



Textile and Apparel in El Salvador

El Salvador

Sector performance 2023



#1

Main export sector in
El Salvador



US\$2.3 B

Total Exports of the industry



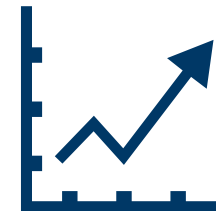
+80

Export destinations



Main

Employer in the country



5°

Supplier of apparel products for the
United States in Latin America



US\$12.2 B

Accumulated exports
in the last 5 years

Main products exported by each subsector from El Salvador to the world (2023)



Top 5 export products of Apparel

No.	Product	Exported value 2023 (MUSD)
1	T-shirts and knitted cotton singlets	\$470
2	Sweaters, pullovers and cardigans, of synthetic fibers	\$277
3	T-shirts and T-shirts, knitted or knitted of textile materials	\$226
4	Knitted cotton sweaters, pullovers and cardigans	\$185
5	Knitted socks, made of synthetic fibers	\$90

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



Top 5 export products of Textile

No.	Product	Exported value 2023 (MUSD)
1	Cotton yarn of uncombed fibers, with a cotton content $\geq 85\%$	\$33
2	Knitted fabrics, width > 30 cm, of synthetic fibers	\$27
3	Textured yarns, made of polyester filaments	\$25
4	Knitted fabrics, width > 30 cm, of cotton	\$20
5	Combed cotton yarn, with a cotton content $\geq 85\%$	\$19

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



Top 5 recipient countries of Salvadoran exports in the Textile and clothing sector (2023)

Country	Clothing exports	Textile exports	Total exports of the sector
USA	\$1,596	\$20	\$1,616
HONDURAS	\$215	\$122	\$338
GUATEMALA	\$14	\$103	\$117
MEXICO	\$43	\$13	\$56
NICARAGUA	\$13	\$31	\$44

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

Main export destinations in the Textile and apparel sector (2023)



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

The Salvadoran textile and clothing sector is a highly competitive supplier for the US market

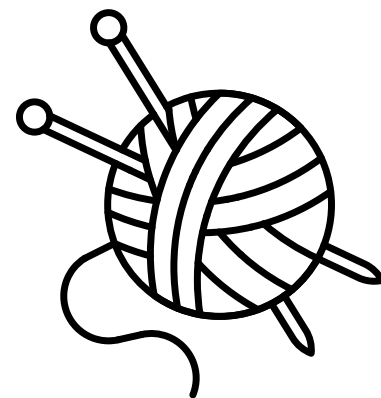
2°

Man-made fiber
hosiery



4°

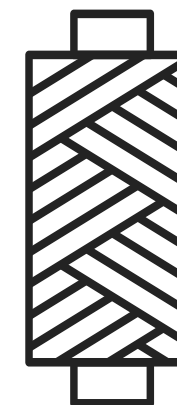
Wool shirts/blouses
(not knitted)



Cotton
hosiery

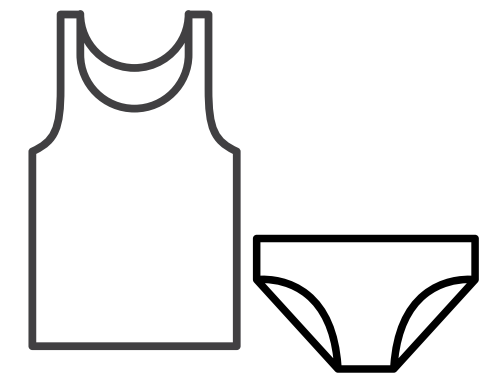


Carded cotton
yarn



5°

Cotton
underwear



SOURCE: Ministry of Economy of El Salvador



Sustainable sector ecosystem

87.8%

Of the companies in the sector participate in global Compliance programs

92.7%

Know the requirements of the environmental standards or codes of their end clients

85.4%

Have a strategy or programs for permanent environmental improvement

78.0%

Have investment programs or projects in the use of energy from renewable sources

Source: Chamber of the Textile Industry, Apparel and Free Zones of El Salvador (CAMTEX)

The Salvadoran industry has vertically integrated the production chain, especially manufacturing

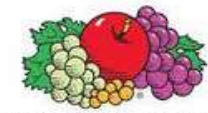
of fabrics and the manufacture of garments with greater added value.



Raw Materials



Apparel



FRUIT OF THE LOOM



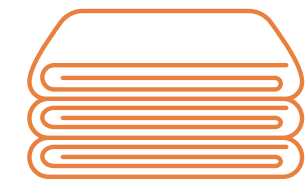
HANESbrands INC



Yarn



Commercialization



Fabrics and finishes



Why El Salvador?

Proximity to main markets



The “Yarn Forward” rule of origin granted by CAFTA-RD, allows free access to fabrics and clothing items made using yarn or fabrics made in the USA, C.A. or RD.



Qualified and experienced workforce



Competitive costs



HUMAN CAPITAL AVAILABILITY



+73,000

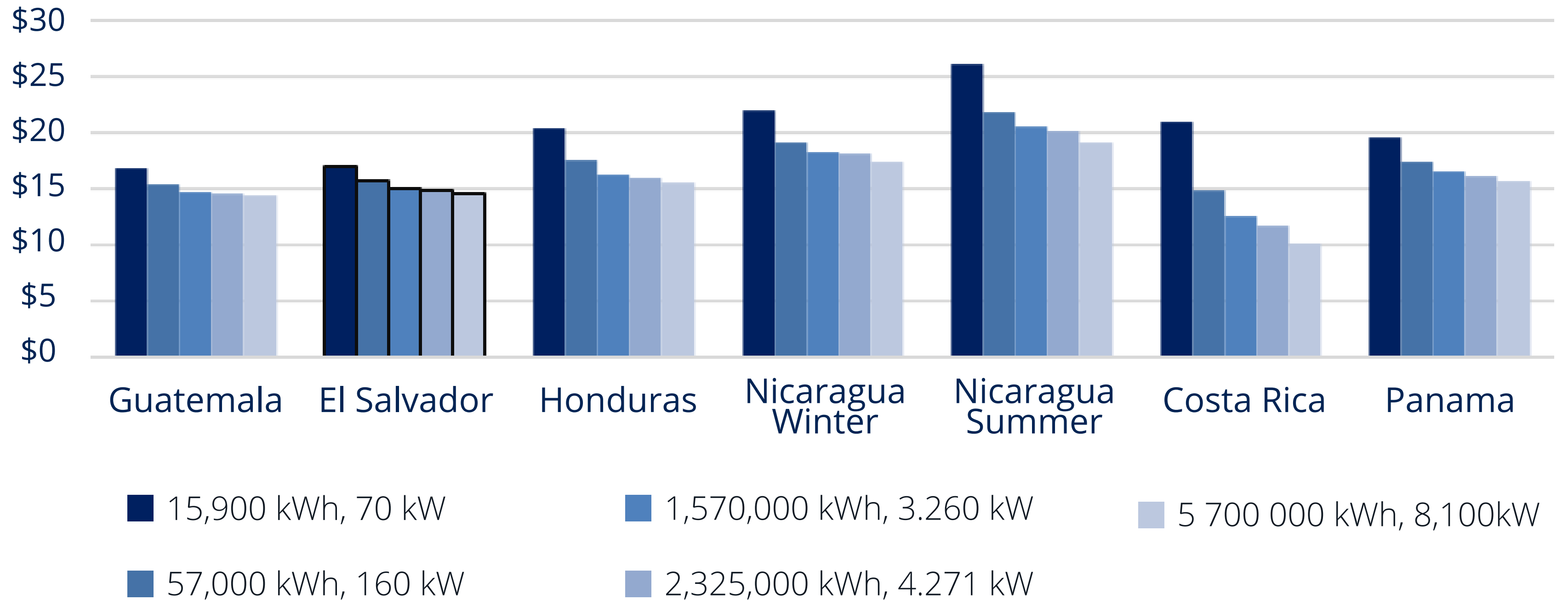
Direct jobs
generated



9%

Annual turnover
rate

Comparative energy prices in Central America Medium voltage industrial sector (US cents per kWh)



SOURCE: Financial Planning Directorate/Electricity Rate Process/ICE Costa Rica, information updated by Dec. 31st 2023.

Law on Industrial and Marketing Free Zones

Companies in the textile and clothing sector can benefit from the incentives of the Industrial and Marketing Free Zone Law, since, among the benefited sectors, are production, assembly or maquila, manufacturing, processing, included in chapters 25 in ahead of the Harmonized System.

Benefits

Free admission to the free zone for the period during which it carries out its operations. →	Machinery, equipment, tools, spare parts and accessories, utensils and other belongings	Raw materials, parts, pieces, components or elements, semi-finished products, intermediate products, containers, labels, packaging, samples and patterns	Lubricants, catalysts, reagents, fuels and any other substance or material
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Beneficiaries



Free Zone Users
Producers
Marketers



Inward Processing
Deposits (DPA)

Total exemption from income tax, on the authorized activity

Location of the Free zone or DPA	Exemption percentage	Exemption period for companies established in the Free Zone	Exemption period for companies established under DPA
San Salvador Metropolitan Area	100%	For 15 years	For 10 years
	60%	For the following 10 years	For the following 5 years
	40%	For the following 10 years	For the following 10 years
Outside the San Salvador Metropolitan Area	100%	For 20 years	For 15 years
	60%	For the following 15 years	For the following 10 years
	40%	For the following 10 years	For the following 10 years

Total exemption from municipal taxes

Location of the Free zone or DPA	Exemption percentage	Exemption period for companies established in the Free Zone	Exemption period for companies established under DPA
San Salvador Metropolitan Area	100%	15 years	10 years
	90%	Following 10 years	Following 5 years
	75%	Onwards	Onwards
Outside the San Salvador Metropolitan Area	100%	20 years	15 years
	90%	Following 15 years	Following 10 years
	40%	Onwards	Onwards

Companies that have trusted El Salvador



How we support investors



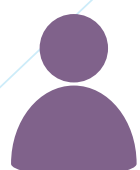
Personalized assistance

We provide a service tailored to your needs with the aim of delivering valuable solutions.



Strategic information

Updated information on the investment climate, sectors of interest and opportunities.



Contact facilitation

Network of contacts with government representatives, local companies, chambers of commerce and business associations.



Advisory

Technical advice and evaluations of investment cases.



Customized agendas

We offer a carefully selected program of meetings and appointments tailored to your objectives.

THANK YOU!



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