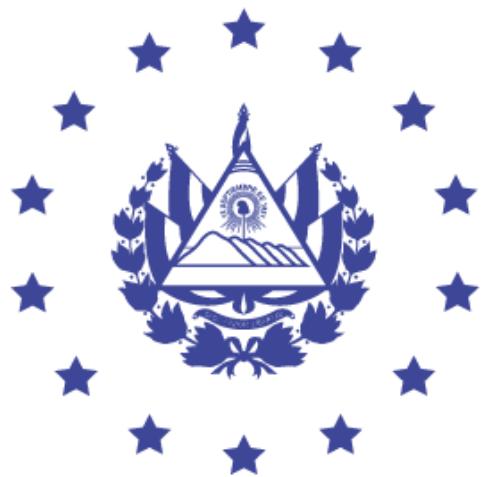




GOBIERNO DE
EL SALVADOR

Sector Guide
Agribusiness



**GOBIERNO DE
EL SALVADOR**

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Introduction

El Salvador is the perfect center for the development of great success stories. A country with favorable climatic conditions for agricultural production, aquaculture, fishing and more.

El Salvador offers an ideal location for food production and processing, as well as for serving specific market niches that go beyond traditional agricultural industries. Likewise, its proximity to high consumption markets facilitates the export of these products.

Sector delimitation

For the purposes of preparing this document, the activities of: food and beverages, crops, fishing, aquaculture and products of animal origin are considered within the Agribusiness sector.

Regarding the data of representative companies in the sector, information was used for the following ISIC codes:

1104: Manufacture of non-alcoholic beverages; production of mineral waters and other bottled waters

1050: Manufacture of dairy products

1030: Elaboration and conservation of fruits, legumes and vegetables.

1631: Coffee processing plant

1633: Sugarcane harvesting

1020: Preparation and conservation of fish, crustaceans, molluscs and other aquatic products



Demographic indexes of El Salvador²

	Total	Urban area
Population (inhabitants and % of total population)	6,325,827	3,903,035 (62%)
Literacy (% of population aged 10+)	90.0%	93.2%
Labor force (Economically active population)	2,932,673	1,906,237
Unemployment rate	6.3%	6.3%
Underemployment Rate³	37.6%	n/d
Población que habla inglés (% de la población)⁴	4.0%	n/d

Main regions⁵

63.5% of the population is concentrated in 5 of the 14 departments: San Salvador, La Libertad, Santa Ana, Sonsonate and San Miguel.

Age structure

54.2% of the labor force is under 40 years old, the most productive age range.

² Source: General Directorate of Statistics and Census (2019).

³ Underemployment is made up of those workers who have difficulty working a certain number of hours per week, as well as obtaining a salary that reaches at least the minimum wage. This is a segment of the population that could be available to migrate to jobs with better opportunities.

⁴ % of population aged 5 years and older with formal education. Source: VI Population Census 2007, is the latest information available, so current figures would have increased. In this case, the data for the metropolitan area corresponds only to San Salvador.

⁵ El Salvador is divided into 14 geographic regions called departments..

Relative importance in the generation of foreign currency



Source: Own elaboration with data from the Central Reserve Bank of El Salvador - BCR. Exports of services in the Agroindustry category.

The Agroindustry sector exported in 2022 a total of **USD 1,4 Billions**.

The growth of the sector has been sustainable over the years from 2018 to 2021. When comparing 2021 with 2022, the growth rate was 17%.

In 2020, being an atypical year, there was a small decrease that was expected as a result of the pandemic. However, a recovery is observed in 2021.

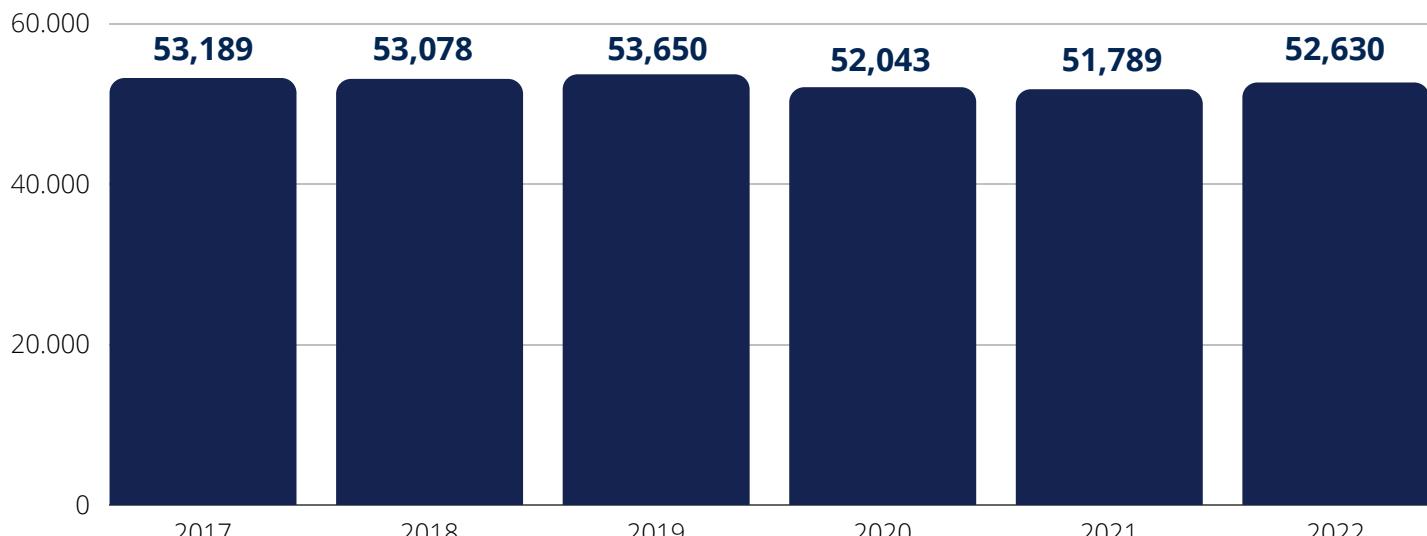


Job generation

Between 2017 and 2022, the Agribusiness sector generated an average of **52,730 jobs**. This data covers the activities of food and beverages, crops, fishing, aquaculture and products of animal origin.

Evolution of employment generated by the Agribusiness sector

2017 - 2022



Source: Own elaboration based on ISSS data.

Contribution of employment generated by activities

2017 - 2022

Activity	2017	2018	2019	2020	2021	2022	% participation in 2022
Food and beverages	37,965	37,805	38,150	36,859	36,612	37,217	71%
Crops	8,730	8,737	8,696	8,266	8,051	8,252	16%
Fisheries and aquaculture	532	481	495	431	460	469	1%
Animal products	5,962	6,055	6,310	6,488	6,667	6,692	13%
Total Agribusiness	53,189	53,078	53,650	52,043	51,789	52,630	100%

Source: Own elaboration based on ISSS data.



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Business overview: Sample of companies in the sector

Company	Origin
CALVOCONSERVAS EL SALVADOR SA DE CV	Spain
DÜMMEN ORANGE	Netherlands
LACTEOS DEL CORRAL SA DE CV	El Salvador
PRODUCTOS ALIMENTICIOS DIANA S.A. DE C.V	El Salvador
LIVSMART AMERICAS SA DE CV	El Salvador
EMBOTELLADORA ELECTROPURA SA DE CV	El Salvador
COOP CHALCHUAPANECA PRODUCTORES	El Salvador
CAFE CUSCACHAPA DE R L	El Salvador
COMERCIAL LARIN SA DE CV	El Salvador
URRUTIAS ESTATE COFFEE S.A. DE C.V.	El Salvador
MONTEALEGRE SA DE CV	El Salvador

Source: Own elaboration with data from the ISSS according to the number of jobs generated



Human Capital

The education system offers various careers related to the Agribusiness sector, including master's degrees, engineering, and specialized technicians.

Careers related to the Agribusiness sector

Degree	Career	Educational Institute
Engineering	Food Engineering	Universidad José Simeón Cañas UCA Universidad José Matías Delgado
Engineering	Agronomic Engineering	Universidad de El Salvador Universidad José Matías Delgado Universidad Católica de El Salvador
Technician	Agronomist	Escuela Nacional de Agricultura Universidad Católica de El Salvador
Master's degree	Master in Sustainable Tropical Agronomy with emphasis in Sustainable Agriculture	Universidad de El Salvador
Master's degree	Master in Sustainable Agronomy with emphasis in Plant Protection	Universidad de El Salvador
Engineering	Agroindustrial engineering	Universidad de El Salvador Universidad José Matías Delgado
Engineering	Agronomic Engineering Phytotechnician	Universidad de El Salvador Universidad Evangélica de El Salvador
Engineering	Agribusiness engineering	Universidad José Matías Delgado
Engineering	Zootechnical Agronomic Engineering	Universidad Evangélica de El Salvador

Source: Ministry of Education - National Directorate of Higher Education



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Advantages of investing in El Salvador



El Salvador offers:

- Adequate climatic conditions (temperature and altitude) and suitable soils for growing fruits and ornamental plants.
- Free trade agreements that provide favorable access conditions to a potential market of more than 1,200 million consumers.
- Abundant supply of sugar for high-consumption industries (drinks, sweets, etc.), with the possibility of negotiating contracts with a fixed price of up to five years.
- Availability of water sources for sustainable aquaculture development.
- Excellent roads and port infrastructure.
- Tax incentives for companies dedicated to the cultivation and extraction of marine species, cultivation of flora and vegetable species in greenhouses and laboratories, cultivation of amphibian and reptile species.
- Favorable climate for the cultivation of vegetables, ornamental plants and fish production; that allows the possibility of production and commercialization throughout the year of seasonal consumption products.
- El Salvador is located in a tropical zone and with similar temperatures throughout the year and according to the proximity to the coast and the altitude, there are different temperatures in each region:

From 0 to 800 meters

From 800 to 1,200 meters

From 1,200 to 2,700 meters

Temperature from 27 to 22 °C

Temperature from 22 to 20 °C

From 20 to 16°C and from 16 to 10 °C above 1,800 meters



Investment Opportunities



The following niches offer excellent investment opportunities:

- **Agricultural:** El Salvador enjoys favorable climatic conditions, potential to expand cultivation areas, particularly with protected agriculture (greenhouses, macro tunnels, micro tunnels), as well as USDA/APHIS-ACIR admissibility in the US for a number of vegetables fresh or chilled. It also has the possibility of developing higher added value (processed) products. Finally, the country has a large potential market for nostalgia.
- **Aquaculture and fishing:** it is a subsector with high international demand and growing. El Salvador has availability of water and soil in areas with favorable microclimates.
- **Food and beverages:** It is the most consolidated industry in El Salvador, one of the reasons is the regional availability of raw materials for the re-export of semi-processed products for industrial use. It is also important to highlight the use of new international trends in food.



Success Story



Grupo Calvo

- Grupo Calvo, a Spanish company dedicated to the production and marketing of high-quality canned fish.
- It has been in operation for more than 10 years with an investment of USD \$160 million and has generated around 2,000 direct jobs.
- It is one of the main exporting companies and continues to invest in the country



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Success Story



Dümmen Orange

- Dümmen Orange, has been operating in El Salvador since 2009, producing and marketing poinsettia cuttings, geraniums, petunias and begonias.
- Its main markets are the US and Canada (85%), Europe (15%), where it exports through Avianca services to the US and Iberia and KLM to Europe.
- They hire around 1,200 workers in high season (600 permanent).



Success Story



HidroExpo

- Hidroexpo currently produces chili (Bell Pepper), tomato (Bif), among others.
- It started its operations in 2002 and has invested more than US\$23 million.
- The company places its product in local and foreign markets, particularly in the US and Canada.





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