Prosthetics, Software Development, Port Management and Operation, Tourism Development and Management, among others.

Proficiency in English

El Salvador has made significant strides in English language skills and is increasingly promoting the acquisition of ICT-related skills.

* World's largest ranking of English skills by country

Results of El Salvador in the English Proficiency Index (EPI)*



**Source: EF, EPI. Based on studies conducted on 2.2 million adults from 113 countries and regions. Scores are based on an 800-point scale.*

Government Support for On-the-Job Training

Companies needing to train their active workers can seek assistance from the National Institute for Training and Development (INCAF), a governmental body aimed at ensuring the technical and professional preparation of citizens, focusing on improving employment opportunities and the quality of life for Salvadorans. Multiple investors will find INCAF an important tool for partially or fully financing the professional development of their employees.

Cost-effective location

Top 10 Mid-Sized American Cities of the Future 2021/22

#1 In
Cost-Effectiveness
in the
Americas
according to FDI
Intelligence by the
Financial Times
(mid-sized cities)

Monetary Stability

Note: Argentina
and Venezuela are
excluded
due to their high
inflation rates.

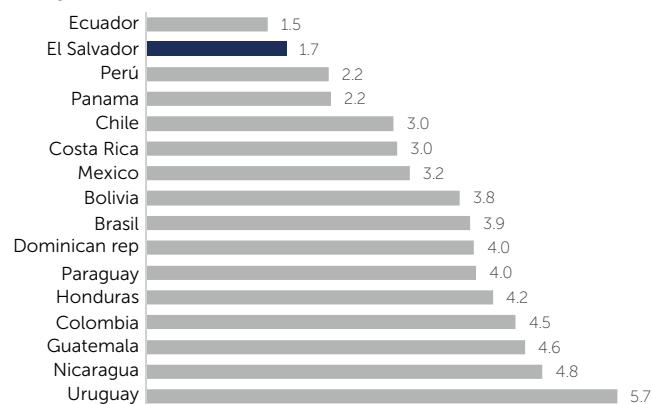
El Salvador is the most cost-competitive country to establish and operate a business. In the latest edition of fDi Intelligence magazine, "Cities of the Future 2021/22" by the Financial Times, San Salvador, the capital of El Salvador, was ranked as the most cost-effective location in the Americas among mid-sized cities.

Cost-effectiveness ranking

Position	City	State
1	San Salvador	San Salvador
2	Cuautitlan Izcalli	Mexico D.F.
3	Celaya	Guanajuato
4	Reynosa	Tamaulipas
5	Irapuato	Guanajuato
6	São José dos Campos	São Paulo
7	Chihuahua	Chihuahua
8	Jundiaí	São Paulo
9	San José	San Jose
10	Saltillo	Coahuila

One of the key policies that has driven the country's economic openness to global trade and investment is the adoption of the US dollar as its official currency since 2001. This measure has allowed El Salvador to maintain single-digit inflation rates, standing out as one of the nations with the lowest inflation levels in Latin America. Additionally, by eliminating exchange rate risk, greater security has been provided to investors interested in the country.

Projected Inflation Rates for 2024 (%)



Source: IMF, World Economic Outlook database, October 2023.

Favorable Business Environment

El Salvador has a free market economy oriented towards exports and offers a robust legal framework that protects investments. This solid structure has attracted numerous renowned multinational companies that have chosen to invest in the country, as can be seen on the following map:



We Offer Our Business Partners:

- Monetary stability with the US dollar as legal tender.
- Strong legal framework for investment protection.
- Attractive tax incentives.

The US dollar as legal tender.

- The US dollar as legal tender.
- Bitcoin as legal tender.
- Access to local financing.
- Legal stability for investments.
- Freedom to transfer funds abroad.
- Equal treatment for foreign investors.

Investment Protection

El Salvador is committed to promoting investments and developing long-term relationships with investors. The Investment Law aims to incentivize and protect private investment, particularly Foreign Direct Investment (FDI), offering the following benefits:

- Streamlining of government procedures through simplification and digitization, thereby reducing bureaucracy and corruption. Currently, El Salvador has 424 simplified processes, 222 digitized processes, 152 procedures resolved within one business day, and a total reduction in processing times by 60%.
- Equal treatment for all investors (foreign and local investors have the same rights and obligations, and discriminatory measures that obstruct the establishment, management, use, expansion, sale, and liquidation of investments are prohibited).
- Freedom to invest through favorable policies that allow unrestricted business operations.
- Transfer of funds abroad (foreign investors are guaranteed the right to transfer funds abroad promptly and to convert currencies freely through the banking system).
- Protection of property and legal security according to the Constitution of the Republic, ensuring both foreign and domestic investors the protection of their property and the right to freely dispose of their assets.

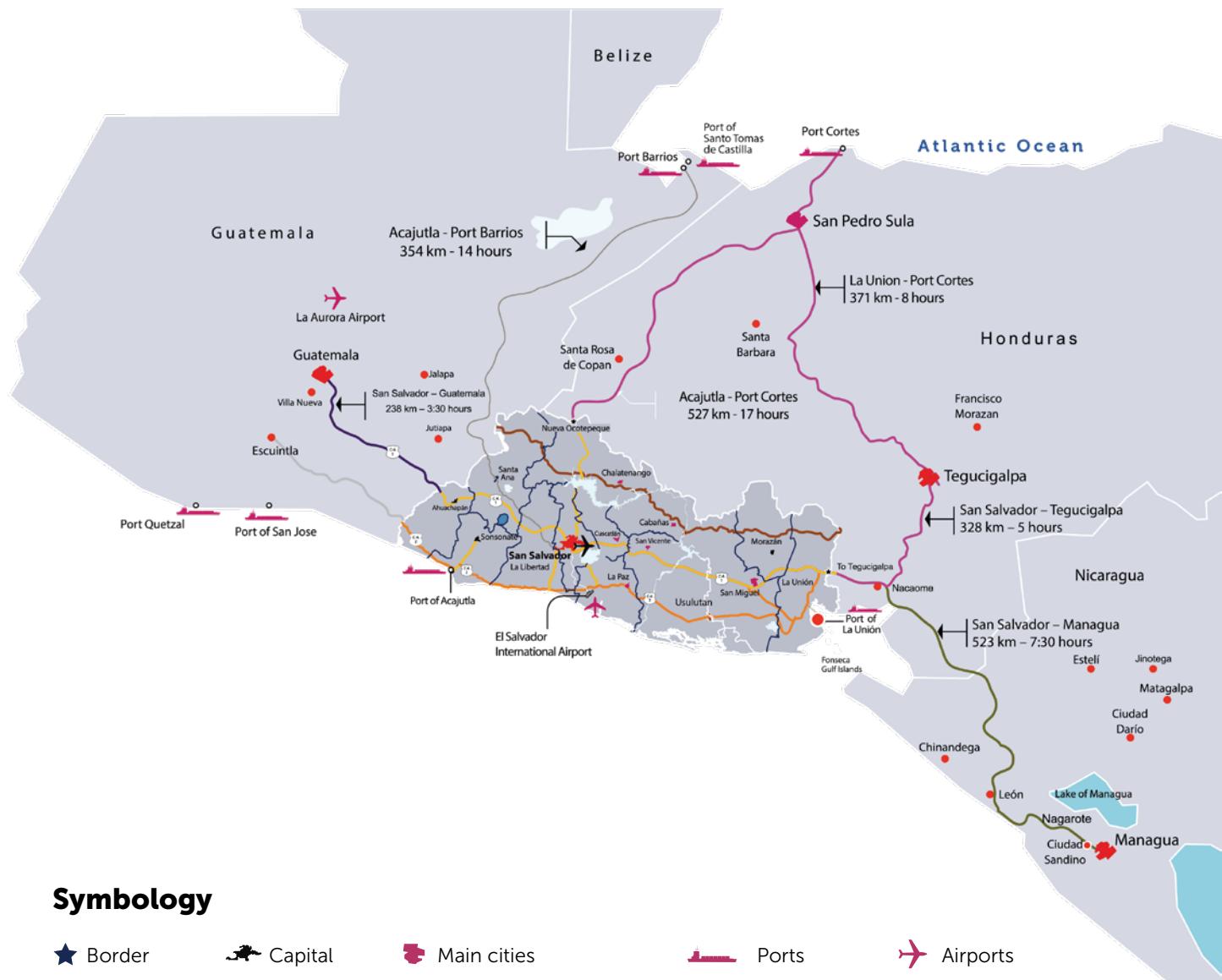
Attractive Tax Incentives

The legal framework of the country offers full exemption from income tax, municipal taxes, taxes on real estate transfers, as well as customs duties and taxes on the importation of machinery, equipment, raw materials, and other items used in the production of goods and services.

For more information, please refer to the section:
Doing Business in El Salvador| Incentives.

Modern Infrastructure

The Global Competitiveness Index 2019 by the World Economic Forum ranks El Salvador among the countries with the best infrastructure in the region. In Central America, El Salvador holds the 1st position in road connectivity index and the 2nd in overall infrastructure.



Symbology

- ★ Border
- Capital
- Main cities
- Ports
- Airports
- Interconnection route El Salvador - Honduras
- Interconnection route El Salvador - Guatemala
- Interconnection route El Salvador - Nicaragua
- Longitudinal Highway
- Panamerican highway
- Coastal Highway

Efficient road network

El Salvador enjoys a modern and efficient road network that interconnects with the rest of the region. The main highways include: Carretera del Litoral, Carretera Panamericana, and Carretera Longitudinal del Norte.

Versatile ports

El Salvador has a versatile port infrastructure capable of effectively meeting cargo service needs. The Port of Acajutla is the country's main commercial maritime terminal, handling 95% of El Salvador's bulk and liquid cargo imports and exports. Its recent container yard renovation exemplifies a priority on modernization to enhance logistical opportunities.

Modern airports

El Salvador's San Óscar Arnulfo Romero and Galdámez International Airport stands out as a key regional hub and a top-notch maintenance center for commercial aircraft. It is strategically located just 40 minutes from the capital.

For more information on airlines operating at the airport and direct routes, please refer to the section:

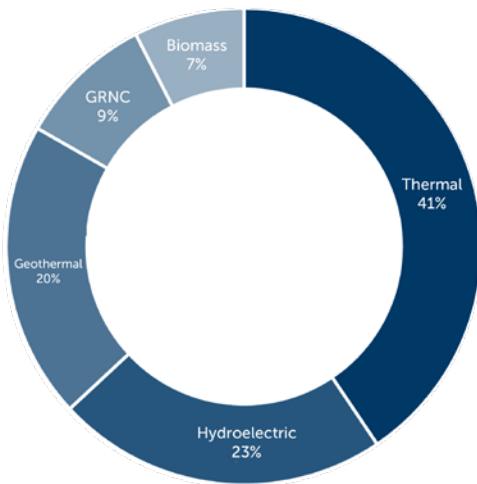
Visit El Salvador | Travel Information.

The Pacific Airport is part of the Government's strategic projects to develop the eastern part of the country into a hub of development and a world-class tourist destination, alongside other major initiatives such as the Pacific Train, the shipyard at La Unión Port, Bitcoin City, among others.

Strong focus on renewable energy

El Salvador is advancing towards a more diversified energy matrix, driven by international tenders aimed at promoting renewable energy supply. This approach has led to the development of new projects in areas such as natural gas, photovoltaic solar energy, and wind generation.

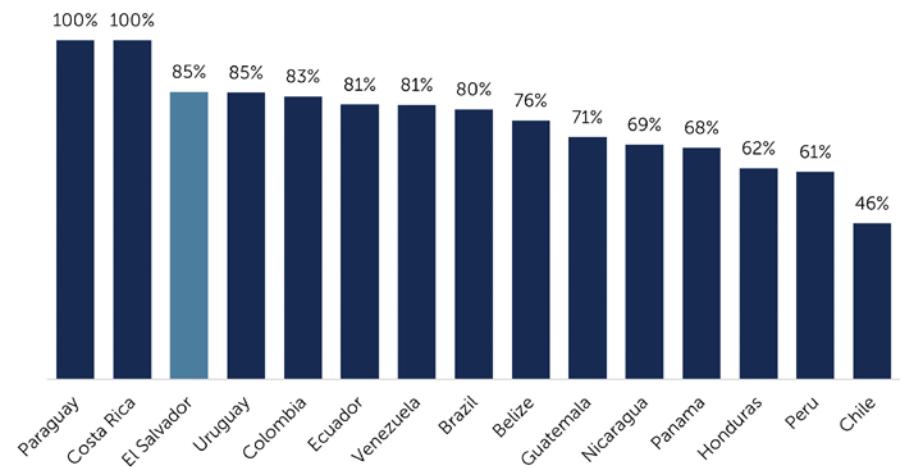
Projection of electricity generation by resource 2024



Source: Transactions Unit, annual scheduling.

GRNC: Non-conventional renewable generation (photovoltaic solar, wind).

Note: Based on normal demand scenarios and normal hydrological conditions. Estimation for 52 weeks prepared by the Transactions Unit, from week 45 of 2023 to week 44 of 2024.



Promotion of Diversity, Equity, Inclusion, and Accessibility

- The Minister of Economy of El Salvador, María Luisa Hayem, urges members of the World Trade Organization to take concrete actions to promote gender equity. The Minister noted that El Salvador's National Equality Plan for the period 2021-2025 establishes guidelines and strategies to achieve equality and combat discrimination. The Ministry of Economy and other entities have begun implementing the Salvadoran Technical Standard on Gender Equality Management Systems in workplaces, with the purpose of integrating a gender perspective in businesses, civil society, and government. Similarly, El Salvador has launched the National Trade Facilitation Strategy 2023-2027 to foster the participation of women, microenterprises, and small and medium-sized enterprises in international trade.[Link](#)
- The Inter-American Development Bank (IDB) highlights that the Salvadoran Government has been a pioneer in developing and implementing gender-focused planning instruments. This is evidenced in El Salvador's Gender Equality and Equity Policy 2022-2026 developed by the Ministry of Public Works and Transportation (MOPT).[Link](#)
- The United States and El Salvador issued a joint statement on their shared priorities in digital policy, aiming to support El Salvador's plans to become a regional technology leader and to close or reduce gaps in this area. This includes improving the business environment and implementing robust digital regulations to achieve this goal. [Link](#)

- El Salvador, together with the Pan American Health Organization (PAHO), presented its Action Plan for Strengthening Essential Public Health Functions in June 2023. This plan focuses on strengthening public health and addresses 64 priorities for reducing gaps in the system through 73 objectives and 185 defined strategies. It not only assigns responsibilities, deadlines, and resources but also includes 175 indicators to assess its progress. [Link](#)
- The United Nations Development Programme (UNDP) and El Salvador, through CNDS, are joining efforts to promote sustainable development. This agreement prioritizes five key areas: enhancing capacities in government, coordinating actions and projects, mobilizing financial and collaborative resources, managing policies, and seeking funding with national and international partners. This Memorandum of Understanding establishes a framework to strengthen the sustainable human development approach and collaboration in implementing the Sustainable Development Goals (SDGs). [Link](#)
- The inclusion of persons with disabilities in El Salvador is regulated through the Special Law on the Inclusion of Persons with Disabilities, which entered into force in 2021. This law aims to fulfill the commitments made by the State of El Salvador in the Constitution and international instruments, ensuring effectively the enjoyment of rights for persons with disabilities on an equal basis with others. [Link](#)

Investment Opportunities





- **Tourism**
- **BTC, Technology and Services**
- **Logistics**
- **Manufacturing**
- **Textile and apparel**
- **Pharmaceutical Chemist**
- **Aeronautics**
- **Energy**
- **Agribusiness**

Tourism





3.4M
Of visitors at
at the end of 2023
(P)



\$3,796 M
*In foreign **exchange**
tourism at year-end
of 2023 (P)*



\$1,280
*Average expenditure
person GDP*

The territory of El Salvador unfolds from a coastal plain to a volcanic plateau in its interior. Bordered to the south and southwest by the North Pacific Ocean, to the northwest by Guatemala and to the northeast by Honduras, it offers incredible waves, recognized worldwide as some of the best for surfing. The "Surf City" strategy has consolidated the country as an unmissable destination for surf lovers worldwide. The hospitality and warmth of its people, with a strong inclination towards service, make El Salvador an ideal place for tourism-related operations.

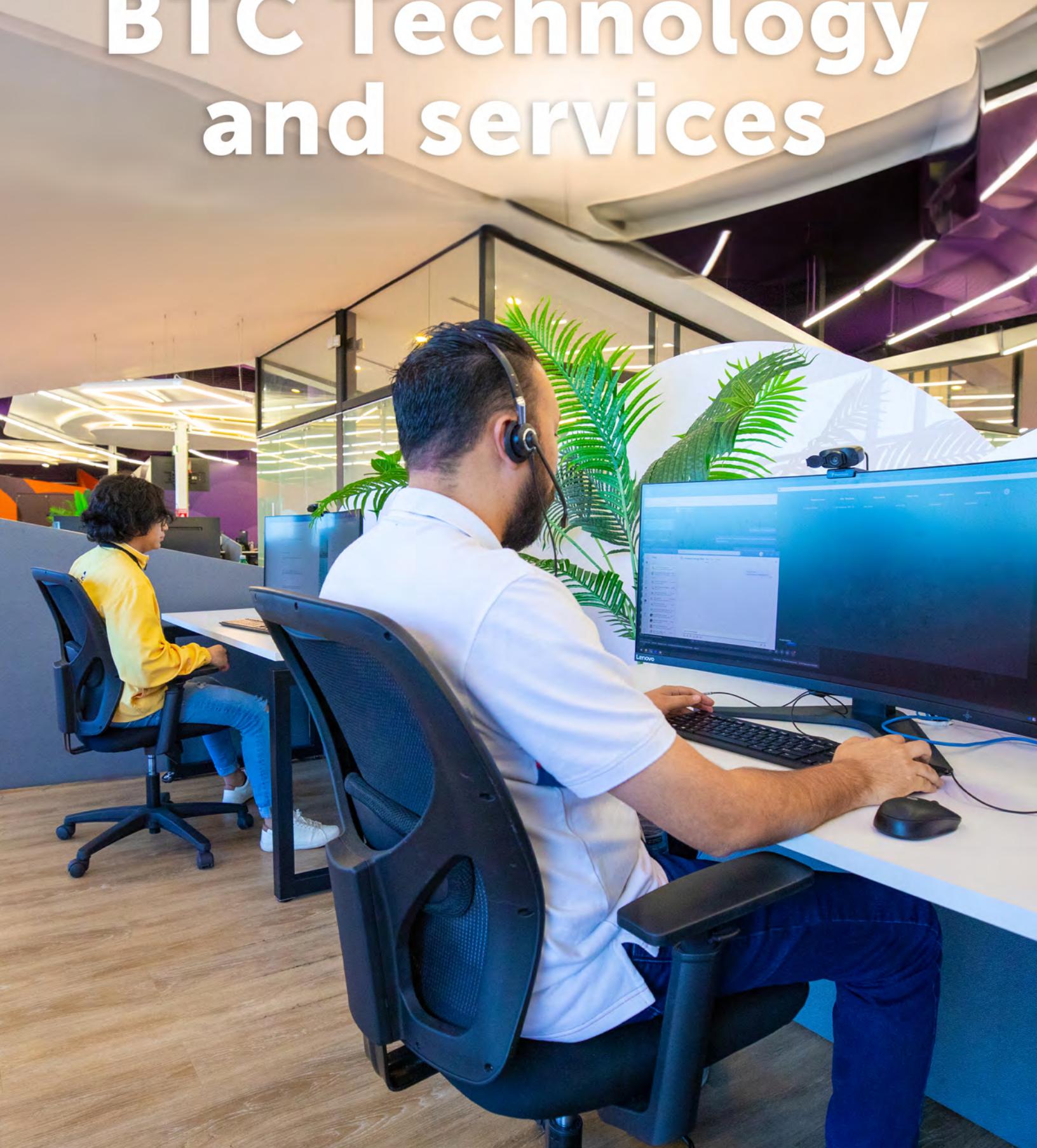
Advantages of investing in El Salvador

- Solid and growing tourism demand. Annually, El Salvador receives more than 3 million visitors and it is estimated that by 2030 there will be more than 4.2 million international visitors annually.
- Air traffic hub with more than 800 weekly arrivals and departures.
- Friendly, warm and service-oriented human capital..
- Differentiating value for the incredible waves recognized worldwide for the practice of surfing.
- Impressive volcanoes, mountains and forests ideal for adventure tourism.
- World Travel and Tourism Council's Safe Destination Seal

Investment opportunities

- Hotels/Boutiques
- Beach hotels
- Mountain hotels
- Convention centers
- Theme parks
- Spas and wellness centers
- Medical tourism
- Gastronomic establishments
- Port / marina projects

BTC Technology and services



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Bitcoin



1st

Country in the world to adopt Bitcoin as **legal tender** to promote financial inclusion and investment



From users of the government-backed Bitcoin **digital wallet**



+11.5M
Mobile phone **subscriptions**

In September 2021, El Salvador made history by implementing the Bitcoin Law, being the first country to adopt Bitcoin as legal tender. This action has aroused great interest among foreign investors, who are considering establishing operations in the country, not only in the field of cryptocurrencies but also in sectors such as tourism, real estate, technology, mining and energy. This initiative places El Salvador at the forefront of financial and technological innovation worldwide.

Advantages of investing in El Salvador

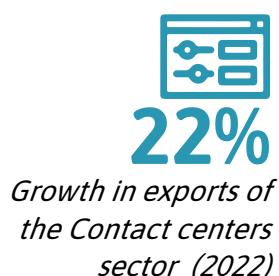
- Clearly defined regulatory framework with the Bitcoin Law and the Digital Assets Law, providing a stable and predictable legal environment for investors and blockchain projects.
- Attractive market potential for digital wallets and other services that promote financial inclusion: 70% of citizens remain unbanked.
- The high level of adoption of technology and communications is triggering the development of operations related to financial technology in El Salvador: 68% of adults have a smartphone with internet access (according to a survey conducted by the Central Reserve Bank of El Salvador).
- Growing awareness of the cryptocurrency ecosystem in the country

Investment opportunities

- Digital wallets
- Exchange bureaus
- Bitcoin Custody
- Bitcoin-related service providers
- Bitcoin City

Digital technologies and business processes

The Business Processes sector in El Salvador has experienced an unprecedented growth, demonstrating a remarkable expansion since its inception. At the same time, the field of Digital Technologies has initiated a clear upward trend, consolidating El Salvador as a key strategic partner for internationally recognized companies. These companies, in turn, offer services to other multinationals within the country, achieving outstanding results in the key performance indicators (KPIs) of the industry.



Advantages of investing in El Salvador

- Outstanding human talent with exceptional performance in key industry indicators.
- Neutral accent in both English and Spanish and cultural affinity with major markets such as the United States and Latin America.
- Favorable tax incentives.
- Fast learning curve and loyalty.
- Excellent telecommunications platform.

Oportunidades de inversión

- Contact centers: product sales, order intake, cross-selling and up-selling, customer relationship management, technical support, customer service, customer prospecting, technical/warranty support, customer acquisition and loyalty, inbound and outbound calls, appointment scheduling.
- Business processing services: Data capture, general accounting, order processing, bank reconciliations, transaction processing, fixed asset accounting, data reporting, market research and studies, inventory accounting, payroll processing.
- Information technology services: web development, mobile development, UX/UI design, DevOps, quality assurance.

Startups

The startup ecosystem in El Salvador is experiencing a remarkable positive momentum. Major players in the private sector, in collaboration with the Salvadoran government, have joined forces in an initiative to promote actions that foster the growth and acceleration of this startup ecosystem and propel creativity.

In addition, financial institutions offer venture capital and angel investment, backing a comprehensive support system that includes training, incubation, acceleration and promotion programs for entrepreneurs. This combination of efforts strengthens the entrepreneurial environment and innovation in El Salvador.



+\$496 M

Export of ICT
and financial
services
(2023)



15/132*

Position of
El Salvador's with
the highest
percentage of firms
that offer training

Advantages of investing in El Salvador

- El Salvador is positioning itself as a key destination for emerging startups, advancing in its consolidation as a center of innovation and entrepreneurship.
- Dynamic and growing market, with successful cases of companies that were born from an idea and today are leading startups based in El Salvador.
- Support of pro-innovation government policies and a stable and predictable regulatory framework for investments.

Investment opportunities

- Incubators
- Accelerators
- Investment funds
- Innovative business ideas



63%

Of the population
use the internet

***Note:** Global in
Innovation INDEXndex
2023

An aerial photograph of a bustling port. In the foreground, a large cargo ship is docked at a terminal, its deck covered with a variety of shipping containers in red, blue, and white. Several tall port cranes are positioned along the dock, some with containers in their booms. The port extends into a large, calm bay. In the background, a dense industrial complex is visible, featuring numerous large white storage tanks, several smaller buildings, and a network of roads and tracks. The sky is clear and blue.

Logistics

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\$650 M
Exports
transport services
(2023)


+29,000
Total employment
in the logistic
sector (2022)


USD266M
\$285 M
In stock of Foreign
Direct Investment in
the transport
sector (2023)

El Salvador has the conditions to offer a quick response to the market, an ideal attribute to be the logistics hub for international companies. It offers the possibility of capturing cargo from diverse origins: regional (imports and exports), transshipment, transit, and that generated by offshore manufacturing companies. El Salvador's International Airport is undergoing a significant transformation in its logistics capacity, thanks to strategic developments underway. Currently, a modern free trade zone is being built by the private sector, in addition to the efficient management of the cargo terminal. The latter is managed under the country's first Public-Private Partnership contract, marking a milestone in cross-sector collaboration. These improvements promise to increase the efficiency and scope of cargo and logistics services in the region. With its ability to respond quickly to the market, El Salvador is positioning itself as the ideal logistics hub for international companies, attracting cargo from diverse sources, including regional (imports and exports), transshipment, transit, and offshore manufacturing.

Advantages of investing in El Salvador

- Privileged geographic location in the heart of the Americas, facilitating access to key markets in North and South America and the Caribbean.
- El Salvador has trade agreements that open doors to international markets, reducing trade barriers for more direct and accessible trade. Government support for the modernization of public infrastructure, providing an enabling environment for investments in the logistics sector.
- Tax benefits available under the two activity-oriented laws: Industrial Free Trade Zones and Commercialization Law
- International Services Law

Investment opportunities

- Logistics center to supply extra-regional, intra-regional and national trade.
- Product distribution service
- Consolidation service of packages with various products.
- Management of cargo from various origins: regional (imports and exports), transshipment, transit and cargo generated by manufacturing and offshore logistics operators.

A photograph of a man in a factory or manufacturing environment. He is wearing a white hairnet, safety glasses, and a black respirator mask with a filter. He is wearing a dark green t-shirt and appears to be working with green plastic components, possibly assembling them. The background is dark and out of focus, showing other industrial equipment and possibly a sign with the word 'JOHN'.

MANUFACTURING

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Manufacturing



>90%
Efficiency ratios
of production

<10%
Turnover rates
of staff


*Position of
El Salvador as a
world supplier of
tantalum capacitors
to the U.S
(2022)*

El Salvador stands out for its mature plastics industry, offering high-level installed capacity for subcontracting with international companies. In the metal-mechanic field, the country has advanced computer numerical control workshops, specialized in the production of precision parts.

It also represents fertile ground for investment in the auto parts and electronic components sectors, offering the possibility of establishing manufacturing plants to export products to key markets such as the United States, Canada, Mexico, Central America and the Caribbean.

Advantages of investing in El Salvador

- Located in the center of the Americas ideal for use as an ideal logistics platform, facilitating efficient operations and providing direct access to key markets in the region.
- Installed capacity in key complementary industries:
 - » **Plastics Industry:** With a well-established plastics industry, El Salvador is home to companies ready for outsourcing or joint ventures with international partners.
 - » **Sector Metalmecánico:** Destacado por talleres equipados con control numérico computarizado (CNC), capaces de suministrar piezas de alta precisión.

Metal-mechanical sector:

- Auto parts: automotive harnesses, vehicle seats, automotive safety systems (air bags, seat belts) and automotive sensors.
- Electronic components: tantalum and ceramic capacitors, transistors, resistors, etc.
- Fabrication, assembly and reconditioning.

Medical devices



\$6.7 M

Medical devices
export



1er

Entertaining center
certified by the
International
Society of
Prosthetics and
Orthotic
s in
Latin America



40%*

Lower than average
costs in Central

America

* Source: fDi

Benchmark, by the
Financial Times
Limited 2022.

International medical device manufacturers will find in El Salvador a key ally, providing access to an efficient export platform to North America, Central America and the Caribbean. The country is also home to the first training center in Latin America certified by the International Society for Prosthetics and Orthotics (ISPO), located at Don Bosco University. With more than two decades of experience in biomedical engineering and prosthetics and orthotics training, this center is a benchmark for technical and higher education in the field. During the pandemic, the country's industry experienced exceptional growth, driven largely by increased production of personal protective equipment.

Advantages of investing in El Salvador

- Rapid response and geographic proximity to markets seeking to minimize their dependence on Asia for medical supplies.
- The country's products reach markets such as the United States, the rest of Central America and Europe: 40% of El Salvador's exports of medical devices are destined for the United States.
- El Salvador has an important and consolidated pharmaceutical industry and a regulatory agency with category three Good Manufacturing Practices according to the OMS.
- Low operating costs: operating a medical device manufacturing plant in El Salvador is about 50% cheaper than other benchmark locations, such as Costa Rica.

(Source: fDi Benchmark, by the Financial Times Limited 2022).

Investment opportunities

- Medical-hospital supplies: disposable laboratory and diagnostic supplies, hospital underwear and reusable and disposable clothing, wound care supplies.
- Orthopedic products: prostheses, orthoses, internal fixation devices.
- Sanitary and hygiene products: towels, surgical drapes, blankets, masks, hospital bed products, surgical stockings, surgical gloves, sports medicine products, compression garments.
- Surgical sutures.
- Mastectomy and prosthesis bras and swimsuits.
- Lactation accessories.
- Stoma/ostomy and urology care, such as: ostomy bags and ostomy accessories.
- Consumables and accessories: dialysis bags, drainage systems and bags.
- Cables, connectors, harnesses, sensors for medical devices.
- Packaging supplies (plastic containers, boxes, bags, film) to supply the region.



Textile and Apparel

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Promotion*

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\$2,283 M
**In total textile
& apparel
exports
(2023)**

El Salvador is the only country that has developed a complete synthetic cluster in Central America. The textile and apparel sector is one of the main drivers of El Salvador's development, with a value chain that has been consolidated and integrated into higher value-added products. The industry's dynamic vertical integration process has incorporated all the productive activities of the textile and apparel chain, from fiber production, yarn and fabric manufacturing, product design, garment manufacturing, and associated logistics, in addition to offering countless opportunities to venture into new businesses at the upper and lower end of the value chain and related activities. El Salvador currently exports textiles and apparel to more than 80 countries, representing 35% of total exports.



+80
**Exports
destinations**



15°
**Apparel supplier
to the U.S.A (2023)**

Advantages of investing in El Salvador

- It is the only country that has developed a complete synthetic cluster in Central America.
- Quick access to the market and geographical proximity.
- The "Yarn Forward" rule of origin granted by CAFTA-DR allows free access for qualifying textile and apparel products made using U.S. and/or Central American-DR yarns and fabrics (nylon, polyester, microfiber, among other products that pay a 32% tariff when imported from Asia through the U.S.).
- El Salvador ranks fifth among the most cost-competitive places to operate a textile and apparel plant in the Americas (ranking of 20 places in the region).
- Source: fDi Benchmark, by the Financial Times Limited 2022).

Investment opportunities

- Manufacture of yarns and fabrics (natural and synthetic).
- Knitwear with accessories and embellishments (embroidery, screen printing, heat transfers, etc.), athletic apparel, sportswear, performance apparel and swimwear manufacturing.
- Manufacture of garments included in the "Cut and Assemble" Rule of Origin category: bras, girls' dresses, underpants, sleepwear, suitcases, among others.
- Consumables and accessories: dialysis bags, drainage systems and bags.
- Cables, connectors, harnesses, sensors for medical devices.
- Packaging supplies (plastic containers, boxes, bags, film) to supply the region.

Pharmaceutical chemist



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\$182 M
Sector exports
(2023)



+40
Export
destinations (2023)



+30
Certified
pharmaceutical
laboratories

The pharmaceutical industry in El Salvador is considered one of the main productive branches with the greatest use of state-of-the-art technologies and high specialized employment, being internationally characterized as one of the countries with the greatest diversity of products of the highest quality. The medicines manufactured in the country are in demand for their therapeutic efficacy and excellence in: Central America and the Caribbean, Mexico, Panama, Peru, the United States, among others.

We are the first country in the Central American region with Good Manufacturing Practices certification according to the WHO, complying with international regulations and standards. The industry in El Salvador has the versatility to diversify production to different therapeutic lines of OTC and prescription drugs.

Advantages of investing in El Salvador

- GMP certified laboratories according to World Health Organization (WHO) Report 32.
- Experienced pharmaceutical industry with high quality products and export experience.
- Qualified chemical-pharmaceutical-biological human resources with university degrees and technical training.
- Competitive labor costs.

Investment opportunities

- Establishment of pharmaceutical laboratories for the manufacture of generics, vaccines, drugs for chronic diseases, multivitamins, psychotropic drugs, among others.
- Pharmacovigilance services, protocol review, registration process, label modifications, advertising, web services, among others.
- Exclusive logistics hub for the pharmaceutical industry in Central America and the Caribbean.
- Contract manufacturing.
- Industry suppliers for the region.

Aeronautics



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98%
Productivity
*average time on the
ground (TAT)*

With more than 35 years of experience, El Salvador has positioned itself as a world reference in the maintenance, repair and operation of commercial aircraft. El Salvador provides an average of 200 MRO services to major airlines in North and Latin America, with a focus on Airbus, Boeing and Embraer aircraft. Likewise, El Salvador is currently working on the generation and strengthening of capacities and the articulation for the construction of a cluster ecosystem based on the Triple Helix methodology, in which government, academia and the private sector give life to the "Aerocluster", which bets on the potential of the MRO subsector (maintenance, repair & overhaul).



2%
Staff
turnover



\$284 M
Export
*Of maintenance and
repair services
(2023)*

Advantages of investing in El Salvador

- Aeronautical cluster with the presence of anchor companies: AEROMAN and Avianca.
- Geostrategic position thanks to our location close to the world's largest aviation market.
- Training opportunities in aeronautical engineering and technical careers, providing the necessary training to excel in this ever-growing industry.
- Accelerated learning curve that ensures rapid assimilation of the technical knowledge required to perform world-class operations.
- Availability of land differentiated by activity in the industrial zone of the El Salvador International Airport and Ilopango International Airport.
- Attractive incentives for investors interested in being part of our thriving aeronautical sector.

Investment opportunities

- Commercial aircraft maintenance service operations.
- Aeronautical Ground Services.
- Helicopter maintenance and assembly operations.
- Manufacture of LSA (Light Sport Aircraft) fuselage, wing tip parts, engines, among others, in composite materials.
- Painting and maintenance of commercial aircraft interiors.
- Assembly of aeronautical harness systems.
- Manufacture of plastic and metal mechanical parts.
- Aerostructures sub-assembly
- Component maintenance workshops.
- Distribution and warehousing services of aeronautical parts.

A photograph of a solar farm under a clear blue sky with a few wispy white clouds. The solar panels are dark blue with a grid pattern and are arranged in a grid. The word "Energy" is overlaid in a large, white, sans-serif font.

Energy

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6,846 GWh
Wholesale demand
(Ene - Dic.2023)

El Salvador offers an excellent opportunity for investment in the energy sector, with clear rules and transparent processes that allow tariff stability, which positions it as one of the most competitive markets in Central America with a strong participation in the Regional Electricity Market (MER), born within the framework of the Electricity Interconnection System of Central American Countries (SIEPAC).

We have a dynamic national energy market driven by international and local electricity generation, distribution and commercialization companies, a public transmission company, an energy policy with a vision for the future and the appropriate institutional infrastructure for the development of the sector.



1,131 MW
Maximum power
demand 2023

Advantages of investing in El Salvador

- Steady growth in energy demand.
- Strong commitment of the country to diversify the energy matrix.
- Development of the generation potential of geothermal, small hydroelectric, biomass, biogas and solar photovoltaic sources.
- • Renewable Energy Incentives Law, which offers attractive tax incentives to projects that generate electricity with renewable resources for up to 10 years.
- The country's legal framework allows companies to generate their own energy and sell their surplus in the electricity market.



2,914 MW
Installed
capacity
2023

Investment opportunities

- Generation of electricity for the spot market in which non-traditional renewable energy sources (solar and wind) have supply priority.
- Bilateral contracts agreed directly between generator and distributor.
- Distributed generation projects for industrial use.

Agribusiness





\$1,429 M
In agribusiness,
food and beverage
sector exports
(2023)

The agribusiness sector in El Salvador has significant growth and development potential due to its strategic location, diverse microclimates, abundant natural resources, and strong agroindustrial tradition. The country has a wide variety of crops and products such as coffee, sugar, fruits and vegetables, which makes it an attractive destination for investment in the sector. Likewise, the government of El Salvador actively promotes and supports the development of this industry through various initiatives and incentives. These efforts aim to foster innovation, modernization and sustainable practices, creating an environment conducive to attracting foreign investment and business prosperity. By tapping into the untapped potential and ocean of opportunity in the agribusiness sector, investors can open new horizons of growth, productivity and profitability in this promising market.



22%
Sector share
of total
export
(2023)

Advantages of investing in El Salvador

- Climatic conditions (temperature and altitude) and soil conditions suitable for the cultivation of ornamental plants and fruit trees.
- Availability of water resources.
- Tax incentives provided by the Industrial Free Trade Zones and Commercialization Law.
- Complementary industries such as packaging, logistics and process technologies, among others.
- Proximity to the largest consumer market for agroindustrial products (USA).

Investment opportunities

- Ornamental plants: ecological and climatic conditions are suitable for year-round harvesting, satisfying supply-demand needs. There are niche opportunities for rooted cuttings for on-site production and high-value tropical flowers.
- Aquaculture: El Salvador enjoys biodiversity and stocks of marine species, an industrial and artisanal fishing fleet, an appropriate climate for aquaculture, and other advantages that offer opportunities for the extraction and processing of non-traditional fishery products and large pelagic species, as well as inland and marine aquaculture.
- Crops: The country's main advantage is the microclimates to produce crops all year round. It also has the capacity to develop organic crops. Sugerimos traducir a inglés



22%
Of the sector's
exports are to
the U.S.A.
(2023)

Do business in El Salvador



Establishment of a company

Improvements to El Salvador's business climate include the creation of a one-stop shop for incorporating companies and obtaining a business registration number.

registration number. These procedures are carried out online at <https://simple.sv/>, a platform with which El Salvador joins the few countries in the world that offer a virtual one-stop shop for incorporating a company.

Step-by-step description of the mandatory procedures for the establishment of a company in El Salvador:

- Formation of the company's constitution before a notary*
- Registration of the company's constitution
- Company registration and establishment of the entity
- Registration of the Tax Identification Number (NIT) for the company
- Registration of the Taxpayer Registration Number (NRC)/VAT for the company
- Registration of the company's initial balance
- Registration of the employer identification number (Salvadoran Institute of Social Security - ISSS)
- Registration of the company's work center
- Registration of the employer with pension fund administrators
- Registration of the company's internal labor regulations with the Ministry of Labor and Social Welfare (MTPS)*
- Registration of foreign capital, conducted at the National Investment Office (ONI) of the Ministry of Economy
- Certificate of company registration from the National Office of Statistics and Censuses of the Central Reserve Bank (ONEC)*
- **Company registration at the municipal office of the company's domicile and its establishments.

Note: *This step must be done in person at the corresponding institution.

³ If your company is located in San Salvador or Santa Ana, this process can be done online at www.miempresa.gob.sv. Otherwise, it must be done at the corresponding City Hall.

**Information on the following is available at
www.miempresta.gob.sv**

Among the procedures that can be carried out through this window are:

1. Company registration in the Commercial Registry
2. Company and establishment license
3. Registration of the Tax Identification Number (NIT)
4. Taxpayer Registration Number (NRC/VAT)
5. Series numbers issued by the Ministry of Finance for: invoices, tax credit receipts, credit notes, debit notes, export invoices, simplified sales invoices, settlement receipts, and accounting settlement documents
6. Company or establishment registration with the Ministry of Labor
7. Registration of the employer identification number (Salvadoran Institute of Social Security - ISSS)
8. Registration of the employer with the Pension Fund Administrator (AFP)
9. Company registration at the municipal office (Santa Ana or San Salvador)

Note: El Salvador's legal framework offers tax incentives, including full exemption from income tax, municipal taxes, real estate transfer taxes, as well as customs duties and taxes on the importation of machinery, equipment, raw materials and other items used in the production of goods and services. For more information on tax incentives, please refer to section III of this guide, "Legal Framework and Incentives".

Incorporation of Simplified Joint Stock Companies (SAS)

In order to facilitate the business climate in El Salvador and to enable micro, small and medium-sized enterprises (MSMEs) to formalize their businesses, Simplified Joint Stock Companies (SAS) have been created.

Advantages

- They can be incorporated with only one person (sole proprietorship), unlike the Variable Capital Corporations that require the participation of two or more partners.
- It is only necessary to complete the forms without the need to create a public deed.
- The process can be carried out 100% online at www.cnr.gob.sv and receive the resolution electronically.
- If you are Salvadoran and reside abroad, you also have the opportunity to incorporate companies within the national territory, through the use of the electronic signature.
- The capital stock for its incorporation can be as low as \$1.
- Greater freedom for the structure of the administration.
- Diversity in the form of payment of capital.
- It may adopt the Variable Capital regime.
- Personal assets are protected since they are only liable for the capital contributed.

Benefits

Requirements

Use the forms provided by the Commercial Registry, physical or electronic. In the case of using electronic forms, all signatures must be Certified Electronic Signature. In the case of physical forms with autographic signature, you or the other shareholders must appear in person, the signature must be notarized.

For more information on SAS, please consult the official website of the [Centro Nacional de Registros \(CNR\)](http://Centro Nacional de Registros (CNR)).

Service providers

Invest in El Salvador, makes available at www.investinelsalvador.gob.sv the Investor's Guide, where you will find information on companies belonging to different sectors that can support you in the process of establishing or expanding operations in our country.

Tax system

The Salvadoran tax system is relevant for establishing and operating businesses. Information about paying taxes is available on the web page: <https://simple.sv/>

Income Tax

This tax is levied on economic profits obtained by legal entities with operations in the country. A tax rate of 30% is applied on the taxable base. A reduced tax rate of 25% is applied to legal entities with a taxable base less than or equal to USD 150,000.

Tax on profits of a foreign subsidiary

Branches of foreign companies are subject to the same tax rates as Salvadoran companies.

Dividend Tax

Dividends paid or credited to shareholders (individuals or legal entities) are subject to a 5% tax rate, whether they are domestic or foreign investors. However, in the case of foreign investors domiciled in what are generically known as tax havens, article 72 of the Income Tax Law and article 158-A of the Tax Code establish that the withholding for payment of dividends cannot be less than 25%.

Real estate transfer tax

The transfer of real estate is subject to a 3% tax rate applicable to amounts in excess of USD 28,571.43.

Value Added Tax (VAT)

The transfer of movable goods and the provision of services are subject to a value added tax of 13%. Exempt from VAT are public health care, rental housing, education, government securities, public water, public transportation, pension funds and the public lottery.

Other taxes

Municipal taxes:

Taxes are paid according to a table established by each municipality based on the total assets of the company. For example, in San Salvador the rates are determined according to the activity of the company (industrial, commercial or other).

Business and establishment license:

All industrial and commercial companies are required to have an annual license to operate. This tax is paid based on the total assets of the company according to the following rates:

- a.** From USD \$2,000.00 to USD \$57,150.00 pays USD \$91.43
- b.** From USD \$57,151.00 to USD \$114,286.00 pay USD \$137.14
- c.** From USD \$114,287.00 to USD \$228,572.00 pay USD \$228.57

If assets exceed USD 228,572.00, USD 11.43 will be paid for each USD 10,000.00, up to a limit of USD 11,428.57.

Incentives

Industrial Free Trade Zones and Commercialization Law

El Salvador offers attractive tax incentives to export-focused manufacturing companies located in Free Trade Zones or "Deposits for Active Perfection (DPA) refer to the extra-customs territory outside of a free trade zone where the entrepreneur subjects goods to processes of transformation, manufacturing, repair, or any other legally authorized activity for subsequent export, enjoying the benefits granted by the law. Free Trade Zones, considered exempt territories for tax purposes, allow the import of raw materials and goods without taxes and duties. In cases where the technical operation is not feasible within a Free Trade Zone, companies may be authorized to operate as DPAs outside these areas, enjoying the same tax benefits.

Eligible Activities⁴:

- a. Production, assembly or maquila, manufacturing, processing, transformation or commercialization of industrial goods.
- b. Fishing of marine species to be subject to industrial transformation.
- c. Cultivation, processing and commercialization of flora species or unprocessed food produced under natural or artificial systems, such as greenhouses or laboratories.
- d. Breeding and commercialization of amphibian and reptile species in captivity.
- e. Dehydration of ethyl alcohol.
- f. The production, assembly or maquila, manufacture, processing, transformation or commercialization of compensating products that use as raw material or input, alcohols for pharmaceutical or cosmetic use.
- g. Aquaculture to be submitted or not to industrial transformation, such as preparations, preserves, derivatives or by-products; as well as their respective processing and commercialization.
- h. Production, processing, transformation or commercialization of food or animal feed.
- i. Production, assembly or maquila, manufacture, processing, transformation or commercialization of sugar, its substitutes, derivatives and by-products; as well as any good that directly and indirectly incorporates sugar, its substitutes, derivatives and by-products, as long as it is for the production of chemical, cosmetic or pharmaceutical goods, food and animal feed.

⁴ With the exception of activities related to exploration, exploitation, processing and commercialization of natural gas, petroleum and its derivatives; production and commercialization of cement and clinker; production, assembly or assembly, manufacture, processing, transformation or commercialization of alcohol; production, assembly or assembly, manufacture, processing, transformation or commercialization of sugar, its substitutes, derivatives and sub-products; as well as any good that directly or indirectly incorporates sugar.

Benefits:

- Total exemption from customs duties and other taxes on the import of raw materials, machinery, equipment and other goods used for production.
- Total exemption of taxes on the transfer of real estate.
- Exemption from income tax and municipal tax (See table: Income tax exemption and Municipal tax exemption).
- After the expiration of the term of the total exemptions, free zone companies will have an additional term of 5 years of total exemption if it is proven that they have increased their investment by 100% over the initial investment.

Income tax exemption

Location	Exemption percentage	Exemption period for companies in free zones	Exemption period for DPA companies
Metropolitan Area of San Salvador	100%	For 15 years	For 10 years
	60%	For the next 10 years	For the next 5 years
	40%	For the next 10 years	For the next 10 years
	100%	For 20 years	For 15 years
Outside the Metropolitan Area of San Salvador	60%	For the next 10 years	For the next 10 years
	40%	For the next 10 years	For the next 10 years

Municipal tax exemption

Location	Exemption percentage	Exemption period for companies in free zones	Exemption period for companies in DPA
Metropolitan Area of San Salvador	100%	For 15 years	For 10 years
	90%	For the next 10 years	For the next 5 years
	75%	Onwards	Onwards
Outside the Metropolitan Area of San Salvador	100%	For 20 years	For 15 years
	90%	For the next 15 years	For the next 10 years
	75%	Onwards	Onwards

Municipalities, in order to promote the development of their municipalities, have the legal power to grant additional benefits to investors. After the expiration of the total exemption period, investors established in free zones can benefit from five additional years of total exemption if they have increased their investment (in relation to their initial investment) by 100% in the last five years.

A copy of the law can be downloaded at the following link:
[Industrial free trade zones and commercialization law](#)

⁵ *The increase in investment must be made in the purchase of land, construction of buildings, acquisition of machinery and equipment related to the activity. The owners of companies of microprocessors; integrated circuits; parts of land, air and maritime vehicles; parts of computer equipment and medical devices; equipment for generation, that are installed in a Free Trade Zone, will have an additional period of five years of total exoneration of the payment of municipal taxes and income. The owners whose industrial activity has been declared as strategic and are authorized to operate under the Free Trade Zone regime, will have an additional period of ten years of total exoneration from the payment of municipal taxes and income.*

International Services Act

It offers tax incentives to companies dedicated to providing services to foreign clients in strategic sectors such as contact centers, BPO, aircraft maintenance and repair, and logistics. To enjoy these benefits, companies can establish themselves in:

Service Park: Limited zones considered outside the national customs territory, where service exporters are installed and operate under the benefits of this law.⁶

Service centers: When a company (in an eligible activity specified in this law) for physical or technical reasons, cannot operate within a service park, it can be authorized to operate outside a service park, as a service center and enjoy all the benefits of this law.

Eligible activities⁷:

Activities to operate within a service park:

- a. International distribution: warehousing, picking, consolidation and deconsolidation of goods to third parties in order to be exported or re-exported.
- b. International logistics operation: planning, inventory control and handling, selection, packing, packaging, packing, dividing, sorting, classification, ticketing, labeling, marking, invoicing, cargo inspection and others.
- c. Research and development: International financial services: outsourcing of management processes of financial institutions.
- d. Repair of technological equipment.

Companies that provide services may also operate within any Free Trade Zone; they will be considered as operating in a Service Park.

The following incentivized activities may allocate part of their services to the domestic market: international distribution (50%), international logistics operations (50%), international call center (40%), information technologies (30%), research and development (30%), international financial services (40%).

Activities to operate in a service park or as service centers:

- a. Call centers or contact centers.
- b. Business process outsourcing (BPO).
- c. Information technologies: design and development of software, IT systems and applications.
- d. Medical-hospital services.
- e. Elderly and convalescent care.
- f. Telemedicine: post-checkup medical advice, specialized consultation, laboratory tests, pathology and imaging studies, medical history management and treatment support.
- g. Cinematography: Post-production services, such as subtitling and translation, among others.

Activities to operate in ports or airports:

- a. Aircraft maintenance and repair
- b. Maintenance and repair of maritime vessels
- c. Container maintenance and repair
- d. Specialized aircraft services: services provided to passenger or cargo aircraft for the supply of non-alcoholic beverages, prepared meals, consumable and disposable inventory. Administration: organization, laundry and cleaning of reusable items on aircraft.

Benefits:

- Total exemption from customs duties and other taxes on the importation of machinery, equipment, tools, spare parts, accessories, furniture, office equipment and others necessary for the execution of the incentivized activity.
- Exemption of 100% of income tax on income derived from the incentivized activity during the period of operation in the country.
- 100% exemption from municipal taxes on the assets of the company during the period of operation in the country.

A copy of the law can be downloaded at the following link:
[International services Act](#)

Law for the Promotion of Innovation and Technology Manufacturing

The new Technology Innovation and Manufacturing Law presents an unparalleled opportunity for investors interested in sustainable economic development. This legislation incentivizes innovation and technology manufacturing through attractive tax incentives for a period of 15 years, thus providing a favorable tax environment for investment.

Eligible activities:

- a. Programming, management, maintenance, consulting and analysis of computer systems or software.
- b. Development and commercialization of cloud computing and data streaming services; artificial intelligence, massive data analysis; distributed log technology; cybersecurity solutions; quantum computing.
- c. Technologies based on the manufacture of parts, materials and equipment or facilities, assembly, including manufacturing plants for technological equipment or hardware, semiconductors, communications technology, robotics, nanotechnology, aircraft and
- d. Unmanned vehicles.
- e. Systems engineering and technologies needed to integrate basic industrial technologies into global production chains.
- f. New sources of energy generation and storage that do not currently exist within the national energy matrix, which will be subject to the corresponding authorizations and concessions, as the case may be
- g. Research and development of new technologies.

Benefits:

- Exemption from all types of income tax withholdings with respect to the incentivized activities.
- Total exemption of municipal taxes on the net assets declared by the beneficiaries.
- Exemption from payment of capital gain.
- Total exemption from payment of import duties and taxes on goods, inputs, machinery, equipment and tools necessary for the development of the incentivized activities.

A copy of the law can be downloaded at the following link:
[Law for Promotion of Innovation and Technology Manufacturing](#)

Digital Asset Issuance Law

The Salvadoran law provides a clear legal framework for investments in digital assets, ensuring secure transactions in public offerings. It regulates the responsibilities of issuers and service providers of digital assets, fostering an efficient market and protecting the interests of investors. This legislation is ideal for those looking to invest in the growing digital asset market in El Salvador.

Eligible activities:

- a. Exchange of digital assets for fiat or equivalent money or other digital assets, either using own capital or from a third party.
- b. Operating a platform for exchange or trading of digital assets or derivative digital assets.
- c. Assessing the risk and pricing, as well as underwriting the issuance of digital assets.
- d. Placing digital assets on digital platforms or wallets.
- e. Promote, structure and manage all types of digital asset investment products.
- f. The following operations when performed on behalf of and in favor of third parties:
 - Transferring digital assets or the means to access or control them, between natural or legal persons or between different acquirers, electronic wallets or digital asset accounts.
 - Safeguard, custody or manage digital assets or the means to access or control them.
 - Receive and transmit orders for the purchase or sale of digital assets or the trading of digital derivative assets.
 - Execute orders for the purchase or sale of derivative digital assets.
 - Issue certifications of digital assets and smart contracts referred to in this law, in accordance with the guidelines established in the corresponding regulations issued by the commission.

Benefits:

- The yield of digital assets shall be determined at the time of the transaction, in accordance with the conditions of the digital asset market. The digital assets may have a discount or premium, in accordance with the practice of the digital asset market in which they are issued.

- The nominal value and the yields or income from digital assets shall be exempt from all kinds of levies, duties, taxes, fees and contributions, of any kind and nature, present or future, whether ordinary or extraordinary or even special. The capital gain or ordinary income obtained from the purchase and sale or any other means of transfer of digital assets, including the donation of debts, will be exempt from any kind of taxation.
- The issuers, certifiers and service providers of registered digital assets will enjoy all the tax benefits established in the previous point with respect to the activity related to digital assets they develop, being exempt from the Tax on the Transfer of Movable Goods and Provision of Services, Income Tax, municipal or any other taxation independent of their nature; they will also be exempt from the obligation to withhold such taxes in the case that this obligation exists.
- In the case of legal entities, the tax benefits of the two preceding paragraphs will apply both to the entity and to the partners or shareholders individually considered, with respect to the profits or dividends from the activities detailed in the preceding paragraphs.
- The tax benefits established in the previous points will not apply when transactions of exchange of digital assets for goods or services that are not detailed in Article 19 of this Law are carried out.

Important considerations:

The provisions of this Law are not applicable to:

- a. Digital currencies issued by central banks of another country, jurisdiction or territory.
- b. Digital assets that by a law prior or subsequent to the present are legal tender in any country, territory or jurisdiction, as to its monetary regulation, and when the use is for the exchange of goods and services, excepting the goods categorized as digital assets and the services set forth in Articles 19 and 26 of the Law.
- c. Digital assets that can only be exchanged for a good or service that is provided by the issuer of that digital asset or by a limited number of providers of that good or service.
- d. Digital assets that cannot be traded or exchanged.

A copy of the law can be downloaded at the following link:

[Digital Asset Issuance Law](#)

Law of Fiscal Incentives for the Promotion of Renewable Energies in the Generation of Electricity

Promotes investments in projects based on the use of renewable energy sources, through the use of hydraulic, geothermal, wind and solar resources, as well as biomass, for the generation of electricity.

Eligible activities:

New projects for the installation of power plants for the generation of electric energy, using renewable energy sources for this purpose.

Benefits:

- Exemption of customs duties on imports (during the first 10 years) of machinery, equipment, materials and inputs destined exclusively for pre-investment and investment work in the construction and expansion of the works of the plants for the generation of electric power.
- Income tax exemption for a period of 5 years for projects over 10 megawatts (MW), and for 10 years for projects of 10 megawatts (MW) or less.
- Total exemption from taxation on income directly derived from the sale of Certified Emission Reductions (CERs) under the Kyoto Protocol's Clean Development Mechanism (CDM) or similar carbon markets.

Important considerations:

- a. Tax exemptions will have a total duration of 15 years.
- b. The law does not require a minimum amount of investment or number of jobs to apply for benefits.
- c. Beneficiaries must allocate, within the company's operations budget, at least 5% for research, development and innovation.

Una copia de la ley puede ser descargada en el siguiente enlace:
[Law of Fiscal Incentives for the Promotion of Renewable Energies in the Generation of Electricity](#)

Law for the Creation of the Planning Authority of the Historic Center of San Salvador.

El Salvador has implemented fiscal incentives to promote investments within the next ten years in a specific area of the Historic Center of San Salvador. This area, now designated as a cultural and tourist zone, is geared towards the development and promotion of economic activities and capital investment. To ensure compliance with the established regulations, a regulatory body has been created. This initiative seeks both to protect and preserve the region's historical heritage and to boost its economic and tourism potential.

Eligible activities:

- a. Food
- b. Lodging
- c. Recreation
- d. Information and transportation
- e. Parking development
- f. Real estate and housing development
- g. Cultural activities
- h. Activities aimed at the
- i. Rehabilitation, conservation and recovery of the
- j. Real estate located within the zone
- k. Delimited zone of the Historical Center of San Salvador

Benefits:

- a. **Income Tax Exemption:** Investments in construction, remodeling, improvement, enlargement, recovery and conservation of real estate for an amount of one thousand dollars of the United States of America (\$1,000.00) per square meter in real estate with a minimum area of 25 square meters will be subject to income tax exemption for a period of ten years. In those properties smaller than 25 square meters, where the minimum investment generated is twenty-five thousand dollars of the United States of America (\$25,000.00) will also be subject to this incentive.

b. Income Tax Deductible Expenses: One hundred percent is recognized as an income tax deductible expense, according to the valuation made by duly authorized experts, by any natural or legal person, the donation of real estate, or in the construction, reconstruction, restoration, maintenance, illumination or improvement of parks, green areas, churches or any other site for public use and purposes that are located within the delimited zone, provided that it is made in compliance with the requirements established related to the subject of cultural heritage in accordance with the corresponding laws.

c. Municipal tax exemption: the right to enjoy an exemption from municipal taxes, equivalent to one hundred percent of the total and for a maximum period of ten years, is recognized and established for any investment authorized by the Planning Authority of the Historic Center of San Salvador (APLAN).

Important consideration:

Excluded from these incentives are those private investments generated in all historic properties of the State.

In order to be subject to the incentives and benefits established in the Law, natural or juridical persons must carry out the investments within ten years, counted from the entry into force of this Law. The requirements to qualify for the incentives described will be established in the Regulations of this Law.

A copy of the law can be downloaded at the following link:
[Law for the Creation of the Planning Authority of the Historic Center of San Salvador](#)

Other Tax Benefits

Income Tax Law (LISR)

Benefits:

With the purpose of encouraging national and foreign investment, all values received in any concept, obtained abroad or any capital movement, remuneration or emolument, in money or kind, generated or not by the investment of national or foreign capital, which are nominally obtained or received by natural persons, legal persons or entities without legal personality, domiciled or not in the country, coming from any kind of foreign source, are excluded from the payment of this tax

domiciled or not in the country, coming from any type of source abroad.

A copy of the law can be downloaded at the following link:
[Income Tax Law \(LISR\)](#)

Legal Stability for Investments Law

It guarantees legal certainty to the investor in the tax, customs and immigration areas, through the implementation of Legal Stability Contracts. Individuals and legal entities -national or foreign- with new investment projects or expansion of existing investments within the following eligible activities may benefit from this law.

- Aeronautics •Agroindustry •Aquaculture •Energy
- Electronic •Strategic Infrastructure •Health services
- Logistics •Remote business services •Tourism
- Telecommunications •Miscellaneous manufacturing
- Science and technology

⁸ Other activities that meet the requirements established in this law and the technical analysis carried out by specialized institutions may be eligible for subsidies.

Benefits:

Once the Legal Stability Contract is signed, private investors will benefit from the following guarantees⁹:

- Fiscal stability at the national level.
- Fiscal stability at the municipal level.
- Stability in tax exemptions provided by special legislation during the period of time they were granted by the relevant institution.
- Stability in customs procedures.
- Stability in the right to transfer funds abroad as provided for in the Investment Law.
- Stability in the immigration regime relating to the investor's residency status.
- The term of the contract shall be directly related to the amount of the investment, as follows:

Amount of investment	Maximum contract	Total investment execution time
Between 4,220 and 21,100 minimum wages in force in the industrial sector	Up to 5 years	First 2 years
Between 21,100 and 4,220 minimum wages in force in the industrial sector	Up to 10 years	First 5 years
More than the 42,200 minimum wages in force in the industry sector minimum wages	Up to 20 years	Firts 10 years

A copy of the law can be downloaded at the following link: [Legal Stability for Investments Law](#)

Law on the Tax on the Transfer of Movable Goods and the Rendering of Services (VAT Law)

Benefits:

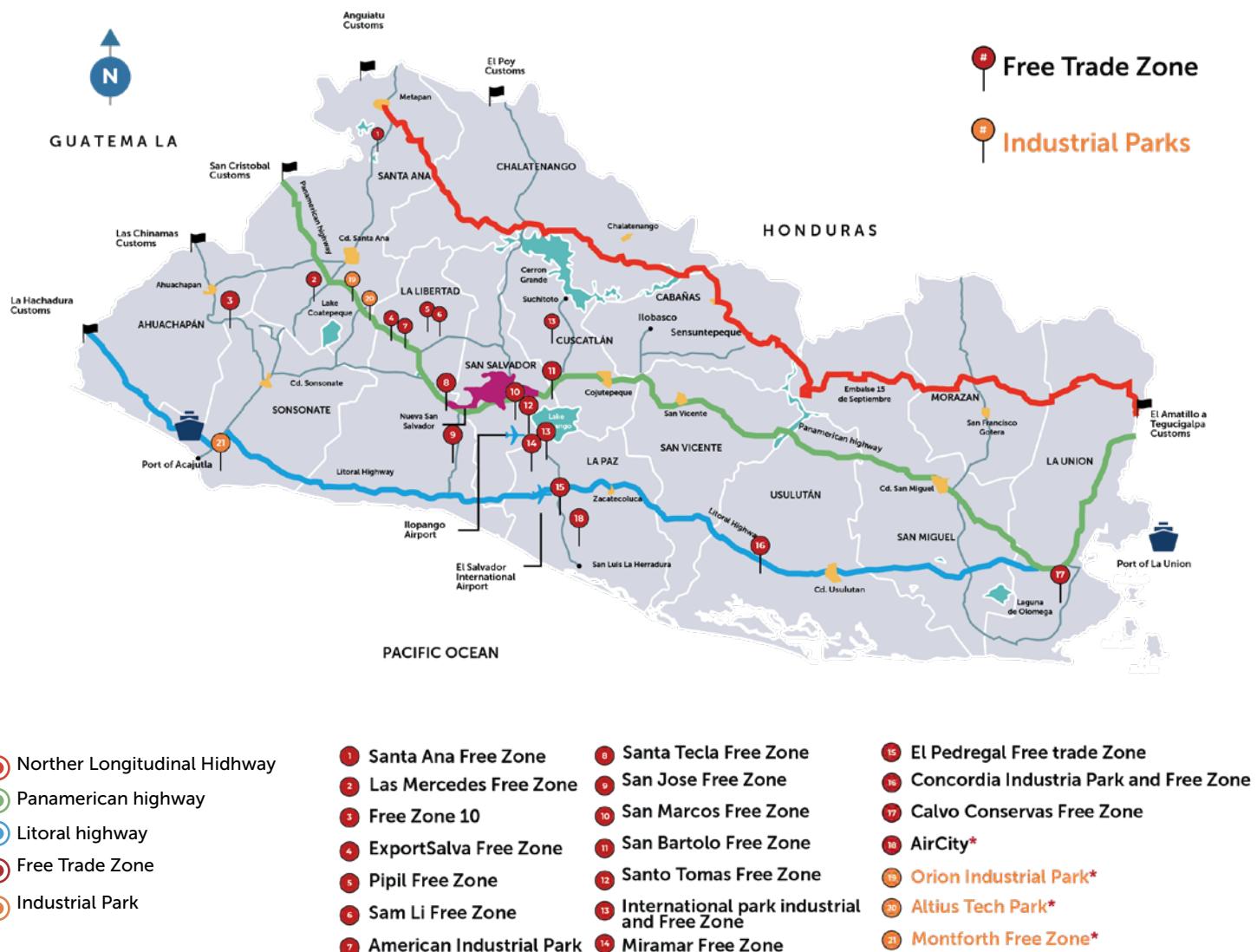
In order to stimulate the productive sectors, there is a VAT exemption for the importation of machinery and assets made by taxable persons and intended to be used in the production of goods and services not contemplated in Art. 46 and exempted in Art. 174 of the Law on Tax on the Transfer of Movable Goods and the Rendering of Services.

A copy of the law can be downloaded at the following link: [Law on the Tax on the Transfer of Movable Goods and the Rendering of Services \(VAT Law\)](#)

9 Indirect taxes are excluded from the tax stability regime.

Free Trade Zones and Industrial Parks

El Salvador has a variety of Free Trade Zones designed for companies engaged in the production and export of goods or services. These industrial parks provide companies with the necessary services to operate efficiently and offer attractive tax incentives to investors. In addition, these parks stand out for their strategic location and easy access to competitive infrastructure: they are close to the capital city, other major cities, and near world-class highways, airports, and ports.



Operating costs

Electricity

Electricity rates (USD/KWH)*

Source: SIGET

With power measurement		
Medium demand	Low voltage	\$0.16 - \$0.19
	Medium voltage	\$0.15 - \$0.18
With hour meter		
Medium and high demand	Low voltage	
	Energy at the Point	\$0.18 - \$0.22
	Energy in Rest	\$0.16 - \$0.19
	Energy in Valle	\$0.18 - \$0.22
	Medium voltage	
	Energy at the Point	\$0.17 - \$0.20
	Energy in Rest	\$0.14 - \$0.17
	Energy in Valle	\$0.17 - \$0.19

*Tariffs effective from April 15, 2023 to July 14, 2024. In addition to the energy charge, there is a fixed monthly marketing charge (customer service) and variable distribution charges - power (US\$/ kW-month), the data has been taken from the main distributors in El Salvador.

Source: SIGET

Water

The Administración Nacional de Acueductos y Alcantarillados (ANDA) is the governmental entity in charge of water distribution and wastewater management services. For Industrial, Commercial, State Institutions, Autonomous Official Institutions and Municipalities, the rates are as follows:

Price range for commercial sector consumption

Monthly Bill = (m³ x water rate) + monthly sewage rate

Consumption range (m ³)	Aqueduct Tariff (US\$)	Sewer Rate (US\$)
Greater than 0 to 5	3.76 *	0.10
Greater than 5 to 20	0.41	0.10
Greater than 20 to 30	0.722	2.00
Greater than 30 to 50	0.972	2.80
Greater than 50 to 60	1.222	3.00
Greater than 60 to 90	1.522	3.30
Greater than 90 to 100	1.722	3.60
Greater than 100 to 500	1.822	4.00
Greater than 500 and upwards	1.822	5.00

Source: ANDA

* Fixed minimum fee

For the installation of new services, a connection fee must be paid for each of the networks in urbanized sectors. This cost is US\$70 plus the Tax on the Transfer of Movable Goods and the provision of services (VAT), which includes the meter. In addition, US\$12 plus VAT will be charged for administrative expenses.

Telecommunications

In El Salvador, the telecommunications market has several providers that offer a wide range of services, including Internet, telephony, and additional solutions that meet the demands of its users. Companies can access preferential and reduced rates. The following are reference rates for internet and telephony services in the country.

Internet Rates in El Salvador (in USD) *

Broadband Internet access service with which you can have unlimited internet for your office, business or company through a physical network that combines fiber optic and coaxial.

Plan	Price/ Month	Download speed	Upload speed
25MB download speed with 15MB upload speed	\$23	25MB	15MB
35MB download speed with 15MB upload speed	\$25	35MB	15MB
50MB download speed with 15MB upload speed	\$30	50MB	15MB
60MB download speed with 20MB upload speed	\$32	60MB	20MB
70MB download speed with 20MB upload speed	\$37	70MB	20MB
80MB download speed with 20MB upload speed	\$42	80MB	20MB
100MB download speed with 25MB upload speed	\$44	100MB	25MB
120MB download speed with 25MB upload speed	\$47	120MB	55MB
150MB download speed with 30MB upload speed	\$54	150MB	30MB
200MB download speed with 30MB upload speed	\$70	200MB	30MB
300MB download speed with 50MB upload speed	\$89	300MB	50MB

Source: Market benchmark values. Costs vary according to the operator and the technical specifications of the service.

Fixed telephony rates in El Salvador *

Plan	Price	Downloaded Speed	Tariff USA	Tariff CA
Unlimited line to the same network.	\$10	Includes Unlimited Calls to the same network + 400 Minutes to other networks.	\$0.05	\$0.265
Unlimited line to all networks.	\$17	Includes Unlimited Calling to all networks in El Salvador.	\$0.05	\$0.265

In addition, a one-time installation fee of between USD \$30 - \$130 applies depending on the type of contract.

*Note: Prices include VAT and are an estimate according to market rates provided by telecommunication companies and may fluctuate over time. Costs vary according to operator and technical specifications of the service.

Source: Market reference values

Industrial Spaces

El Salvador offers investors industrial land in free trade zones and service parks where companies can benefit from generous tax incentives and access quality services to operate and export their products and services to foreign markets.

Monthly rental Costs

Average monthly cost (in USD per square meter)	
Industrial Spaces	\$4.80 - \$2.25

Source: Free trade zone administrators..

Note: Prices are negotiated with free zone administrators and vary depending on the location of the free zone, required areas, services offered, etc.

Wages

Wages are freely determined, but may not be less than the minimum wage established by the National Wage Council, which is reviewed at least every three years.

Minimum wage by sector (in USD)

Wages by	Agroindustry	Industry	Business and services	Textile and apparel
Hour	\$1.00	\$1.50	\$1.50	\$1.48
Day	\$8.00	\$12.00	\$12.00	\$11.81
Month	\$243.46	\$365.00	\$365.00	\$359.16

Note: Minimum wage effective since August 2021. For more information on fringe benefits, please refer to the section: **Labor Market | Regulation | Employee Benefits**.

Fringe benefits

Salvadoran legislation provides the following benefits to the worker:

Employer obligations	Description	Monthly percentage
Paid annual leave	Vacation is paid once a year and corresponds to 30% of a 15-day salary.	1.25%
Social security (ISSS)	The employer pays an amount equivalent to 8.5% of the base salary. For the calculation of this contribution, a maximum of USD 1,000 will be considered as base salary.	7.50%
Training fund (INCAF)	Applicable only to companies with 10 or more employees. The employer pays an amount equivalent to 1% of the base salary.	1.00%
Christmas bonus	Paid annually in December (no monthly provision is required). The amount is calculated according to years of service: 1-3 years (15 days' salary), 3-10 years (19 days' salary), 10 years or more (21 days' salary).	4.17%
Retirement fund (AFP)	The employer contributes 8.75% of the base salary	8.75%

Total benefits paid by employers

Compensation for voluntary severance or compensation for unjustified dismissal (only one of the two will apply):

Compensation for voluntary resignation

This compensation must be paid in the event of voluntary resignation of the employee. The law does not require that a reserve be kept for paying this compensation, but it does mandate that it be paid in the event of voluntary resignation of an employee who has at least two years of service for the same employer. In order for managers, department heads and specialized workers to be entitled to this compensation, it is mandatory that such employees give the employer 30 days' written notice. All other employees may give 15 days' written notice. 15 days' salary will be paid for each year of service. For the purposes of calculating the payment, no base salary may exceed two times the current minimum wage. 4.17%

Compensation for unjustified dismissal

This provision is used in the case of unjustified dismissal. Thirty days of compensation will be paid for each year of service rendered, and proportionally for fractions of a year of work. To calculate the compensation, no salary will be higher than four times the current minimum wage (Art. 58, Labor Code). The law does not require companies to maintain this provision, but it does require payment in the case of unjustified dismissals. 8.33%

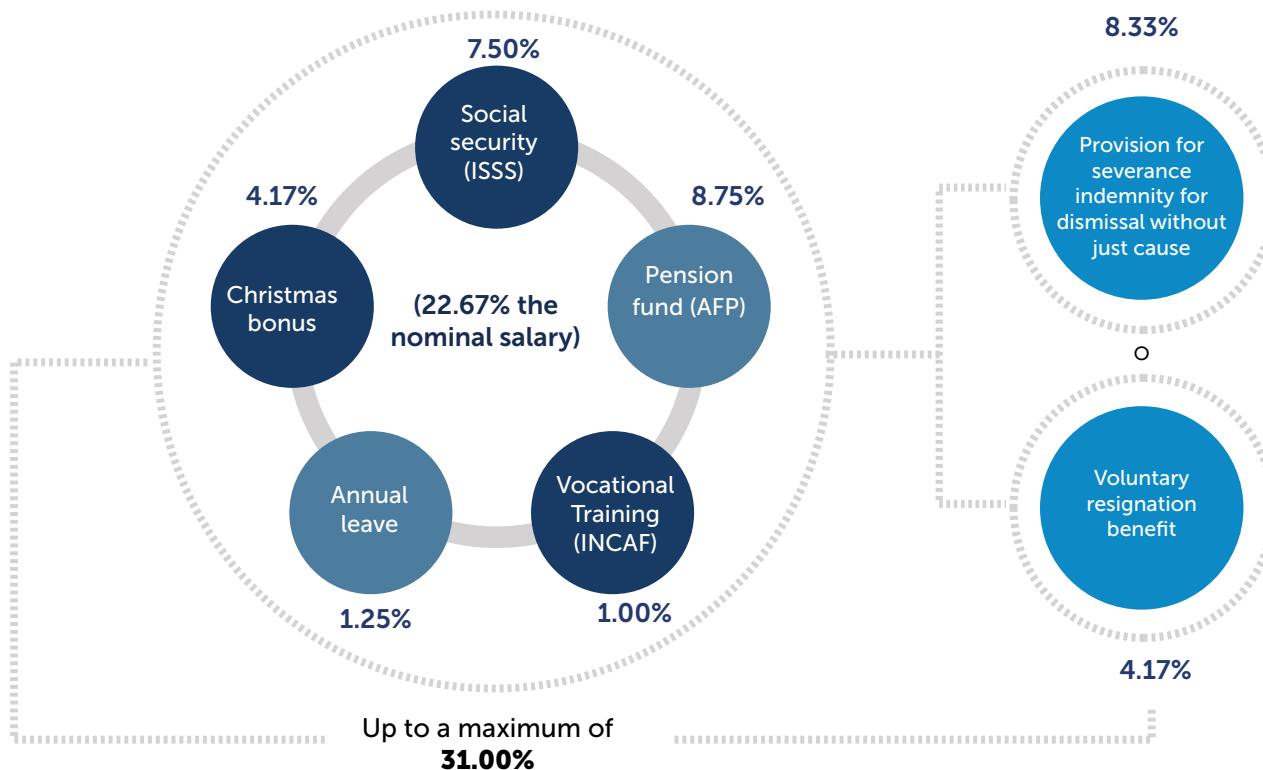
Total benefits paid by the employer + compensation for wrongful dismissal / compensation for voluntary resignation.

Up to a maximum of 31%

Labor market

Regulation

Labor benefits: Regulation in El Salvador offers several advantages for investors interested in establishing operations in the country. The regulation of labor benefits provides a stable and predictable framework for business relationships, giving investors confidence in the corporate environment.



Total employment benefits plus compensation for termination without just cause/voluntary resignation benefit.

Work shifts

Day shift

6:00 am and 7:00 pm maximum 8 hours a day.
44 hour work week.

Night shift

7:00 pm and 6:00 am Maximum of 7 hours per day.
39-hour work week.

National holidays

The country has the following legal holidays with full salary benefits in accordance with the Labor Code of El Salvador:

- January 1 (New Year's Day)
- Thursday, Friday and Saturday of Holy Week
- May 1st (Labor Day)
- May 10 (Mother's Day)
- June 17 (Father's Day)
- August 6 (Feast of San Salvador)
- September 15 (Independence Day)
- November 2 (All Saints' Day)
- December 25th (Christmas Day)

*Note: Additionally, August 3rd and 5th are holidays in San Salvador. In the rest of the national territory, the main day of the patron saint's day is established as a holiday according to tradition.

Security social

El Salvador's social security system provides for the following:

- Sickness and maternity benefits
- Disability benefits
- Old age and retirement

Sickness and maternity benefits

In case of illness, the employer is responsible for compensating the first three days of salary during the worker's absence and, thereafter, social security covers 75% of the worker's salary. In case of maternity, social security covers 100% of the monthly salary (up to US\$1,000) and the company grants the mother a 16-week maternity leave.

Disability

For one year or less of disability, social security covers a percentage of the employee's salary; after that period, the retirement fund contributes a percentage of the employee's salary according to the degree of disability.

Old age and retirement

After 30 years of work, men can retire at the age of 60 and women at the age of 55.

Access to labor

El Salvador offers a labor force internationally recognized for being highly productive. Businessmen and investors established in the country consider the Salvadoran human talent as one of the most outstanding for the willingness, efficiency and work ethic with which they perform.

The country offers a young labor force of 2.9 million people, 54% of whom are between 16 and 39 years old, that is, in the most productive age range to participate in manufacturing, agro-industrial and service activities; with the ability to develop new skills in a short time that respond to the current needs of the labor markets.



Live in El Salvador



Residence and work permits

El Salvador offers migratory stability through the development of investments in the country, establishing Consular or Non-Consulted and Consulted visas, these visas are granted in diplomatic representations. It is important to review the list of countries to identify the type of visa required (<https://rree.gob.sv/servicios/visas-para-extranjeros>). Likewise, visas may be subclassified according to their economic activity, into Investor, Business and Commercial Representative visas, which may be granted for a single passage or multiple passages.

Among the main characteristics of the visas should be considered:

Persons having the quality of president, members of the board of directors, legal representative, shareholder of a mercantile company; owner or general manager of a company that enters the country with the purpose of carrying out activities of promotion or identification of investment opportunities in the areas of industry, commerce, tourism, suppliers of goods or services or any lawful economic activity.

Former Farmer Businessman

Foreign person that has the quality of president, members of the board of directors, legal representative, shareholder of a mercantile company legally established in Salvadoran territory; owners or general managers of a company that has an active investment in the country in accordance with the provisions of the Investment Law.

Foreign Investor

Commercial Representatives

The foreign person who enters and remains temporarily as head of management to supervise or train employees of a company legally constituted in Salvadoran territory. Also, those who enter to attend specialized matters, traveling agents, commercial delegates, technical support, supervisor and auditor exceptionally linked to the activities of the company or enterprise located in El Salvador.

Cost: \$200 | **Estimated Time:** 5 to 10 day | **Step:** Sumid F-49 form

Foreign personnel wishing to work in El Salvador require a work permit, in addition to temporary residence in the country. The hiring of the professional services of a foreign worker requires prior authorization from the Ministry of Labor.

This authorization is for a period of one or two years, if the company hires and trains an equal number of Salvadorans. The authorization may be extended for equal periods.

Temporary Central American resident	\$70.00 up to one year
Temporary Central American resident	\$130.00 up to two year
Non-Central American temporary resident	\$140.00 up to one year
Non-Central American temporary resident	\$260.00 up to two year

Estimated Time: 45 day | **Step:** submit F.03 form

The following link of the General Directorate of Migration and Alien Affairs details the different types of residence and work permits in El Salvador: <https://www.migracion.gob.sv/guia-de-servicios/>

Special Transitory Law of Incentives and Preferential Treatment Aimed at Favoring the Repatriation of Salvadorans

Beneficiaries

This law provides incentives for the repatriation of Salvadorans and represents a comprehensive strategy to encourage the return of citizens to the country. The law is intended to promote family reunification and strengthen community and cultural ties. Likewise, it is projected to make a significant contribution to the social fabric and sustainable growth of El Salvador.

Salvadorans by birth, or naturalization, in the latter case, provided that the nationality has been acquired prior to the entry into force of this Law, who reside in any country abroad and duly express their intention to transfer their definitive residence to El Salvador.

Incentives

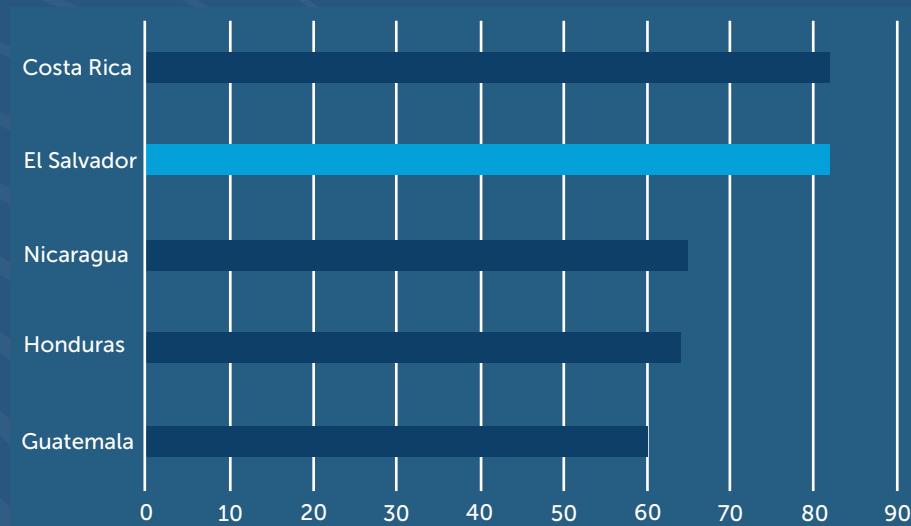
- Exemption of duties and taxes for the importation of household goods only once, provided that the value of the household goods of the family group does not exceed \$70,000.00. Household goods shall be understood as the set of goods, constituted by new or used household goods and articles, in quantities and characteristics that allow determining that they will be destined for domestic use.
- Exemption from the payment of duties and taxes on the importation of up to two light motor vehicles, in accordance with the requirements established in the corresponding regulations, per family group for private or family use.

Quality of life

One of El Salvador's greatest attractions lies in its balance between quality of life and affordable costs. It ranks second in Central America in terms of living conditions, considering material resources, housing, essential services and connectivity.

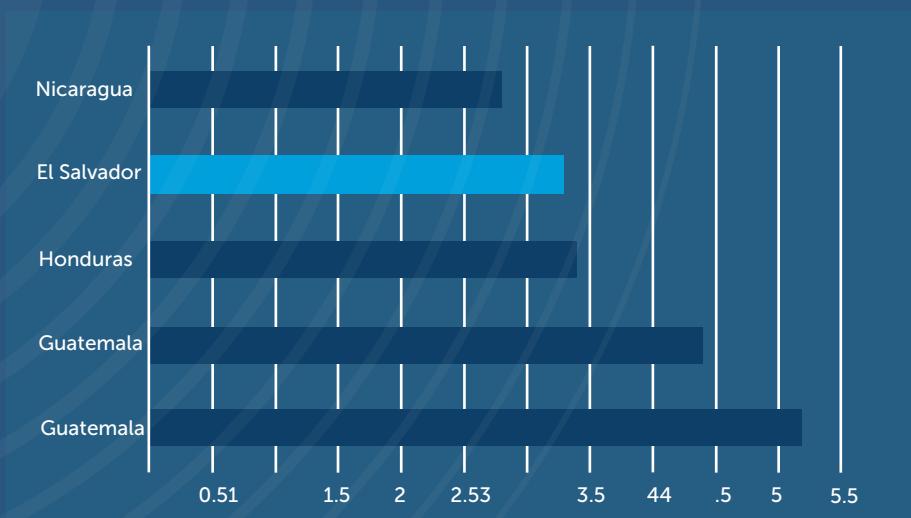
In addition, it is the second country in the region with the lowest cost of living, offering a significant advantage, being up to 25% cheaper than nations such as Costa Rica.

a. index of living conditions



Source: *fDi Benchmark of the Financial Times Ltd 2023*, data from the *Legatum Prosperity Index (2013)*. The *Living Conditions* pillar measures the degree to which everyone experiences a reasonable quality of life, including material resources, housing, basic services and connectivity. Rating from 1 to 100.

b. Cost of living index



Source: *Financial Times Ltd fDi benchmark index 2023*. Country cost of living index: Ranking from 0 to 10 (0=lowest cost of living; 10=highest cost of living); Cost of living index by city: Index based on New York City.

Security

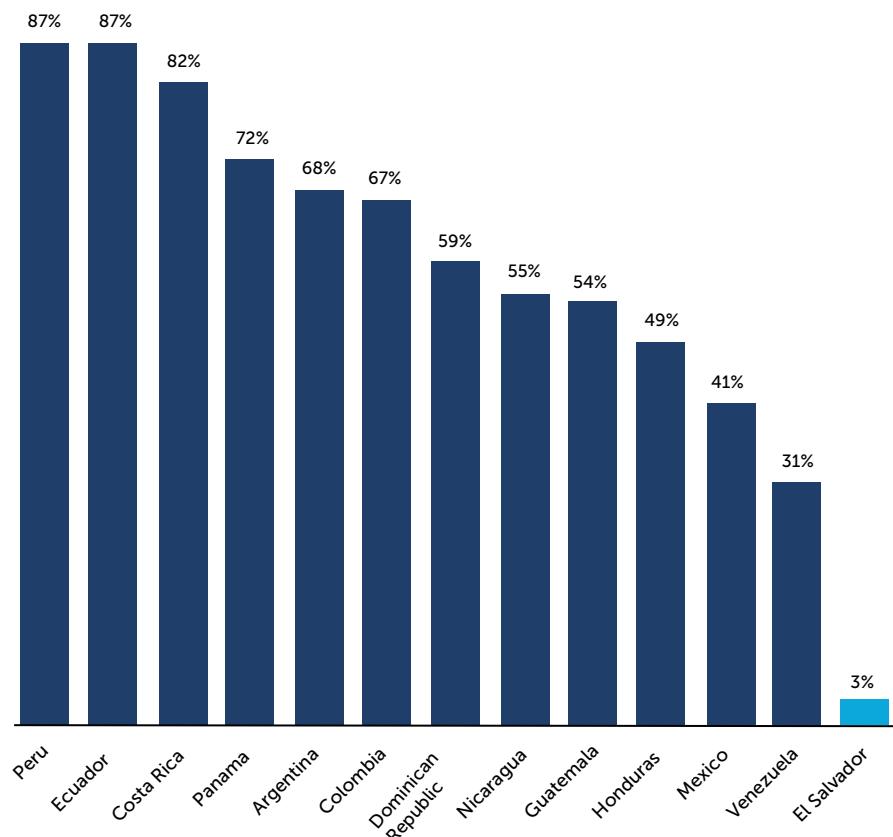
The historical figures of crime reduction have given El Salvador back its dreams of greatness and have turned it into the safest country in Latin America. The successful security strategy promoted by the Government has made the world turn its vision towards El Salvador, increasing international tourism, the insertion into new markets and the increase in investment by large local and foreign companies.

In 2023, El Salvador registered the lowest homicide rate in Latin America of 2.4 per 100,000 inhabitants according to InSight Crime's homicide balance in 2023, Statista, Homicide rates in selected Latin American and Caribbean countries in 2023.

This contributes to the country's positioning as a solid investment destination with a favorable environment for doing business and generating sustainable economic growth.

According to a national survey (CID Gallup), El Salvador is the Latin American country with the lowest perception of an increase of crime (September 2023).

Population perceiving that crime is on the rise (%)



Source: CID Gallup, septiembre 2023.

Education

Formal education

The national education system consists of two modalities:

It is provided in authorized educational establishments, with a regular and prefixed sequence, progressing from an initial level to higher education. The composition of courses by level is as follows:

- **Initial Education:** infants from 0 to less than 4 years of age
- **Nursery Education** for children from 4, 5 and 6 years of age.
- **Basic Education:** subdivided into three cycles. First cycle, from first to third grade; second cycle, from fourth to sixth grade; and third cycle, from seventh to ninth grade. The first and second cycles of Basic Education correspond to Primary Education, in the international classification.
- **Secondary Education:** it is subdivided into General High School and Professional Technical High School, the first lasting 2 years and the second lasting 3 to 4 years.
- **Higher Education:** includes technical, college, university and postgraduate education, which have different durations, depending on the modality and the chosen career.

Formal education is open to anyone, with the only requirement of passing the respective evaluation process of the applied course.

Non-formal education

Offers complementary education to complete, update, train or strengthen academic or work skills without undergoing formal levels.

Source: Taken from Asamblea Legislativa de la República de El Salvador, Título II: Sistema Educativo, Niveles y Modalidades; Capítulo I: Sistema Educativo. In Decree N°917: General Education Law.

Education in El Salvador stands out for its accessibility and diversity. Education from infancy to adolescence is compulsory and free in public schools for children under 16 years of age. In the San Salvador Metropolitan Area (AMSS) there are 461 public educational institutions and 541 private schools that offer primary and secondary education in whole or in part within the regular education system.

Most of the private schools have competitive English programs, and there is a wide range of international schools that maintain high standards, comparable to those of countries such as the United States, England, Germany, France, among others.

Below is a table detailing the number of students enrolled in a selection of the most recognized bilingual schools located in the Metropolitan Area of San Salvador (AMSS):

Enrollment at leading bilingual schools

Name	Departament	Municipality	Registration
Liceo Francés (Lycée Français Antoine et Consuelo de Saint-Exupéry)	La Libertad	Santa Tecla	1,310
Academia Británica Cuscatleca British School)	La Libertad	Santa Tecla	1,181
Escuela Americana (American School)	San Salvador	San Salvador	1,136
Colegio Salesiano Santa Cecilia	La Libertad	Santa Tecla	1,095
Escuela Alemana (Deutsche Schule)	La Libertad	Antiguo Cuscatlán	939
Colegio "Highlands" (Highlands International School)	San Salvador	San Salvador	805
Colegio Salvadoreño Inglés	San Salvador	San Salvador	685
Colegio Lamatepec	La Libertad	Santa Tecla	628
Escuela Cristiana Oasis El Salvador	San Salvador	San Salvador	440
Escuela Bilingüe Maquilishuat	San Salvador	San Salvador	376

Source: Own elaboration with data from MINEDUCYT 2022.

For higher education, there is an academic offer of more than 530 careers in about 60 universities or colleges with campuses distributed throughout the Salvadoran territory, in the areas of economics, business, exact sciences, education, health, social sciences, literature, natural resources, arts, design, engineering and architecture. Among them, the national public center of higher education is the University of El Salvador (UES), with 12 faculties for undergraduate and graduate programs and four campuses, located in San Salvador, San Miguel, San Vicente and Santa Ana.

Health services

More than 60 hospitals and specialized centers operate in the public and private network in the San Salvador metropolitan area. All formal workers in El Salvador are protected by the Salvadoran Social Security Institute, which guarantees public health services to them and their families. Alternatively, any person or company has the option of contracting private insurance through one of the nearly 1,500 intermediaries authorized and certified by the Superintendencia del Sistema Financiero (SSF): <https://ssf.gob.sv/registro-publico/intermediarios-de-seguros/>.

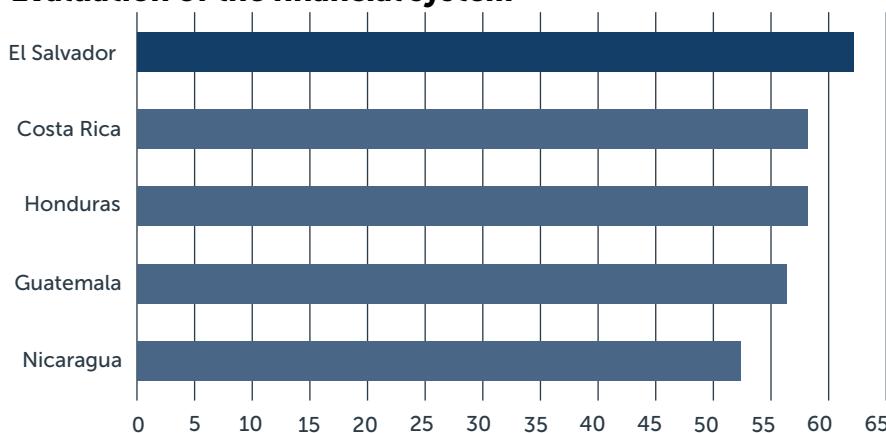
In El Salvador there are more than 19,000 doctors, many of them with postgraduate degrees in the United States, Europe, Mexico, Cuba, among other leading countries in health. A directory of medical services and doctors can be found here: <https://www.medicosdeelsalvador.com/#>. Health services are provided at more competitive costs than in the U.S. or Canada, which generates a demand for medical tourism.

Financial Services

El Salvador has a solid and robust banking sector, in line with international standards. El Salvador ranks 1st in the region in the Global Competitiveness Index 4.0 evaluation of the financial system, which measures the depth, availability of credit, insurance and other financial products, stability and other indicators of the financial system.

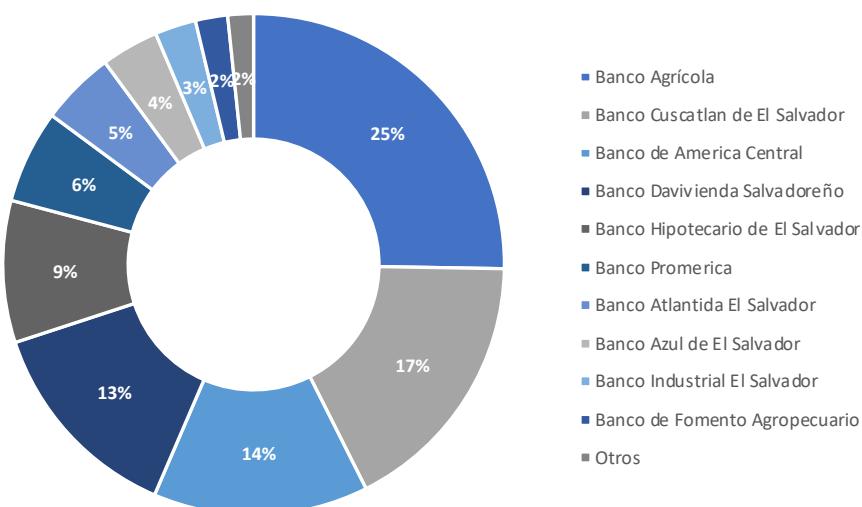
The evaluation is made on a scale of 0 to 100 (best).

Evaluation of the financial system



Source: Global Competitiveness Report, World Economic Forum, 2019 (fDi Benchmark 2023).

Major commercial banks



Source: Superintendency of the Financial System of El Salvador (2023)

Energy

Solid companies with extensive experience in the electrical sector distribute electricity in El Salvador.

Main distribution companies in the country:



**Distribuidora de
Electricidad del Sur (DELSUR)**
Supplies energy to the central-southern region
of the country.

Telecommunications

The telecommunications companies established in El Salvador are making important investments that guarantee a sustained development of the telecommunications infrastructure and the adoption of state-of-the-art technology. The following table shows the main telecommunications operators in the country.

Operator	Basic services*
América Móvil, (Telecom/Claro)	Fixed telephony, mobile telephony, cable television, Internet (fixed and mobile)
Millicom (Telemóvil/Tigo)	Fixed telephony, mobile telephony, cable television, Internet (fixed and mobile)
Telefónica (Movistar)	Fixed and mobile telephony and Internet (fixed and mobile)
Digicel	Mobile telephony, internet (mobile)
Intelfon (RED)	Mobile telephony, radio communication
Telecam	Internet, cybersecurity
Salnet (El Salvador Network)	Fixed telephony, internet
GCA Telecom	Fixed telephony, internet, video surveillance

Urban Mobility

The National Law of Land Transportation, Transit and Road Safety (Article 74) and its Regulations (Articles 157, 161 and 163) summarize the requirements that foreigners must meet to obtain a permit to drive in the Salvadoran territory depending on the expected length of stay of the person.

- Those whose stay is less than 90 consecutive days may drive with an official license or permit from their country of origin.

- Those whose stay is longer, must follow a foreign license homologation process through SERTRACEN, a regional entity that provides transit services to Central American countries. The requirements for this process are:
- Valid passport/NIT in original.
- Valid temporary resident card (valid for more than three months) or valid permanent resident card (original).
- Valid foreign license (original and copy) apostilled by the competent authority of the country where it was issued..
- In case of countries that have not subscribed the Hague Convention 1961, they may present a photocopy of a valid foreign license, completely legible in all its parts, authenticated in the country of origin and the Ministry of Foreign Affairs of El Salvador.
- Proof of blood group issued by clinical laboratory with signature and seal of registration, may present a proof of blood group issued by a public health institution with the respective seals of the institution.
- Pass an eye exam at SERTRACEN's offices.
- Cost of the visual exam: \$3.39
- Cost of the procedure: \$54.43

For more information, please visit: <https://www.sertracen.com.sv/index.php/homologacion-licencia-extranjera>

In addition to the possibility of self-driving a car, there are other alternatives for the efficient and safe mobilization of people such as cabs and private transportation services by application, such as UBER and INDIVER, which are widely used in the metropolitan area.



A scenic landscape at sunset. In the foreground, a person with their arms raised stands on a grassy hill. Below them is a vast sea of white clouds. In the background, a range of mountains is visible, their peaks partially obscured by the clouds. The sky is a mix of orange, yellow, and blue, with wispy clouds. The overall atmosphere is serene and majestic.

Visit
El Salvador

Travel Information

The main entrance to the country is usually through El Salvador's Monseñor San Óscar Arnulfo Romero y Galdámez International Airport, one of the largest and most modern terminals in the region. It serves as Avianca's hub for Central America and is also used by airlines from South America, North America and Europe.

This airport provides direct access to 34 routes connected to 14 countries, offering a wide network of flights both to and from El Salvador, guaranteeing excellent air connections for visitors arriving from around the world.

Destinations with direct flights from El Salvador:



Canada: Toronto, Montreal

USA: Atlanta, Dallas, Fort Lauderdale, Houston, Los Angeles, Oakland, Miami, New York, Newark, Las Vegas, Ontario, San Francisco, Washington, Las Vegas

Dominican Republic: Santo Domingo

Mexico: México, Cancún, Guadalajara, Tijuana

Guatemala: Guatemala

Honduras: Roatán, San Pedro Sula, Palmerola

Belice: Belice

Nicaragua: Managua

Costa Rica: San José

Panama: Panamá

Ecuador: Guayaquil, Quito

Peru: Lima

Colombia: Bogotá

Spain: Madrid

Source: CEPA. Note: Active routes may vary depending on the season.

Entry Requirements

El Salvador has free mobility of foreigners coming from the Republics of Honduras, Guatemala and Nicaragua, this is part of the Agreement for the Creation of the Central American Single Visa (CA-4). It is important that, in order to enter El Salvador, you review the list of countries and verify the migratory category in which your country of origin is: <https://rree.gob.sv/servicios/visas-para-extran-jeros/>

Category A: Visa exempt

- No visa processing is required for countries in category A, except for those who are required to cancel the Tourist Card.
- Cost of Tourist Card: USD \$12
- Estimated Time: Immediate
- Steps: This permit is granted at the migration post when entering El Salvador

Category B: Consular Visa or No Consultation

- It must be processed before the consular representation or Embassies of El Salvador, depending on the country of origin.
- Single entry cost: USD \$30
- Multiple entry fee: USD \$60

Category C: Visa Consulted

- It must be processed at the consular representation of the Ministry of Foreign Affairs, depending on the country of origin.
- Single entry fee: USD \$40.00
- Multiple entry cost: USD \$75.00
- Estimated time: Start the process 4 weeks before entering El Salvador.
- Steps: Filling out the F-46 form
- Obtaining a tourist visa allows visitors a maximum period of stay in the country of 180 days.

Special Entry Permit and Visa Application and Payment (PEI)

Migratory procedures for foreigners who wish to travel to El Salvador, who according to their nationality require a consulate visa or consular visa to enter the national territory and who do not have it, or who are unable to apply for it due to the lack of a Salvadoran consulate in their country of origin or residence, or due to unforeseen circumstances or force majeure, have the facility to apply 100% online.

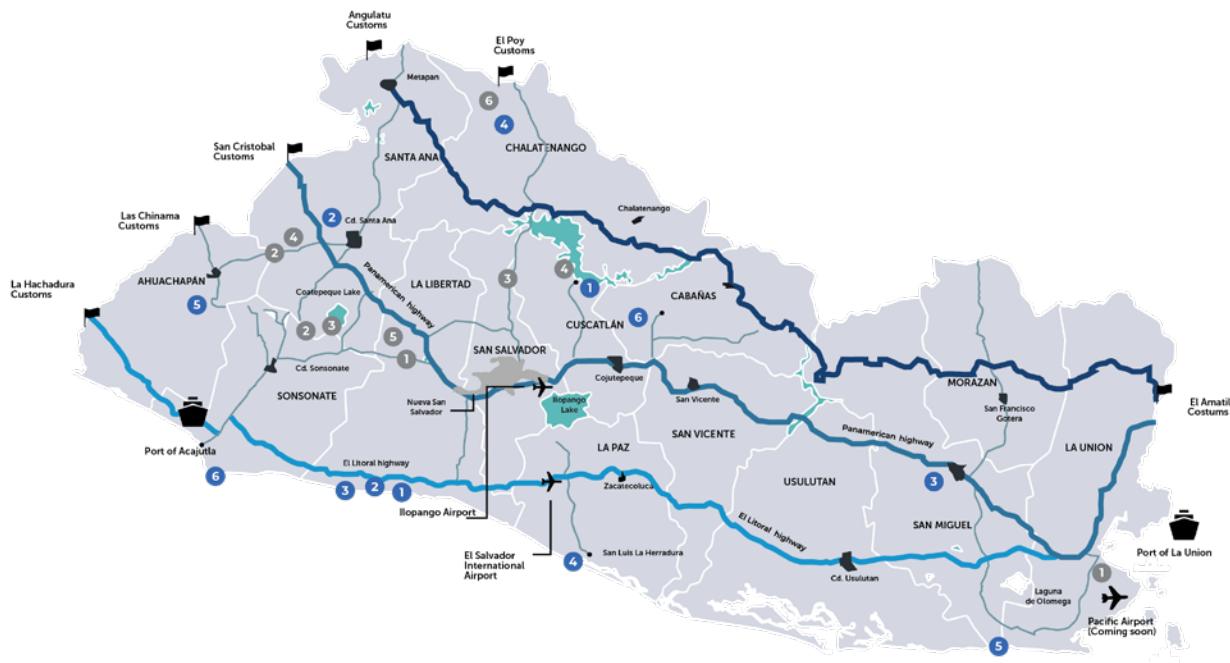
Pasos para solicitar PEI

- To start the IEP Application process, you need to access the following link: <https://elsalvadorpei.migracion.gob.sv/>.
- Create an account on the website.
- Filling out the application form according to the required information, attach the documents requested for said process.
- Complete the corresponding payment of the immigration fee for the PEI Application (\$100.00 of the United States of America), and continue with the process.
- Review of the PEI application.
- The registration e-mail will be notified of the result of the PEI application: approved, prevented, denied or cancelled.



Destinations in El Salvador

El Salvador, with a total area of 21,000 km² and 307 km of coastline, offers the possibility of surfing, hiking, scuba diving or visiting archaeological parks and museums, all in the same day and a few hours from the city. Some of the main tourist destinations are:



Simbología



Port



Airport



Custms

● Longitudinal Highway

● Panamerican Highway

● Litoral Highway

Times from San Salvador

Surfcity

1. El Tunco 45 m
2. El Zonte 1.0 h
3. El Sunzal 1.0 h
4. Costa del Sol 1.2 h
5. El Cuco 3.0 h
6. Los Cobanos 2.0 h

Pueblo y ciudad

1. Sushitoto 2.5 h
2. Santa Ana 2.0 h
3. San Miguel 3.0 h
4. La Palma 2.3 h
5. Ataco 2.5 h
6. Ilobasco 1.5 h

Naturaleza y aventura

1. Volcán de Conchagua 4.0 h
2. Volcán de Santa Ana 2.0 h
3. Lago de Coatepeque 2.5 h
4. Cascadas Los Tercios 1.5 h
5. Parque Balboa 0.5 h
6. Cerro El Pital 2.5 h

Parques arqueológicos

1. Joya de Cerén 1.5 h
2. El Tazumal 2.0 h
3. Cihuatán 1.5 h
4. Casa Blanca 2.0 h
5. San Andrés 1.5 h

Surf City

Surfing enthusiasts will find a paradise in Surf City, an extension of more than 300 kilometers of coastline along the Salvadoran coast. From east to west, the beaches and waves offer an unparalleled experience for both experienced surfers and those taking their first steps in this exciting sport.

This area is not only a world-renowned tourist destination, but also represents an innovative strategy for the integral development of the coastal regions of Ahuachapán, Sonsonate, La Libertad, La Paz, San Miguel and La Unión. Surf City not only seeks to be a magnet for surf lovers, but also to promote economic prosperity and improve the social well-being of local communities. This pioneering initiative is committed to long-term tourism sustainability while maintaining a total connection with nature. More information: <https://elsalvador.travel/category/surfcity/en/>

Nature and adventure

El Salvador has a unique closeness between the city and nature, where you can connect with breathtaking landscapes, where you can connect with your essence surrounded by breathtaking scenery. From serene lakes to majestic hills, nature reserves and parks that will take your breath away.

Enjoy tranquil waterfalls, bays and spectacular beaches. For those who love adventure and physical activity, there are options such as exploring volcanoes, adventure parks, guided tours, hiking, camping and much more. Experience the excitement in every corner of this country full of natural diversity. More information: [https://elsalvador.travel/ category/nature/en/](https://elsalvador.travel/category/nature/en/)

Archaeological parks

Explore the fascinating ancient history of our region by visiting the archaeological sites of El Salvador. Discover impressive relics, ancient pyramids, captivating museums and buildings with more than 1,500 years of history.

Emblematic places such as Joya de Cerén, declared a World Heritage Site, San Andrés, El Tazumal, Cihuatán and Casa Blanca await you as authentic archaeological parks, revealing treasures of the past that transport you to ancient times full of wonder and mystery. Immerse yourself in this unique experience of the ancestral history of our region. More information: <https://elsalvador.travel/category/archaeological-parks/en/>

Town and city

Explore the captivating cities and charming towns spread throughout the country. Experience the authenticity of our culture as you tour historic sites such as theaters, galleries, cathedrals, colonial houses and iconic buildings. Immerse yourself in this fusion of past and present, while modern shopping malls, five-star hotels and exceptional gastronomic offerings add life to the cities.

Among El Salvador's most famous and picturesque destinations are gems such as Suchitoto, in the department of Cuscatlán; La Palma, in Chalatenango; Concepción de Ataco, in Ahuachapán; Planes de Renderos in San Salvador, and other corners that invite you to discover the cultural richness and beauty of our urban environments. More information: <https://elsalvador.travel/category/town/en/>





Investment Services

Investor services

Investment promotion

- Investment tours, conferences and workshops (promotional campaigns and events).
- Meetings with investors to present investment opportunities and business climate.
- Preparation of customized information.
- Planning, organization, preparation and management of visits to the country (ad hoc business agenda).

Investment promotion

- Advice to investors with sectorial specialists for the creation of the company.
- Specialized attention to Salvadorans abroad who wish to invest in El Salvador.
- Connection with public, private and academic agents to promote synergies.
- Advice on procedures and establishment permits (preparation of roadmaps).

Investment retention and expansion

- Advice on the expansion process.
- Facilitation of procedures and permits.
- Business climate monitoring (Investment climate assessment).
- Follow-up and development of policies to improve processes and legal framework.
- Immediate attention to resolve concerns of established companies.
- Accompaniment in the participation of established companies in trade fairs.
- Relationship with the investor for life (Aftercare).

Links and communication

- Lists of service providers (strategic allies).
- Support for subcontracting with foreign and domestic companies.
- Facilitation of the development of new products or services.
- Preparation of country communication information..
- Roadmaps for the development and improvement of the ecosystem of the prioritized sectors.
- Support in the coverage of events with investors.

Contact us at

We are your strategic ally to do business and invest. Visit
www.investinelsalvador.com

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INVESTMENT AND EXPORT PROMOTION AGENCY