



EXPORT AND INVESTMENT PROMOTION AGENCY OF EL SALVADOR



Hotel Acantilados

INVESTOR'S CIUDE 2021 El Salvador



EXPORT AND INVESTMENT PROMOTION AGENCY OF EL SALVADOR







Palo Verde Hotel





El Cordoncillo estuary, Costa del Sol

Santa Ana Volcano



EXPORT AND INVESTMENT PROMOTION AGENCY OF EL SALVADOR



San Salvador City



Coatepeque Lake

PROESA

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Salvador Gómez Góchez President of PROESA

Content Policy Analysis and Market Intelligence Department Investment Directorate

> Photography PROESA

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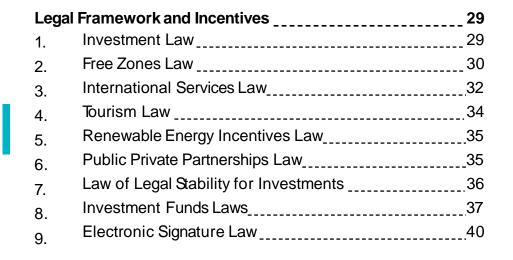
)
10
12
)

Business Climate14		
1.	Economic Stability	
2.	Openness to Global Trade and Investment	16
3.	Attractive Investment Climate	17



Access and Connectivity181.Preferential Access to International Markets192.Strategic Location203.Availability of Industrial Land214.Modern Infrastructure22









Human Capital		42
1.	Labor Climate	43
2.	Higher Education	44
3.	Technical Education	45
4.	On-the-Job Training	46
	1. 2.	1.Labor Climate2.Higher Education





Inves	Investment Opportunities47			
1.	Aeronautics	47		
2.	Agribusinesses			
3.	Energy			
4.	Life Sciences			
5.	Light Manufacturing	58		
6.	Logistics			
7.	Digital technologies &			
	Business Processes			
9.	Textiles and Apparel			
10.	Tourism	70		

Setting Up and Operating

V

V

a Busi	a Business in El Salvador72				
1.	Operational Costs	_ 72			
2.	Taxes	_77			
3.	Establishing a Company	_79			
4.	Requirements to Enter El Salvador	_ 80			



GOBIERNO DE EL SALVADOR

Foreword

Dear investor:

The Export and Investment Promotion Agency of **El Salvador** puts at your disposal the **Investor's Guide 2021** edition. Here you will find information regarding investment opportunities in our country, operation costs, legal framework and other useful information to do business in **El Salvador**.

The country stands out for the quality of our human capital, its high performance and commitment, as well as a proven openness to international trade and investment, positioning our location as an effective export platform of goods and services.

The Government of El Salvador works to keep ensuring a favorable business climate ideal for investment, progressing in the implementation of public policies regarding security, economy, innovation and technology, and throught the development of enabling infrastructure for successful productive activities.

We have achieved the approval of the decree for the first Public Private Partnership in the history of the country, which will consist of the modernization and expansion of the cargo terminal of the International Airport of El Salvador. This will help the country to continue consolidating itself as the aeronautical and logistics hub of the region.

We know that the new global setting requires the search of better efficiencies which means that **El Salvador** can be your optimal location to establish more productive operations that help maintain or improve your competitiveness in different markets.

Today more than ever, the **Export and Investment Promotion Agency of El Salvador** (**PROESA**) is committed to accompany you before, during and after your investment. We will facilitate you the required information to evaluate our country as your next investment destination and will be thrilled to share the opportunities that **El Salvador** offers in manufacturing and services.

Salvador Gómez Góchez President of PROESA PROESA

Why El Salvador?

PRODUCTIVE LABOR FORCE

Investors certify that Salvadoran labor force is worldfamous for its industriousness, efficiency and work ethic. Approximately 54.3% of the labor force is under 40 years old, making it a predominantly young and highly productive country.

2 COMPETITIVE COSTS

El Salvador is among the most cost-competitive countries to set up and operate a business. The Financial Times' investment journal fDi Intelligence in its Cities of the Future 2019/20 edition classified San Salvador as one of the most cost effective locations in the continent.

3 MONETARY STABILITY

El Salvador offers greater certainty to investors because of the elimination of foreign exchange risk and low inflation rates due to its dollarization of our economy in 2001.

El Salvador International Airport

4 COMPETITIVE INFRASTRUCTURE

The World Economic Forum places El Salvador's infrastructure among the most competitive in Latin America and Central American region. A modern port, airport and road infrastructure enable efficient logistical operations, while solid and advanced telecommunications and electricity markets guarantee access to high quality and cost-competitive services.

6 PREFERENTIAL ACCESS TO INTERNATIONAL MARKETS

Multiple trade agreements provide preferential access to more than 1.2 billion consumers in 42 countries around the world. El Salvador has trade agreements with Central America, Chile, Chinese Taipei, Colombia, Cuba, Dominican Republic, Ecuador, European Union, Mexico, Panama, South Korea, United States and United Kingdom.

5 ATTRACTIVE TAX INCENTIVES

The country's legal framework provides full exemption from income tax, municipal taxes, taxes on transfers of real-estate property, as well as customs duties and taxes on the import of: Machinery, equipment, raw materials and other articles used in the production of goods and services.

Z STRATEGIC LOCATION

El Salvador's geographic location enables a short access time to major cities in North and South America. The country is on the same time zone as U.S. Central Standard Time (CST). It offers a natural two oceans logistics corridor, proximity to the Transpacific maritime route and to the Panama Canal.





Investors

PROESA is an autonomous government institution whose mission is to promote and facilitate the exports of goods and services, local and foreign investment and public-private partnerships in order to contribute to job generation and national development.

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Business opportunities:

- Information on investment opportunities, incentives and advantages of investing in FDI growth sectors.
- Statistics and customized industry information.

Strategic information:

- Information on set-up and operational costs, regulations, availability of human capital, business climate and any other information required in the country evaluation process.
- Personalized service to specific enquiries.

San Marcos Free Zone

Advisory and technical assistance:

- Organization, logistics and coordination of tailored agendas for visits to El Salvador.
- Specialized support before, during and after the investment.
- Assistance to potential investors in the generation of local business contacts.
- Comprehensive support in procedures required to establish or expand business operations in the country.

I. Business Climate

El Salvador, located in the heart of the Americas between North and South America, is an export-oriented free-market economy. The country extends from a coastal plain to a volcanic upland in the interior.

Over three decades, El Salvador has implemented reforms to modernize and open the economy to international trade and investment. Among these actions are free trade agreements to access preferential markets, regional trade and economic integration, and the adoption of the US dollar as legal tender. El Salvador offers its business partners:

- · Economic and political stability
- Openness to globaltrade and investment
- Attractive business climate



GDP BY SECTOR 2020 (%)

AGRICULTURE	5.7
INDUSTRY	16.8
SERVICES	77.6
11	

3 million people 53% women and 47% men

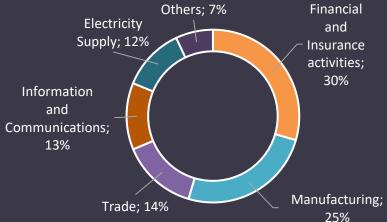
Source: Central Reserve Bank of El Salvador





FDI stock by sector, I trim 2021 USD10.3 billion

Share by sector (%)



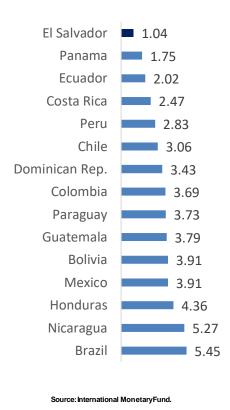
Source: Central Reserve Bank of El Salvador (BCR)

million people build up our work force USD 3,898 average annual income per capita

1. Economic stability

One of the most important policies implemented to open the country's economy to world trade and investment is the adoption of the U.S. dollar as legal tender in 2001.

Average inflation rate of selected countries (%) 2011-2020



As a result, El Salvador has achieved single-digit inflation rates for over a decade, remaining below the average of the rest of the Latin American countries. Likewise, the elimination of foreign exchange risk has lowered real interest rates and provided greater certainty for investors. Companies that have invested in El Salvador benefit from lower financial and transaction costs.

2. Openness to Global Trade and Investment

El Salvador has free trade policies to promote investment and successful commercial exchange. The projects spurred by the Government focus on strengthening the necessary infrastructure to keep the country's competitiveness as an export platform.

This is why many important multinational companies have chosen El Salvador as an investment destination. Some of these are:



As a result, the country is a trustworthy partner to do business with, proof of this are renowned multinational companies that have chosen El Salvador as investment destination.

3. Attractive Investment Climate

El Salvador offers an attractive investment climate and constantly works in contributing actions to facilitate business. According to the ease of doing business rank 2020 of the World Bank, El Salvador is the seventh economy in Latin America that offers an appropriate climate for investment.

As part of our commitment to keep bettering investment climate, we have key developments plans:

Trade Facilitation

Establishes at least 60 strategic defined actions to simplify procedures and reduce costs related to international trade.

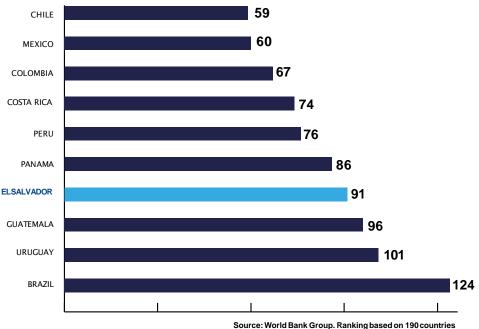
Digital Agenda 2020-2030

Strategic plan of digital transformation of the country that will speed up, simplify and digitalize processes and procedures to facilitate investment and commercial flow.

Investment Facilitation

Seeks to simplify and speed up processes for the obtainment of permits for new investment and expansions of operations, and considers a new legal framework that promotes local and international investment.

Ease of Doing Business 2020 Top 10 Latin American Countries



Source: world Bank Group. Ranking based on 190 countries



Source: World Bank



Cemento Regional

II.Access and Connectivity



18 GUIL Source: PROESA

1.Preferential Access to International Markets

El Salvador is an export platform to reach major markets thanks to the broad network of trade agreements with 42 countries in the Americas, Europe and Asia. Together they represent a potential market of 1.2 billion consumers. These agreements provide flexible rules of origin, and the elimination or major reductions in import tariffs.





1.Strategic Location

It takes a short flight (2-5 hours) from El Salvador International Airport to reach major cities in North and South America. El Salvador International Airport serves as the regional hub of Avianca Airlines. Cargo transportation also benefits by the country's proximity to main maritime trade routes.

The country's modern port and airport infrastructure allows manufacturing companies to carry out their logistical operations efficiently.

Likewise, in the context of international services, El Salvador is on U.S. Central Standard Time (CST, GMT -6). This makes El Salvador's location ideal for offshore business services.







American Park Free Zone

3. Availability of Industrial Land

El Salvador has free 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 (for more information, see Section III of this guide, Legal Framework and Incentives).

These industrial parks stand out for their strategic location and easy access to competitive infrastructure: they are near the capital and other major cities and close to world-class highways, airports and ports.



Strategic Location of Free Zones

	Distance to		
Free Zone*	Port (mi)	Airport (mi)	
American Park	48.5	46.9	
San Bartolo	68.4	22.6	
Export Salva	40.1	41.3	
Internacional El Salvador	78.9	11.2	
Santa Tecla	47.1	29.8	
El Pedregal	75.8	7.5	
San Marcos	54.9	21.7	
Miramar	72.7	8.6	

*Selected Free Zones. Distances regarding Port of Acajutla and ElSalvador International Airport (SOARG).

4. Modern Infrastructure

The Global Competitiveness Report 2019 of the World Economic Forum places El Salvador among the nations with the best infrastructure in the region. In Central America, El Salvador ranks in the 1st place in road connectivity index and 2nd place in infrastructure.



Monseñor Romero Boulevard



El Salvador provides adequate infrastructure for trade facilitation that not only offers road connectivity but also constantly improves the cross-border trade experience.

As part of the efforts to continue developing and strengthening national infrastructure for trade facilitation, the Government is working on developing the Pacific Corridor that will offer a ferry between El Salvador and Costa Rica, an airport on the east side of the country, and a train that runs throughout the country.

a) Highway Network

The country enjoys a modern and efficient road network that connects its main cities and offers a rapid and easy access to the rest of the region.

El Salvador main highways:

- Panamerican Highway
- Litoral (Coastal) Highway
- Longitudinal del Norte (North Longitudinal) Highway

The high connectivity and quality of El Salvador's road infrastructure facilitates the transport of goods between production centers and ports.

b) Airports

El Salvador International Airport (AIES – SOARG) stands out as an important regional hub and top class maintenance center for commercial aircrafts.

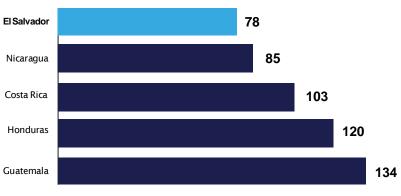




Infrastructure Ranking Global Competitiveness Report 2019



Road Connectivity Ranking Global Competitiveness Report 2019



Source: World Economic Forum. Rank out of 141 countries.

El Salvador International Airport

El Salvador International Airport (AIES – SOARG) is one of the largest and most modern in the region. It operates as Avianca's hub for Central America. Other airlines from South and North America, and Europe also operate in this airport.

El Salvador continues expanding and modernizing its airport. Among the works that have been completed are the expansion of the passenger terminal. Likewise, an expansion of the cargo terminal is foreseen as a publicprivate partnership project that will be developed with one of the top firms worldwide for air logistics.

AIES-SOARG:

- Classified as Category 1 by the Federal Aviation Administration (FAA).
- Its strategic location allows yearround operations in optimal conditions. Additionally, its near sea level altitude facilitates the safe take-off and landing of aircraft at 100% capacity.
- Direct access to 23 routes of origin and destination in 14 countries, as well as excellent air traffic connections.
- □ The AIES-SOARG is prepared with all the adequate biosafety measures for the safe operation of commercial and cargo flights

El Salvador International Airport San Óscar Arnulfo Romero y Galdámez.



26.5 Thousands tons of cargo

Destinations with Direct Flights*:



*Source: CEPA. For active routes due to COVID-19, validate with CEPA.





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El Salvador International Airport San Óscar Arnulfo Romero y Galdámez.

c) Ports

El Salvador has a versatile port infrastructure able to respond to the needs of freight services effectively.

Main ports:

of the country

 Port La Unión: Located in the eastern region of the country and showcases as one of the most important and modern in Central America.



SHIPPING COMPANIES OPERATING IN EL SALVADOR



(1)Some of these airlines provide cargo service, in addition to passenger transportation.



El Bósforo, La Unión

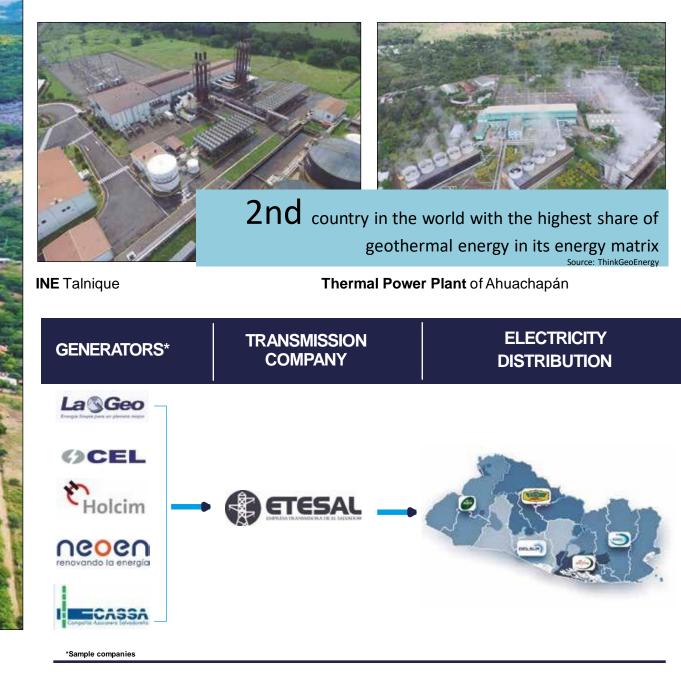
d) Electricity

The Salvadoran electricity market is the most open in the region. Its legal framework promotes a competitive market with private participation in the generation, distribution and sale of electricity. Besides that, El Salvador has an institutional structure suitable for the development, regulation and operation of the electricity market.

The Transmission Company of El Salvador (ETESALforitsname in Spanish)providesprompt and effective maintenance and expansion of the electric power transmission, to guarantee the continuity of stable and reliable power supply in El Salvador.

Solid companies with ample experience in the electrical industry perform electricity distribution in El Salvador. The main distribution companies are: 1) AES Group, with four electricity distribution firms, reaching the central-northern area of El Salvador (CAESS), the

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western area (CLESA), and the eastern area (EEO and DEUSEM); and 2) Distribuidora de Electricidad del Sur (DELSUR), which supplies energy to the central-southern part of the country.

El Salvador is progressing to a broader diversification of the energy matrix as a result of the international tenders for renewable energy supply. As a result, new projects are developed as of natural gas, photovoltaic energy and windbased generation.

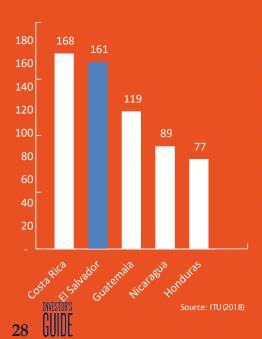
El Salvador's legal framework allows companies to generate their own energy and sell their surplus in the electricity market.

El Salvador has one of the most competitive electricity rates in the region. For more information, see Section VI of this guide, "Setting Up and Operating a Business in El Salvador". 50%) internetusers 161

mobile lines per 100 inhabitants

Main telecommunications operators			
OPERATOR	BASICSERVICES*		
América Móvil, (Telecom/Claro)	Landline, mobile phone, cable TV, internet (fixed and mobile)		
Millicom (Telemóvil/Tigo)	Landline, mobile phone, cable TV, internet (fixed and mobile)		
Telefónica	Landline, mobile phone, internet (mobile)		
Digicel	Mobile phone, internet (mobile)		
Intelfon (RED)	Mobile phone, radio communication		
IBW	Internet		
Salnet	Landline, internet		

Source: General Superintendence for Energy and Telecommunications (SIGET).







e) Telecomunications

LI Salvador has become one of the most dynamic and connected countries in the region. El Salvador ranks in the 15th position out of 141 evaluated economies in the mobile-cellular telephone subscriptions index of the ICT Adoption pillar in the Global Competitiveness Report

The telecommunications market in El Salvador ensures high quality services at competitive prices. Users benefit from a large number of service providers and extensive coverage across the country.

The Inclusive Internet Index 2020 of The Economist, which measures the internet penetration through different categories, ranks El Salvador in the 4th in Latin America in the Affordability category, proving that the country offers competitive costs to access such service.

The main telecommunication companies are executing important investment that guarantee a steady development of the telecommunication infrastructure and leading-edge technology adoption.

El Salvador directly interconnects to the United States, Latin America and the rest of the world by four of the most advanced telecommunications networks in the region: EMERGIA, ARCOS, MAYA1 and RED 1. This connectivity guarantees a redundancy of 99.9%, positioning El Salvador at the forefront in terms of efficiency, speed and continued availability of telecommunications.

For more information about costs of telecom services, see Section VI of this guide, "Setting Up and Operating a Business in El Salvador".



Aeroman facilities

III.Legal Framework and Incentives

El Salvador is committed to promoting investment and developing long-term relationships with investors. The country's solid legal framework provides attractive tax incentives and gives equal treatment to local and foreign investors.

1.Investment Law

This law seeks to encourage private investment and, more specifically, Foreign Direct Investment (FDI).

Benefits

Procedure streamlining

•Equal treatment to all investors (foreign and local investors will have the same rights and obligations. Discriminatory measures that hinder the establishment, administration, use, extension, sale and liquidation of investments may not be used against them)

- Freedom to invest
- Transfer of funds abroad (foreign investors are guaranteed the right to transfer funds abroad, without delay and with the freedom to convert currency through the banking system)
- Protection of property and legal certainty. In accordance with the Constitution, foreign and national investors are guaranteed protection of their property and the right to the free disposition of their assets.

2. Free ZonesLaw

Offers generous tax incentives to exportoriented manufacturing companies located in Free Zones or Warehouses for Inward Processing (DPA, for its acronym in Spanish).

Free Zones are industrial parks considered outside the national territory for fiscal purposes, and thus raw material or merchandise required by companies are imported free of taxes and tariffs. If a company – for technical reasons – is unable to operate inside a free zone, it can be authorized to operate outside as a Warehouse for Inward Processing (DPA) and enjoy all the benefits of this law.

Eligible activities⁽²⁾:

 The production, assembly or maquila, manufacture, processing, transformation or commercialization of industrial goods included in Chapter 3 and Chapters 25 onwards of the Harmonized System

- Fishing of maritime species to undergo industrial transformation, including preparation, canning, derivatives or sub products, as well as their respective processing and commercialization
- Cultivation, processing and commercialization of flora species grown in protected structures in greenhouses and laboratories
- Breeding and commercialization of amphibian and reptile species in captivity
- Dehydration of ethylalcohol
- The production, assembly or maquila, manufacturing, processing, transformation or commercialization of compensating products that use alcohols as raw material or imput.⁽³⁾

(2) With the exception of activities related to the production, processing or commercialization of natural gas, oil and derivatives; cement; mineral metallic and non-metallic products mined from Salvadoran subsoil; sugar and its substitutes, sugar products and by-products; alcohol; sacks of synthetic fibers; goods classified as polluting or harmful; commercialization of metal waste and scraps; import of machinery with leasing purposes and supply of food intended for employees or companies benefitted by this Law.

Benefits:

- Full exemption from customs duties and other taxes on the import of machinery and equipment used for production
- Full exemption from customs duties and other taxes on the import of raw materials and other goods used for production
- Full exemption from customs duties and other taxes on lubricants, fuel and other substances used for production
- Full exemption from taxes on the transfer of real-estate property, for the acquisition of real estate that will be used in the incentivized activity



(3) Including the ones mentioned in heading 2207 and subheading 220890 of the harmonized system, as long as the final product isn't liquor or beverages containing alcohol, unless these have medical or cosmetic use.



Location of the Free Zone or DPA	Percentage of Exemption	Period of Exemption for Companies in a Free Zone	Period of Exemption for Companies Operating as DPA
San Salvador Metropolitan Area	100% 60% 40%	For 15 years For the following 10 years For the following 10 years	For 10 years For the following 5 years For the following 10 years
Outside San Salvador Metropolitan Area	100% 60% 40%	For 20 years For the following 15years For the following 10years	For 15 years For the following 10years For the following 10years

• Income tax exemption according to the following table:

Shareholders also benefit with full exemption from income tax on the distribution of profits and dividends – originating from the incentivized activity – during the first 12 years.

• Exemption from municipal taxes, according to the following table:

Location of the Free Zone or DPA	Percentage of Exemption	Period of Exemption for Companies in a Free Zone	Period of Exemption for Companies Operating as DPA
San Salvador Metropolitar Area	100% 1 90% 75%	For 15 years For the following 10years Hereinafter	For 10 years For the following 5 years Hereinafter
Outside San Salvador Metropolitan Area	100% 90% 75%	For 20 years For the following 15years Hereinafter	For 15 years For the following 10years Hereinafter

Municipal councils, with the purpose of promoting the development of their municipalities, have the legal power of granting additional benefits to investors.

Upon the expiration of the full exemptions period, investors established in free zones can benefit of an additional five years of total exemptions if they have increased their investment (in relation to their initial investment) by 100 % in the last five years.⁽⁴⁾

⁽⁴⁾The increase in investment has to be done in the purchase of land, in the construction of buildings and in the purchase of machinery and equipment linked to the incentivized activity. In addition, holders of companies dedicated to the manufacture of microprocessors; integrated circuits; parts of terrestrial, aerial and maritime vehicles; parts of computer equipment and medical devices; equipment for generation, to be installed in a Free Zone, shall be entitled to an additional period of five years of total exemption from payment of municipal and income taxes. Also, the owners whose industrial activity has been declared as strategic, and are authorized to operate under the free zone regime, shall be entitled to an additional period of ten years to the total exemption from payment of municipal and income taxes.

PROESA 3. International Services Law

Provides tax incentives to companies dedicated to providing services to foreign customers. To enjoy these benefits companies may establish in:

- V Service Parks: Limited areas considered to be outside the national customs territory, where exporters of services are installed and operate under the benefits of this law⁽⁵⁾.
- Service Centers: When a company in an eligible activity specified in this law for physical or V technical reasons, is unable to operate inside 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 activities:(6):

INVESTOR'S

32

Engible detivities.		
Activities to Operate only within Service Parks	Activities to Operate in Service Parks or asService Centers	Activities to Operatein Ports or Airports
INTERNATIONAL DISTRIBUTION Storage, gathering, consolidation and de-consolidation of third parties' merchandise with the purpose of being exported or re-exported	INTERNATIONAL CALL CENTERS OR CONTACT CENTERS	MAINTENANCE AND REPAIR OF AIRPLANES
INTERNATIONAL LOGISTICS OPERATIONSH Planning, control and handling of inventories, selection, packing, crating, dividing, classification, ticketing, labeling, signaling, invoicing, inspection of cargo and others	BUSINESS PROCESSING OUTSOURCING (BPO)	MAINTENANCE AND REPAIR OF MARITIME VESSELS
RESEARCH AND DEVELOPMENT	INFORMATION TECHNOLOGIES Design and development of software, systems and IT applications	MAINTENANCE AND REPAIR OF CONTAINERS
INTERNATIONAL FINANCIAL SERVICES Financial institutions management process outsourcing	MEDICAL AND HOSPITAL SERVICES	SPECIALIZED SERVICES TO AIRCRAFTS Services provided to passenger or cargo airplanes to supply nonalcoholic beverages, prepared meals, consumable and disposable products inventory administration; organization, laundry and cleaning of reusable items in aircrafts. ⁽⁷⁾
TECHNOLOGICAL EQUIPMENT REPAIR	ELDERLY AND CONVALESCENT CARE	
	TELEMEDICINE Post-checkup medical advice and specialized consultation, laboratory tests, pathological and image-based studies, clinical history management and treatment support	
	CINEMATOGRAPHY Post-production services carried out on recorded material, that may include subtitling and translation, among other services.	

(5) Companies that provide services can also operate inside any Free Zone; it will be considered as if they were operating in a Service Park. (6) The following incentivized activities can allot part of their services to the national market: international distribution (50%), international logistics operations (50%), international call center (40%), information technologies (30%), research and development (30%), international financial services (40%). (7) The operations related to Maintenance and Repair of Containers and Specialized services to Aircrafts can be located within a 6.21 miles radius from ports or airports.

Benefits:

- Full exemption from customs duties and other taxes on the import of machinery, equipment, tools, replacement parts, accessories, furniture and office equipment, and other goods required for the execution of the incentivized activity
- Total exemption from income tax, exclusively for income deriving from the incentivized activity during the period of operation in the country
- Total exemption from municipal taxes on company assets during the period of operation in the country



One Link Getcom



Grupo Treming, software develpment



International Cancer Center, Hospital de Diagnóstico



4. Tourism Law

Tourism projects with a minimum investment of USD 25,000 are eligible to be declared "national touristic interest" and enjoy the following benefits:

- Total exemption from municipal taxes on company assets during the period of operation in the country
- Full exemption from taxes on the transfer of real-estate property, for the acquisition of real estate intended for the project⁽⁸⁾

- La Libertad beaches, La Libertad
- Full exemption from customs duties on the import of goods, equipment and accessories, machinery, vehicles, aircrafts or maritime vessels and construction materials used for buildings until the completion of the project
- Full exemption from income tax for a period of 10 years, starting in the fiscal year in which the business begins operations
- Partial exemption from municipal taxes (up to 50%) for a period of 5 years, starting in the fiscal year in which the business begins operations

⁽⁸⁾The exempted amount cannot be greater than the total capital invested in the project.



5. Renewable Energy Incentives Law

This law promotes investment in hydraulic, geothermal, wind, solar and biomass, or other source considered renewable energy to generate electricity.

Benefits:

- Full exemption (during the first 10 years) from customs duties on imports of machinery, equipment, materials and supplies intended exclusively for pre-investment and investment activities in the construction of the electrical power generation centrals ⁽⁹⁾
- Full exemption from income tax for a five years period, for projects greater than 10 (MW), and ten years for projects equal or under 10 megawatts (MW)⁽¹⁰⁾
- Total exemption from taxes on revenues originated from the sale of Certified Emissions Reductions (CER) in the framework of the Clean Development Mechanism (CDM) of the Kyoto Protocol or similar carbon markets

Geothermal plants may deduct from income tax (for up to 10 years), all expenses or costs on associated with the reinjection process of the total geothermicresource.⁽¹¹⁾

⁽⁹⁾ It includes the construction or expansion of the substation, transmission, sub-transmission lines required to transport energy from the plant to the transmission and/or distribution grids.

⁽¹⁰⁾In both cases - with the start of operations of the renewable energy project, corresponding to the fiscal year in which revenues are obtained.

 $^{(1)}$ The deduction may not be greater than 20% of the previous year's gross income, and will be carried out via annual quotas that will not exceed 25% of the income obtained in each fiscal year up to its total amortization.



Hotel Palo Verde

6.Public Private Partnerships Law

This law establishes a legal framework for the development of Public Private Partnership (PPP) projects regarding public infrastructure, public services or activities of national interest.

- The PPP Law is applicable to projects in which a private sector investor is entrusted by a public entity to design and build an infrastructure project and its related services, or to build, rehabilitate, upgrade or equip, as well as the responsibility to operate and maintain such infrastructure. It will also be applicable to infrastructure projects for the provision of public services or the exploitation or execution of an activity of national interest.
- The minimum investment to qualify for a PPP project is 45 thousand times the trade and services minimum wage (USD 365.00). An equivalent to USD 16,425,000.00
- 40 years maximum period for a PPP contract
- Private initiative regime: Private investors may propose new projects to be publicly tendered if such are declared of national interest by a government institution. This provides attractive advantages for those who submit project proposals.
- PROESA is the advisory and governing authority of Public Private Partnerships (all PPP projects are approved by PROESA's Board of Directors)

7. Law of Legal Stability for Investments

This law guarantees legal certainty to investors on taxes, customs and immigration issues through Legal Stability Contracts.

This law guarantees legal certainty to investors on taxes, customs and immigration issues through Legal Stability Contracts.

Individuals and legal entities -national or foreign- with new investment projects or the expansion of existing investments within the following eligible activities may benefit from this law.

- Aeronautics
- ✓ Agroindustry
- ✓ Aquaculture
- Electronics
- Energy
- ✓ Strategic Infrastructure
- Logistics
- Health Services
- ✔ Offshore Business Services
- ✓ Tourism
- ✓ Telecommunications
- ✓ Light Manufacturing
- ✓ Science and Technology⁽¹²⁾

Benefits

Once a Legal Stability Contract is signed, private investors shall benefit with the following guarantees⁽¹³⁾

- Tax stability at national level
- Tax stability at the municipal level
- Stability in tax exemptions provided by special legislation for the period of time in which these were granted by the relevant institution
- Stability on customs procedures
- Stability on the right to transfer funds abroad as stated on the Investment Law



• Stability on the immigration regime concerning the investor's residence status

To be eligible for these benefits, investors shall comply with the requisites stated in this law, among which is the commitment to invest an amount on fixed assets greater than or equal to four thousand two hundred and twenty times the industry minimum wage (USD 365.00). This is equal to USD 1,540,300.00 in new investment projects or the expansion of existing investments.

Benefits are granted for a period of up to 20 years depending on the amount of the investment⁽¹⁴⁾.



⁽¹²⁾Other activities may be eligible if they comply with the requisites stated in this law and with the technical analysis performed by PROESA (in coordination with other specialized institutions). ⁽¹³⁾Indirect taxes are excluded from the tax stability regime.

⁽¹⁴⁾Investments of up to 21,100 times the industry minimum wage (USD 7,701,500) may benefit with a legal stability contract for a period of 5 years; investments of up to 42,200 times the industry minimum wage (15,403,000) for 10 years; and investments above this amount for a period of 20 years.



8. InvestmentFunds Law

Regulates and stablishes the supervisory framework of the investment funds, its participation shares, administering societies and its operations, as other participants.

This law stablishes that these funds will be formed by the contributions of different investors- called participants- and administered by a limited company called the administrator, that legally represents the investors. The contributions from the participants, as any increase in the share value, will be considered as the financial result of the fund's assets. The funds are exclusive property of the participants, being a separate asset from the investment fund management. Each fund will be expressed in participation quotas to determine what corresponds to each of the participants.







Aeroman Facilities

There are two types of investment funds: Open: These funds do not have a defined duration time and the participants can withdraw their participations any given time- the total or partial amount. The open funds must have a minimum capital of USD 350 thousand and at least 50 participants, or 10 participants if one of these is an institutional investor.

Closed: These funds have a defined duration of time and the participants will only receive the corresponding amount to their shares at the end of the fixed period, with the possibility of negotiating shares in a secondary market. Close funds should have a minimum capital of USD 350 thousand and at least 10 participants, or 2 participants if one of these is a institutional investor.

Investments done with resources from the fund, will have the single objective of obtaining an adequate profitability, appropriate for the level of risk and the liquidity requirements determined in the investment fund policy.

The investment funds can be invested in⁽¹⁵⁾:

- a. Securities issued or backed by the Government of El Salvador or an autonomous institution of El Salvador.
- b. Bonds and other securities issued or backed by local banks





- c. Representative securities reflecting the participation of each participant in joint credit of Salvadoran companies or securities that represent participation in the patrimony of Salvadoran companies.
- d. Participation quotas of open or closed funds.
- e. Asset-backed securitizations according to the Salvadoran law.
- f. Repurchase agreements of public offering securities defined in the internal regulations of the fund.
- g. Securities issued or backed by foreign governments, central banks, foreign banks or institutions; stocks and bonds issued by foreign companies; assetbacked securitizations and participation quotas of foreign investment funds.
- h. Other public offering securities authorized by the Central Bank, in compliance with applicable standards to open or closed funds.

Benefits:

- The open and close investment funds benefit from income tax, VAT, and other taxes exemption, as well from other special contribution.⁽¹⁶⁾
- Real Estate Transfer Tax exemption to those used for close funds. This real estate can be considered as contribution or acquisitions for these funds.
- Full exemption in transfers, endorsements, registrations and marginal notations to assets (movable or immovable) transfer to build an investment fund.
- Natural persons can enjoy income tax exemption on income, revenues or profits obtained from shares in open or closed funds during the first five years after the creation of the first investment fund.⁽¹⁷⁾
- Natural or legal persons non-domiciled in the country will benefit with a reduced income tax of 3%, in accordance with the fourth subparagraph of art. 158 of the Tax Code.

Every income, revenue or profit originated from the participation quotas in open or closed investment funds, obtained by domiciled legal persons, will have the tax treatment as established on the Income Tax Law. In the cases where the legal person receives income from investment in tax-exempt securities, the income, revenue or profit will be equally exempt. The person will declare the capital profit or loss obtained in the fiscal year or the corresponding period of imposition in accordance with the Law mentioned above.

(16) However, close real estate investment funds will be subject to Real Estate Transfer Tax and Service ProvisionLaw.

(17) Upon expiration of the period, this income will be subject to art. 4 subparagraph 5 of the Income Tax Law and other applicable laws. This article states that incomes won't be considered taxable "the interests, premiums and other profits made from the deposits in the financial institutions supervised by the Financial System Superintendence, associations and Savings and Credit Cooperative Societies, federations, as long as the taxable person is a domiciled natural person holder of the deposits, and the average monthly balance is below the USD 25 thousand".



El Salvador International Airport San Óscar Arnulfo Romero y Galdámez.

9. Electronic Signature Law

This law acknowledges a simple electronic signature and certified electronic signature to a handwritten signature. It also gives and recognizes the efficiency and legal value to the certified electronic signature, electronic seal, time stamp, electrónico documents and data messages.

The law also establishes complementary figures to the electronic signature in order to provide legal security to the user.





The use of the electronic signature by the Government institutions

This law allows authorities, officials and public employees of government institutions that provide public services, to execute or act within their scope of practice using simple electronic signature. When officials and public employees issue any document or carry out administrative acts in which they grant rights, sanction or constitute confidential information, a certified electronic signature shall be used. PROESA

IV. Human Capital

E Salvador's labor force is composed of 3.1 million people⁽¹⁸⁾, 54% of whom is 40 years or younger. Thus, it offers a highly productive labor force capable of developing new skills in a short period of time. The country's labor force is qualified as ideal for manufacturing, agro-industrial and service activities. Furthermore, there is a growing population with higher education that can face the challenges of a modern and globalized economy.

Roberto Kriete

"We now say to the world that the Salvadoran human capital is capable of servicing aircraft maintenance for 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 big and get farther."

President of the Board of Directors of AEROMAN AeronauticsSector

Sagar Rajgopal

"After a rigorous case study, we were convinced that El Salvador was the right place for economic reasons and its people with unprecedented energy and work ethic."



Co-founder and Chief Operating Director – BPO Ubiquity Global Services, Offshore Business Services Sector

Luis Roberto Quiñónez

"The company decided to establish in El Salvador for what its investment climate offers in geography, economics and politics, and also for the quality of the Salvadoran human capital."



Production plantmanager Biogalenic, Light ManufacturingSector

 $^{\rm (18)}$ Economically active population: Defined as the population over 16 years of age that is occupied or seeking employment.





ADOC



Biogalenic

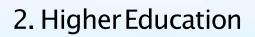
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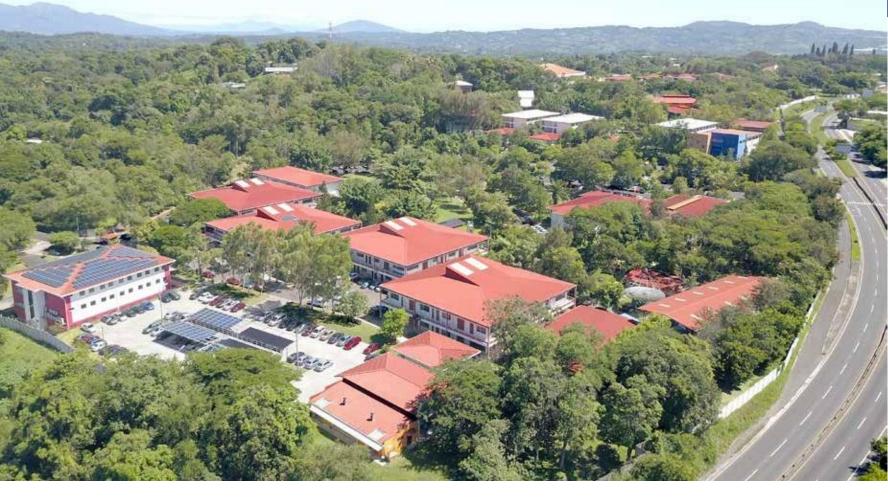
AVX Kyolera



AEROMAN



E I Salvador has a good base of technicians and professionals ready to join the country's productive sectors.



Don Bosco University, Soyapango

186.1 thousand students enrolled in technical and university careers

23.9

thousand technicians and professionals join the country's labor force every year



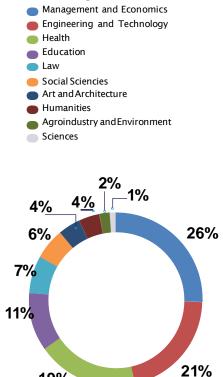
specialized institutes

technical institutes throughout the country Enrolled Students by Educational Specialization (Number of Students and Percentage)

Specialization Studies No. of students						
	Men	Women	TOTAL	(%)		
Management and Economics	20,203	26,884	47,087	25%		
Technology	26,792 8	3,601	35,393	19%		
Health	10,568	24,544	35,112	19%		
Law	6,566	8,961	15,527	8%		
Social Sciences	4,688	8,317	13,005	7%		
Education	4,667	8,095	12,762	7%		
Humanities	4,778	6,266	11,044	6%		
Art and Architecture	3,932	4,327	8,259	4%		
Agroindustry and Environment	2,476	1,670	4,146	2%		
Sciences	1,660	2,072	3,732	2%		
Total	86,330	99,737	186,067	100%		
Source: Ministry of Education (MINED) 2018						

Source: Ministry of Education (MINED) 2018

Graduates by Educational Area (As percentage over 23,935 Graduates)



Source: Ministry of Education (MINED)2017

19%

3. Technical Education

Investors can satisfy their demand of technicians through a pool of institutes specialized in technical education, such as:

- MEGATEC (Gradual Education Learning Model of Technical and Technological Education), with locations in Santa Ana, Cabañas, Zacatecoluca, La Unión, Chalatenango and Sonsonate
- Escuela Superior Franciscana Especializada
 / AGAPE (Specialized Superior Franciscan School)
- Escuela Especializada en Ingeniería/ITCA-FEPADE (Specialized Engineering School), with regional centers in Santa Ana and San Miguel
- Universidad Don Bosco/UDB (Don Bosco University)
- Escuela Nacional de Agricultura/ENA (National School for Agriculture)

Some of the technical careers available linked to FDI growth sectors, are: Aeronautical Maintenance, Agroindustry with Specialization in Fruits, Vegetables and Grains, Agronomy, Aquaculture, Biomedical, Civil Engineering, Customs and Logistics, Dental Surgery,

Electronics, Food Processing and Preparation, Gastronomy, Global Logistics, Industrial Engineering, Mechanical Engineering, Medicine, Nursing, Prosthetics, Bracing and Supports, Port Management and Operation, Software Development, Tourism and Tourism Development and Management, among others.



Don Bosco University

4. On-the-Job Training

Companies that need to train their active workers can use the aid of the Salvadoran Institute for Professional Formation (INSAFORP, for its acronym in Spanish). An autonomous governmental agency that seeks to satisfy the needs for qualified human resources required by the country's private sector. Multiple investors have found in INSAFORP an important tool for financing, partially or totally, their employees' professional development.

Collaboration between Industry and Academic Sector AEROMAN – Don Bosco University

El Salvador's higher and technical education institutions work to build a qualified labor force capa-ble of fulfilling industry needs. An example of this effort is the work carried out between Don Bosco University (UDB) and AEROMAN, a maintenance and repair company for commercial aircrafts.

As a result of the strong growth experienced by the aeronautical sector, Don Bosco University and AEROMAN launched in 2005 an aeronautical maintenance degree. In two years, students can obtain a mechanics license to provide maintenance to cargo, commercial and civil aviation aircrafts. Since its creation, the university's aeronautical department has worked closely with companies and insti-tutions in the sector to foster the development of the aeronautical industry in El Salvador.



Aeroman



Aeroman

V. Investment Opportunities

1. Aeronautics

maintenance per year.

With more than 35 years' experience in developing the aeronautics industry, El Salvador is a refer-ral on the global aeronautics map. El Salvador provides maintenance to major commercial airlines aircrafts such as American Airlines, Southwest Airlines, DELTA Airlines, LAN, COPA Airlines, Avian-ca, Interjet and Volaris. Approximately, 150 aircrafts of the Airbus A320 and Boeing B737 family receive The country has an aeronautics cluster, which incorporates private actors, government institutions, universities and international cooperation. Some of its members are:



Advantages of Investing in El Salvador

- · Aeronautics Cluster with renowned companies such as AEROMAN and Avianca
- Labor Costs up to 40% more competitive than United States/Mexico border operations
- · Geostrategic Positioning: proximity to the world's largest aviation market
- High Productivity:
 - □ 98 % TAT in the last years
 - Low employee turnover: less than 2% per year, a key factor for training and per-formance
 - Fast learning curves, which ensures the learning of technical knowledge required to carry out world-class operations
- Engineering and Technical Degrees in Aeronautics
- Availability of Industrial Land at Ilopango and El Salvador International Airports
- Attractive Fiscal Incentives



AEROMAN FACILITIES









Alejandro Echeverria

"The success of Aeroman comes as the result of its highly qualified work force, motivated and hardworking, always ready to face new challenges and open to feedback to make things better, proving that our people can comply and exceed world-class quality standards in high-tech industries."



CEO- Aeroman



Investment Opportunities

- Commercial aircrafts, helicopters and private planes maintenance service operations
- Distribution and warehousing services for aircraft parts
- Ground supportservices

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Success Story

Aeroman, a company specialized in aeronautical maintenance solutions, has reached 37 years of placing El Salvador on the radar of the global aviation industry, generating employment Salvadorans, who are a cause of pride for the company because of their high quality stand-ards.

The company started operations in 1983 with 32 employees, as the maintenance department of TACA (today Avianca). In 1996, Hangar No.1 was built to service 4 production lines and serving oth-er airlines such as Copa and Iberia. Their good performance led them to be recognized by Airbus and their reputation was their entry pass to service American companies.

The success of Aeroman lays on its team: Salvadorans trained within the same company for 12 to 18 months to achieving the know-how to work on all diverse aircraft maintenance processes, ranging from line maintenance to complex structural modifications that can last up to 30 days.

Aeroman has a 10 year expansion plan that began executing in 2014, this implies a total invest-ment of US \$ 120 million on infrastructure expansion and talent training.

The expansion project began with the construction of fifth hangar, which involved an investment of US \$ 55 million, including a taxiway, platforms for the use of hangars and the rehabilitation and im-provement of the access.

The sixth hangar was built, with more than 2,000 square meters and 125 meters long, having the capacity to simultaneously give maintenance to 35 aircrafts, and it will also be able to serve the new Boeing 777, with a total span of 71 meters. For the construction of the 6th hangar, Aeroman invested

\$45 million and involved the construction of training spaces, ramps, warehouses, cafeteria areas and soccer fields, making it one of the largest aircraft maintenance facilities in LatinAmerica.



Calvo, La Unión

2. Agribusinesses

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

Advantages of Investing in El Salvador

- Suitable climatic (temperature and altitude) and soil conditions to grow ornamental plants and fruits
- Excellent road and port infrastructure
- Free trade agreements that provide favorable conditions to access major markets in America and Europe
- Abundant supply of sugar for highconsumption industries (beverages, candies, etc.). Likewise, it is possible to negotiate fixed price contracts for up to five years
- Availability of water resources for sustainable aquaculture development
- · Important fiscal incentives provided

by the Free Zones Law, for the following products:

- Maritime species
- Greenhouse and laboratory flora species
- Reptiles and amphibians
- Complimentary industries such as containers, packaging and process technologies, among others
- Proximity to the biggest consumer market for agroindustry products (United States)
- Highly competitive and cost effective human resources
- Due to its geographical convenience, it is the ideal location to establish a distribution center for Central America, United States, Mexico or the Caribbean



Investment Opportunities

PROESA has identified the following niche markets that offer excellent investment opportunities:

- **Foods preparations:** There is local and regional raw material availability for the production of food reparations and snacks.
- Ornamental plants: El Salvador has the right ecological and climate conditions for yearround harvest, meeting the supply-demand needs. There are opportunity niches of rooted cuttings to be produced at destination and high-value tropical flowers.
- Aquaculture: El Salvador enjoys biodiversity and stock of marine species, availability of industrial and artisan fishing fleet, appropriate climate for aquaculture and other advantages that offer opportunities for the extraction and processing of non-traditional fishery products and of large pelagic, as well as continental and marine aquaculture.
- Fruit sector: The main advantage of the country are the microclimates to produce crops all year round. Likewise, it has the capacity to develop organic crops.

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Livsmart, La Libertad

Success Stories

Grupo Calvo

Spanish company engaged in the fishing, processing and commercialization of high-quality canned fish. Its largest tuna processing plant is located in El Salvador (16,000 m² with a total investment of USD 160 million). It is currently one of the largest exporters in the country.



Calvo, La Unión

Dümmen Orange

Dutch Company that has operated in the country since 2009 with a 20-hectare greenhouse specialized in the production and commercialization of poinsettias, geraniums, petunias and begonias cuttings. The su nny climate and moderate temperatures have allowed them to obtain the high quality products demanded by their customers in the United States and Europe.



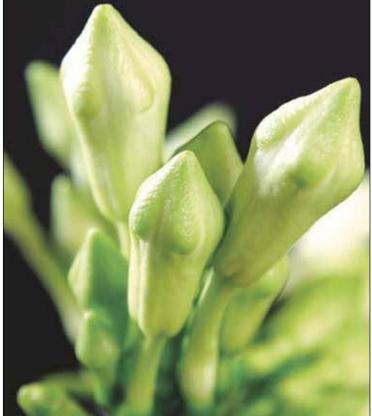
Río Grande

It is a Salvadoran company, founded more than 30 years ago in the United States. It produces and sells ethnic food products for the Hispanic community in the United States. The production plant in El Salvador had an initial investment of USD 20 million dollars, and since then the company has keptgrowing.



Hidroexpo

Located at Pipil Free Zone, La Libertad. Dedicated to the production of bell pepper and tomato (Bif) under controlled greenhouse conditions. It started operations in El Salvador in 2002, with an initial investment of USD 23.5 million in 34 greenhouses, product of a co-investment of Salvadoran and Israeli capital during its initial stage.



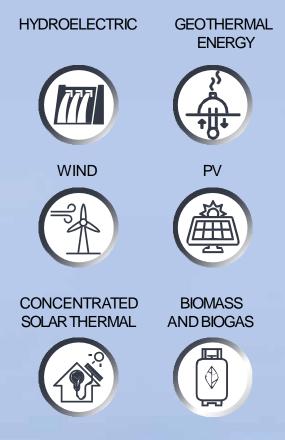


3. Energy

The Government of El Salvador has an energy policy 2020-2050 for the sustainable development of the sector. This policy seeks to modernize the regulation, sustainable supply, efficient consumption, energy safety and integration, and investigation, development and innovation.

The National Energy System focuses on using resources, technology and modern infrastructure efficiently and cost effective to transform, transport and use energy.

It is estimated that for 2021 the installed capacity will grow 48% as of 2017, due to the start of operations of Energía del Pacífico power plant and other project implementations of solar and wind power allotted the latestyears. El Salvador has potential for the generation of energy from the following renewable energy sources:



5 de Noviembre hydroelectric dam.



Advantages of Investing in El Salvador:

- Constant energy demand growth
- Strong commitment of the country to diversify the energy matrix
- Developing generation potential of: wind, geothermal, small hydroelectric power plants, biomass, biogas, solar photovoltaic, concentrated solar thermal, coal and natural gas sources
- Renewable Energy Incentives Law that offers attractive tax incentives to projects that generate electricity with renewable resources

Investment Opportunities:

- International bidding processes and long term contracts of up to 20 years that guarantee the purchase of energy by the distribution company for the duration of the contract
- Power supply generation for the spot market where the nontraditional renewable energy sources (solar and wind) have supply priority
- · Bilateral contracts directly agreed between generator and distributor
- Generation projects for industrial use

For more information, please contact our investment advisor: 🖉 Karen Portillo

 Investment Advisor

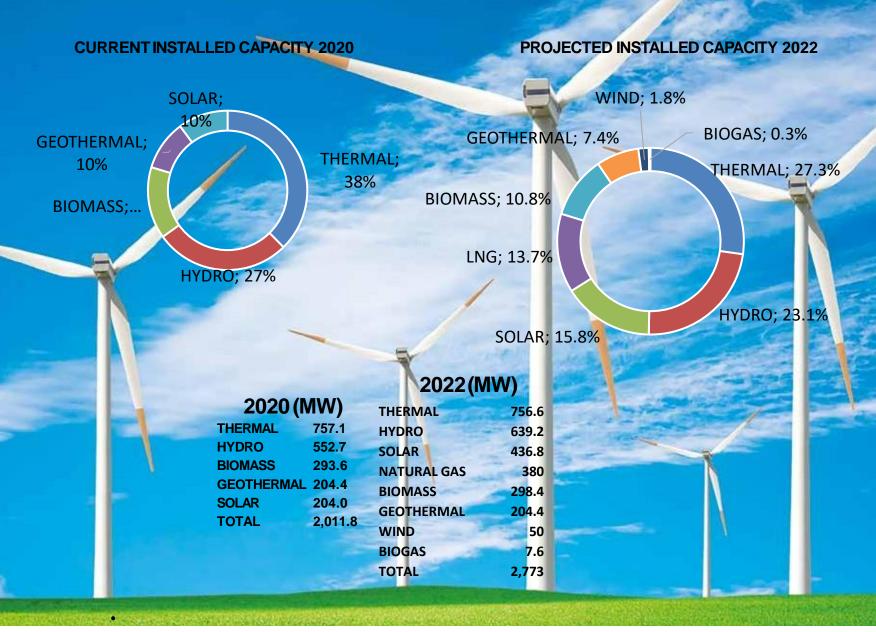
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Source: CNE (2018)

Success Stories

Neoen

The french power generation company NEOEN has invested nearly USD 285 million in photovoltaic generation projects in El Salvador. Their more recent project is Capella Solar that will have two power plants with a combined capacity of 140 MW. Capella Solar- their latest investment- is a pioneer project and the biggest in Central America with their power storage facilities. It consists of a lithium-ion battery with a 3.3 MW/2.23 MWh capacity dedicated for backup power, strengthening the power grid stability.

AES El Salvador and Corporación Multi Inversiones

AES El Salvador and Corporación Multi Inversiones executed Bósforo Project- ten power plants each having a capacity of 10 MW generating a total solar power of 100 MW located at the municipalities of Santa Ana, Salitrillo, Sonsonate, Nejapa, Guazapa, Apopa, Jiquilisco, El Carmen, La Unión and Pasquina. The total investment is USD 160 million.

Ueoeu

AES Soluciones



4. Life Sciences

El Salvador is the first country in the region with the good manufacturing practices certification according to the WHO; the ability to comply with international standards and having a highly qualified labor force make El Salvador an ideal investment destination for the chemical-pharmaceutical and cosmetics sector.

The pharmaceutical industry in El Salvador has highly qualified and productive people. Investors can rely on a network of universities specialized in chemistry and pharma to ensure availability of human capital.

International medical devices manufacturers will find in El Salvador a strategic partner that provides an exports platform to North America, Central America and the Caribbean. Furthermore, El Salvador has 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 20 years experience teaching biomedical engineering, as well as major and technical education in prostheses and orthosis.

Advantages of Investing in El Salvador:

- Strategic location with proximity to markets that are looking to minimize their dependency on China for medical supplies
- Proven experience with class 1 pharmaceutical products manufacturing
- Pharmaceutical industry with good manufacturing practices certification from the WHO
- Human capital availability of 20 thousand medical doctors, most of them with postgraduate degrees in the US, Europe, Mexico, Cuba, among other health leader countries. Likewise, there is a continuous inflow of health professionals, with around 24 thousand graduates per year.
- Health services are provided at more competitive costs than in the US or Canada, generating a demand for medical tourism.

USD 188 million

Total exports on chemical-pharmaceutical products in 2019

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"The company decided to invest in El Salvador for the investment climate regarding geographical, economical and political aspects, and the quality of the Salvadoran labor force"

- Luis Roberto Quiñónez, plant manager



Investment Opportunities:

- Medical devices
- Health services
- Chemical-pharmaceutical. Generic medicines, vitamin supplements and phyto pharmaceuticals prepaprations.
- Cosmetics. Hair care products, sunscreens, tanning products and natural cosmetics preparations.

35 Certified laboratories in the pharmaceutical industry



23 Cosmetics, sanitary products and related products laboratories



Success Story

Laboratorios Biogalenic initiated operations in El Salvador more than 45 years ago. Provides the national and international markets with parenteral solutions (intravenous fluids), oral sera and peritoneal dialysis.

In 2016, the company exported veterinary sera to the US. In 2017, they invested USD 10 million to reinforce their quality and product processing, acquiring advanced technology and infrastructure.

Their constant investigation, development and high-quality standards Biogalenic to export to Mexico, Central America, Panama, the Caribbean, Venezuela and Argentina.

Indufoam

platform

Free trade

complementary

markets.

5. Light Manufacturing

El Salvador offers investment opportunities for companies in the fields of auto parts and electronic components, manufacturing, assemblage, and refurbishment, and logistics hub who want to export to the United States, Mexico, Central America and the Caribbean.

OPP Film Advantages of Investing in El Salvador

Strategic location in the center of the Americas to be used as a logistics agreements with major

- Installed capacity in key
- industries. The textile and apparel sector is one of the most important in the country and includes yarn and fabric manufacturers, as well as apparel companies. El Salvador has a mature plastics industry. Currently, many of the plastic companies have installed capacity to offer outsourcing or even make joint

ventures with international companies. In the metal mechanics sector, there are companies with computer numerical control (CNC) workshops, capable of sourcing precision parts.

- Low operating costs
- Highly-qualified human capital

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Investment Opportunities

Manufacturing Plantsfor:

- Auto parts (automotive harnesses, car seats, airbags, seat belts and automotive sensors)
- Electronic components (tantalum and ceramic capacitors, transistors, resistors, etc.)
- Manufacturing, assemblage and refurbishment
- Logistics hub. The country provides a natural location for companies that want to service the 40 million people regional market.

About human capital formation

In addition to the 24 universities, El Salvador has 4 MEGATEC centers, for training in technical and technological areas.

The country offers degrees in Mechanical Engineering, Electrical Engineering, Telecommunications, Automation, Mechatronics and Electronics; as well as technical degrees in Electronics and Global Logistics.



PROESA

Success Stories

OPP FILM

Company dedicated to the production of bi-oriented polypropylene (BOPP) packaging materials, such as transparent, matt and metallic. The company is a subsidiary of Oben Holdign Group, which operates in Peru, Ecuador, Colombia, Chile and Argentina. The group started operations in Ecuador (1991). As the company grew, they settled their headquarters in Peru, where it now generates the highest percentage of production and export of packaging materials for the entire Latin American region.

In 2010, OPP Film established a commercial office in El Salvador to meet orders for small and medium enterprises in Central America and the Caribbean. In late 2013, with an initial investment of USD 54 million, the company decided to establish its first production plant of bi-oriented polypropylene films in San Juan Opico, El Salvador. This plant supplies to Mexico, United States, Canada, Central America and the Caribbean.

In June 2015, the company made an additional investment of USD 46 million and created 200 direct jobs. In the same year, OPP Film established a trading company at American Park Free Zone to distribute their products in the local market. This was a USD 788 thousand investment and five direct jobs.

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AVX Kyocera

Has been in El Salvador for more than 30 years. This has contributed to the country's experience of ceramic and tantalum electronic capacitors that comply with international standards.

This company began operations with 900 employees, and it currently has 3,600. The company has concentrated their operations in electronic capacitors production and have transferred production lines from Mexico, England, and the Czech Republic. AVX Kyocera evolved from assembling to elaborating chemical processes, molding, testing and packing. The implementation of new production lines has taken place in ten months, a short time compared with the two years it has taken in other countries.

One of the main reasons why AVX established itself in El Salvador is the high efficiency in production, which is greater than 97%.

Luis Carlos Silveyra

be globally competitive".

"After having carried out the necessary studies to determine the location of our new international

operation, YAZAKI decided to establish operations in

El Salvador because it offers the necessary conditions to

Luis Carlos Silveyra, General Director YAZAKI

YAZAKI

Is a Japanese global leader company in automotive systems and cable harnesses. It has 44 plants in different countries around the world that employ 257,100 workers. The company began operations in El Salvador in 2006 in Santa Ana. It currently generates more than 2,500 direct jobs- approximately 72% of them are women producing between 300 and 400 harnesses per day, with a level of 0.48% of annual turnover.

They exceeded their own expectations, making their first export was to the United States, nine months after the establishing in the country. They have reached an 80% efficiency and quality in their operations, exceeding the standards of other YAZAKI plants worldwide. In El Salvador they have been manufacturing harnesses for brands like Subaru, Jeep (chassis harnesses) and Chrysler (doors harnesses).



6. Logistics

El Salvador has a privileged location and adequate infrastructure that allows it to offer a quick response to the market, ideal attributes to be the logistics hub for international companies.

The country has a National Freight Logistics Plan 2018-2032 that establishes the route for the continuous strengthening of infrastructure and state-of-the-art services for logistics competitiveness. One of the main achievements already reached is the awarding of the expansion of the AIES-SOARG air cargo terminal. The Public Private Partnership of the Cargo Terminal is focused on increasing efficiency in the handling of import and export cargo, which will greatly enhance El Salvador as an aeronautical and logistics hub in the region.

Advantages of Investing in El Salvador

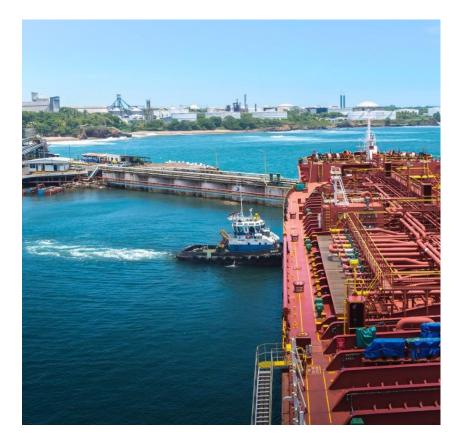
- Strategic location for regional logistics hub
- Tax benefits that can be obtained by being benefited by one of the two available laws that are attached to the economic activity:
 - Free Zones Law. Commercialization of industrial goods produced in free zones or inward processing warehouses of products that have not undergone a transformation process by the marketer.
 - International Services Law. National distribution and international logistics operations to third parties or indirect users. One of the main advantages is that the logistics company is authorized to fraction, select and pack merchandise for third parties.

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6,491 km

Roads, being the second most developed in Central America

1,719

Meters measuring the total of the two docks of both ports

26.5 thousand

Air cargo tons (2020)

Investment opportunities

- Logistics center for supplying extra-regional, intra-regional and domestic trade.
- Product distribution service
- Package consolidation service with a variety of products
- Manage cargo from diverse origins: regional (imports and exports), transshipment, transit and cargo generated by off-shore manufacturing and logistics operators.

Succes Story

WalleniusWilhelmsen Logistics (WWL)

WalleniusWilhelmsenLogistics (WWL) is headquartered in Oslo, Norway. A company with more than 150 years in the shipping industry and more than 9,400 employees worldwide, WWL specializes in providing transportation and logistics services to the automotive, agricultural and heavy equipment industries. WWL specializes in providing transportation and logistics services to the automotive, agricultural equipment and heavy construction equipment industries around the world. Within supply chain management, its service allows the user to locate, manage and monitor shipments throughout the entire distribution process. It operates through 15 trade routes in 6 continents, 120 processing centers and 11 marine terminals. WWL has been present in El Salvador since 2009 through its Data Processing Center for cargo consolidation and inventory management, supporting the various points of shipment, disembarkation and distribution in Latin America.



WWW.INVESTELSALVADOR.COM



Atento



Sykes



One Link GETCOM

7. Digital Technologies and Business processes

The Salvadoran Business Processes Industry has experienced an umprecedent growth over the last years. Digital Technologies sector has also started its steep growth curve in El Salvador.

Internationally recognized companies have found a strategic partner in El Salvador. These companies are currently serving other international corporate clients from our country with outstanding results in industry's key performance indicators (KPI).

Advantages of Investing in El Salvador Outstanding Human Talent

- Neutral English and Spanish accents
- Exceptional performance in industry key performance indicators, such as:

 Sales (differentiating ability of Salvadorans)
 Customer satisfaction (C-SAT)
 First call resolution (FCR)

- Cultural affinity with major markets such as the United States and LatinAmerica
- Outstanding work ethic loyalty, dynamism and warm service

Excellent Telecommunications Platform

- Open and competitive telecommunications
 market
- Guaranteed telecommunications redundancy
- Local and international telecommunication companies provide a broad spectrum of services at competitive costs

Attractive Tax Incentives for Investors

Time Zone

 For the American market, El Salvador is on U.S. Central Standard Time (CST), which is six hours behind Greenwich Mean Time (GMT).

Government English Programs

- The Government has a special interest in this sector's growth and is promoting different English learning programs to guarantee the required human talent.
- There are also private sector and international organization initiatives to promote the learning of English.

Investment Opportunities

Contact centers:

- Product sales
- Order taking
- Cross sales & up sales
- Customer relationship management
- Technical support
- Customer service
- Customer prospecting
- Technical support/warranty
- Customer acquisition and retention
- Inbound and outbound calling
- Appointment scheduling
- Others

Business Processing Services:

- Data capturing
- General ledger accounting
- Order processing
- Bank reconciliations
- Transaction processing
- · Fixed asset accounting
- Data reporting
- Marketing surveys & research

Succes Story

TELUS International has proven El Salvador to be an excellent business development destination, delivering excellent outcomes as an outsourcing provider for customer service and IT solutions

At Digital Solutions, the technology division of TELUS International, they harness the power of next-gen technologies and digital acceleration to create the best high-tech, high-touch experiences for international markets.

The ITO team in El Salvador has grown from 3 to 150 team members over the course of 4 years, with a wide range of technology professionals that include Developers with expertise in multiple programming languages such as Java, Javascript, Python, React, Node JS, .NET, Angular, Redux, among others; Quality Analysts, Project Managers and experienced leaders that help the team to perform steadily, focused on lean, agile, human-centered technology projects. Their focus on developing reusable frameworks and components ensure faster time-to-market and reduced costs for AppDev, maintenance, management, and support.



José Calderón Vice president of operations TELUS International El Salvador

"The excellent skills and qualities of the Salvadoran labor force have allowed us not only to give solutions to our clients, but to offer services much more complex with added value like labor force management, IT support and software development. The more satisfied our clients with the achieved results, the more likely they will recommend us, which will make all of us grow."



- Inventory accounting
- Payroll processing
- Others

Information Technology Services:

- Web Development
- Mobile Development
- UX/UI Design
- DevOps
- Quality Assurance

Sample of Companies Operating in El Salvador



nvestment Advisor

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Succes Story

Rulesware partners with clients in the US and other countries to deliver high-quality, high-value business transformation solutions. Rulesware does this by providing expert implementations of Pega, a leading business process management software. Rulesware is recognized as a top employer in El Salvador and has been in El Salvador since 2011.



Logan McCune People and Culture Manager

"We firmly believe that our focus, dedication and deep experience has been the key enabler of Rulesware's track record of successful and rapid Pega project delivery, always driving desired outcomes for our valued clients. And so much of that experience and dedication comes out of our El Salvador office.

Almost a decade ago when we were considering countries around the world for an offshore or nearshore operation, we discovered El Salvador's potential and haven't looked back since. We now have an office there of over 100 talented engineers, quality assurance professionals, and other important positions who work in real time with our employees and clients in other countries.

We have been very pleased with the work ethic, communication skills, formal training, and soft skills of our El Salvador employees. In fact, we recently brought new positions to our El Salvador office that in the past have only been available in our US operations, including business architect and project manager roles. We look forward to continuing to expand and invest in our El Salvador operation and employees."

8. Textiles and Apparel

The textile and apparel sector is one of the main engines of El Salvador's development, with a value chain that has consolidated and integrated towards more added value products.

The dynamic vertical process of integration of the industry has incorporated all production activities of the textile and apparel chain, from the production of fibers, yarns and fabrics manufacturing, product design, garment manufacturing and the associated logistics, besides offering countless opportunities to enter new businesses in the upper and lower end of the value chain and related activities.

El Salvador exports textiles and apparel to more than 50 countries. According to OTEXA, El Salvador is the 10th provider of apparel to the United States.

Advantages of Investing in El Salvador

- El Salvador has significant competitive advantages for the location of textile and apparel companies, highlighting the speed to market and geographic proximity, complemented with free trade agreements that give access to an important customer market. The Free Trade Agreements that El Salvador offers with several countries allows access to a potential market of 1.2 billion customers worldwide.
- The "Yarn Forward" rule of origin granted by the CAFTA-DR, allows free access for qualifying textile and apparel products made using U.S. and/or Central America-DR yarns and fabrics (nylon, polyester, micro fiber, among others –products paying a 32% tariff when imported from Asia through the U.S.)

- The CAFTA-DR rule of origin granted by the United States for footwear is more flexible than in any other free trade agreement.
- El Salvador has one of the most competitive labor costs in Central America, including fringe benefits and a qualified workforce that outstands in the region
- It is the only country that has developed a full synthetic cluster in Central America

Investment Opportunities

- Yarns and fabrics manufacturing (Natural and synthetic)
- Knitted garments with accessories and embellishments (embroidery, screen printing, heat transfers, etc.), athletic wear, sportswear, performance wear and swimwear manufacturing
- Garments manufacturing included in the "Cut and Assemble" Rule of Origin category: bras, girl dresses, boxer shorts, sleepwear, luggage, among others.
- Footwear

For more information, please contact one of our investment advisors:

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GUIUE





American Park FreeZone



El Pedregal Free Zone

EL SALVADOR, CENTRAL AMERICA 67



+75

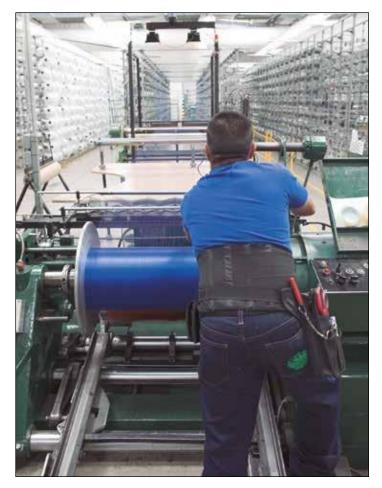
export markets

+25

companies







George C. Moore Co



George C. Moore Co





Youngone

Success Story

George C. Moore Co

The George C. Moore Company constantly strives to offer the best narrow elastic value in the market. George C. Moore Co. is the founder of what is now known as The Moore Company, which has five different divisions (George C. Moore, Darlington Fabrics, Fulflex, Moeller and Amersil). The headquarters are located in Westerly, Rhode Island (USA) from where they operate corporate offices and a department of Design and R & D.

George C. Moore Co. has more than ten years of successful operations in El Salvador. The company invested in El Salvador's textile and apparel industry to take advantage of the proximity to the US market and of DR-CAFTA trade legislation.

George C. Moore Co. manufactures plain, printed and Jacquard woven and knit narrow elastic for underwear, intimate apparel, athletic compression, men's and women's slacks, performance apparel, dancewear, swimwear, orthopedic & medical, industrial and military markets. Their value added services include cutting and looping, fabricated waistbands, silicone applications, technical finishes, permanent fire resistance and other assorted offerings.

Youngone

Youngone El Salvador began operations in August 2001. Ki Hak Sung had visited the region several times and had taken a special affection for El Salvador, the industriousness of its people, for its strategic position in the region, and for ease of market access to the United States. The company generates about 1,400 jobs in the country and is in a growth stage. Youngone El Salvador has been a pioneer in the manufacture of garments for winter, having to train its staff in a sector that is difficult and demanding. The company has been quick to adjust to changes in the market and be more flexible and agile to achieve diversification in their product matrix to generate and sustain an annual growth of 15-20% in the last 3 years.



9. Tourism

El Salvador is a country that extends from a coastal plain to a volcanic upland in the interior, bordering the North Pacific Ocean to the south and southwest, with Guatemala to the north-northwest and Honduras to the north-northeast.

El Salvador, with a total land area of 21,000 km2 and a 307 km coastline, offers the possibility to surf, hike, dive or

For more information, please contact one of our investment advisors:

visit archaeological parks or museums all in the same day and a few hours away from the coast. The strategic location of the country makes it an attractive destination for touristic developments: arriving from El Salvador International Airport to major cities in North and South America takes a short flight (2 – 5 hours). Likewise, El Salvador International Airport stands out for being the regional hub of Avianca Airlines.

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Santa Ana volcano



Cerro Verde, Ahuachapán

Advantages of Investing in El Salvador

- Solid and growing touristic demand. Annually, El Salvador welcomes approximately 2.6 million visitors.
- Air traffic hub with over 508 weekly arrivals and departures.
- Tourism is central to the El Salvador's economy because employs more than 54,000 people directly and represents 6.3% of GDP.
- Political stability and dollarized economy.
- Attractive fiscal incentives provided by the Tourism and International Services Laws.
- Hard-working and service-oriented workforce.

Investment opportunities

- Hotels/Boutique hotels
- Convention centers
- Marinas
- Spas and wellness centers
- Mixed use developments

SuccessStory

Palo Verde

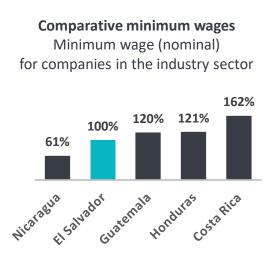
Palo Verde started in 2012 as a sustainable boutique hotel that offers comfort, relaxation and a unique bonding experience with the local community and the surrounding nature. It is located on the Salvadoran beach, in the heart of the Pacific Ocean, facing the perfect waves for surfing or simply enjoying the beach views and sunsets. The hotel is also committed to employing the local community and providing them with growth and development opportunities.

The hotel has an integral management system to minimize the tourism ecological footprint on each visit. This system has water management policies, energy efficiency and waste management.



Palo Verde Hotel

VI. Setting Up and Operating a Business in **EISalvador**





Cemento Regional

El Salvador is one of the most attractive countries within the region to set up and operate a business. Over the past years, The Financial Times journal fDi Intelligence ranked El Salvador among the best cost-effective country in the region⁽¹⁹⁾.

As the following figure shows, El Salvador is one of the most competitive countries in Central America in terms of labor costs:

Minimum Wage per Sector (in USD)⁽²⁰⁾

WAGES PER	Agroindustry	Industry	Commerce 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

⁽¹⁹⁾Cost effectiveness judging criteria: cost of registering property; cost of dealing with construction

permits; total tax rate, percentage of profit; office costs; minimum wage; room rate for four-star hotel and cost to export. ²⁰Rates in force since August 1st, 2021.

1.Operational Costs

a) Labor Costs

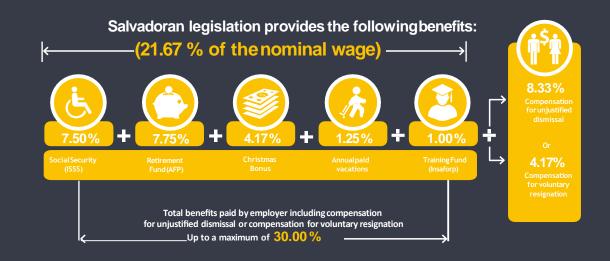
El Salvador's Labor Code regulates employerworker relations. Salvadoran legislation states that wages are determined freely, but cannot be lower than the minimum wage established by the National Wage Council, revised at least every three years.



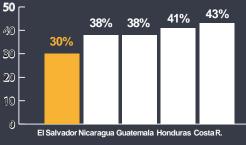
Legal WorkingSchedules

Work days are classified in day and night shifts:

- Day Shift (between 6:00 am and 7:00 pm): Maximum of 8 hours per day for a 44-hour work week.
- Night Shift (between 7:00 pm and 6:00 am): Maximum of 7 hours per day for a 39-hour work week. For night shifts, a 25% surcharge is applied on the salary of a similar work in day hours.



Comparative fringe benefits in Central America (as % of base salary) (%)⁽²¹⁾



Source: Ministries of Labor of each country

National Holidays El Salvador has the following statutory holidays with full salary benefits:

National holidays

 January 1st (New Year's Day) Thursday, Friday and Saturday of Holy Week May 1st (Labor Day) May10th (Mother's day) June 17th (Father's Day) August 6th (Feast of San Salvador) 22 September 15th (Independence Day) November 2nd (All Saints Day) December 25th (Christmas Day)

Source: Labor Code of El Salvador

 $^{\varrho\upsilon}\text{Excludes}$ public holidays: Nicaragua (11 statutory holidays with full salary benefits), Honduras (11 days), Guatemala (12 days), El Salvador (13 days) and Costa Rica (15 days).

²²Además, se establecen el 3 y 5 de agosto en San Salvador, y en el resto del país, el día principal de la festividad más importante del lugar, según la costumbre. Fringe BenefitsSalvadoran legislation provides the following benefits:

Employer Obligations	Description	Monthly Percentage
Annual paidvacations	Vacations are paid once per year and correspond to 30% of a 15-day salary.	1.25%
Social Security (ISSS)	The employer pays an amount equivalent to 7.5% of the base salary. For the calculation of this contribution, a maximum of USD 1,000.00 will be considered as base salary.	7.50%
Training Fund (Insaforp)	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 (it is not necessary to make a monthly provision). The amount is calculated according to the number of years served: 1-3 years (15 days salary), 3-10 years (19 days salary), 10 years or more (21 days salary).	4.17%
RetirementFund (AFP)	The employer contributes with 7.75% of the base salary.	7.75%
	Total benefits paid by employers	21.67%
Compensation for volur of the two will apply:	Total benefits paid by employers	
Compensation for volur of the two will apply): Compensation for voluntary resignation		tion from rve to pay le case of ntinuous partment nsation, 4.17% a 30 days e 15 days ervice. For
of the two will apply):	This compensation or Compensation for unjustified dismissal (This compensation is due in the case of voluntary resignat the employee. The law does not obligates to maintain a rese this compensation, but it does mandates it shall be paid in th voluntary resignation of an employee that has at leastwo co years of service for the same employer. For managers, de heads and specialized workers, to have right to this comper it is an obligation that such employees give the employer written notice. All other employees may give written notic in advance. 15 days of salary will be paid for every year of se effects of calculating the payment, no base salary may be hi	tion from rve to pay le case of nitinuous partment nsation, 4.17% a 30 days e 15 days ervice. For gher than hirty days ionally for salarywill t 58, Labor 8.33%

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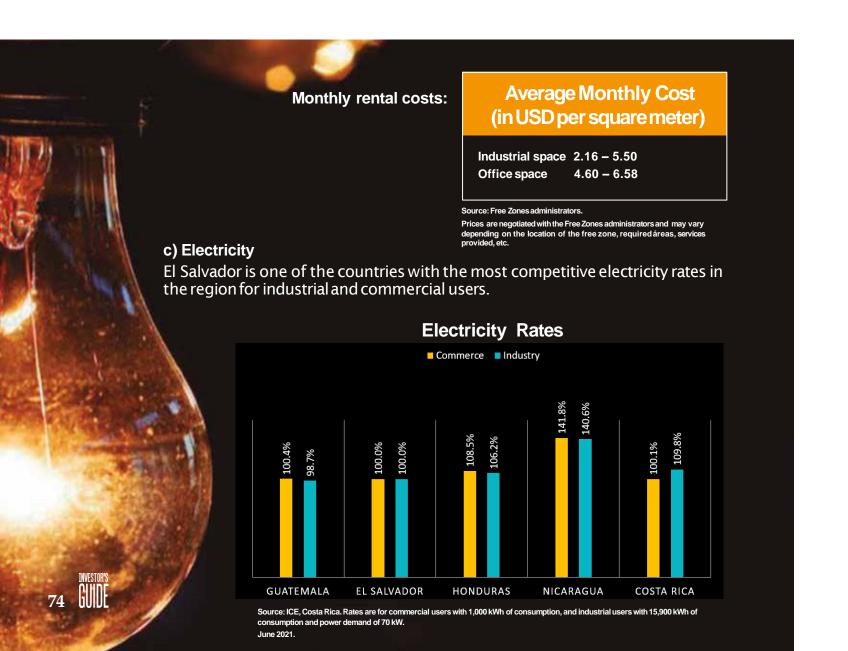
Foreign workers

According to El Salvador's Labor Code, companies are required to form their staff with at least 90% of Salvadorans; however, in special circumstances, companies may be authorized by the Ministry of Labor to employ more than 10% of foreign workers. For this calculation, the Law considers Central Americans as Salvadorans, and additionally establishes that up to four foreign workers in management positions (directors, managers, administrators and other managerial positions) will not count as part of the 10% calculation.

Foreign workers with regional management responsibilities at international companies will not be considered as part of the 10% limit.

b) Free Zones and Service Parks

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



Electricity rates

Electricity rates are composed of a fixed monthly charge for commercialization (customer service) and variable charges for distribution and energy. The rates vary according to the voltage category (low or medium) required by the client.

		CAESS	DELSUR	CLESA	EEO	DEUSEM
1) COMMERCIALIZ	ATION CHARGE (FIXED CHARGE	E): CUSTO	MER SERVI	CE (USD/	USER-MO	NTH):
MED	IUM DEMAND	0.82	0.96	0.75	0.87	0.79
LAR	GE DEMAND	12.25	14.32	11.23	13.06	11.89
2) DISTRIBUTION	FEE: POWER (USD/KW-MONTH)):				
MEDIUM AND LARGE	LOWVOLTAGE	14.08	21.60	22.42	26.99	28.46
DEMAND	MEDIUMVOLTAGE	6.88	6.79	12.71	17.32	18.54
3) ENERGY CH/	ARGE(USD/KWH)					
	WITH POWER METERING					
MEDIUM	LOWVOLTAGE	0.14	0.15	0.15	0.15	0.15
DEMAND	MEDIUMVOLTAGE	0.13	0.14	0.14	0.13	0.14
TIME-DIFFERENTIATED METERING						
	LOW VOLTAGE					
	PEAKHOURS	0.16	0.17	0.18	0.17	0.18
	MID-PEAKHOURS	0.13	0.14	0.14	0.14	0.14
MEDIUM	OFF-PEAK HOURS	0.16	0.17	0.17	0.17	0.18
AND LARGE	MEDIUM VOLTAJE					
	PEAKHOURS	0.15	0.16	0.16	0.15	0.16
	MID-PEAKHOURS	0.14	0.13	0.13	0.13	0.13
	OFF-PEAKHOURS	0.15	0.15	0.16	0.15	0.16

Note: Rates are presented for the last quarter available (applicable from June 2021). SIGET adjusts rates on a quarterly basis. To consult current rates visit: <u>http://www.siget.gob.sv.</u>

Medium demand rates (10 < kW < 50) are usually applied to clients in the commercial sector and large demand (>50 kW) rates to industrial users.

For time-differentiated metering, time categories are defined as follows: Peak: from 06:00 pm to 10:59pm Mid-Peak: from 05:00 am to 05:59pm Off-Peak: from 11:00 pm to 04:59am



d) Telecommunications

El Salvador's telecommunications market has multiple service providers offering a variety of voice and data services, as well as value-added solutions that meet the needs of their clients.

The following table presents average costs of land and mobile telephone lines. Corporate clients can get reduced preferential rates.

Maximum Landline and Mobile Phone Rates (in USD)

Landlines	
Commercial operation fixed rate (monthly payment)	4.40
Local rate per minute	0.03
Calls to mobile phones, rate per minute	0.10
Calls to United States, rate per minute	0.10-0.16
Mobile phones*	
Minute rate to same provider, landline	0.09
Minute rate to other provider, landline	0.09
Minute rate to same provider, mobile phone	0.11
Minute rate to other provider, mobile phone	0.12

*Rates for postpaid plans. Taxes not included.

Source: General Superintendence for Energy and Telecommunications (SIGET 2019



Internet services are stable and have extensive coverage across the country. Internet connections can be contracted at different bandwidths.

Dedicated Internet Rates ⁽²³⁾	
(in USD)	

speed*	Cuota mensual
25 Mbps	\$499.00
50 Mbps	\$900.00
75 Mbps	\$1,300.00
100 Mbps	\$1,800.00

Source: Quotes with service providers (2019). * Other bandwidth options are available according to the client's needs. Taxes not included. (23)Costs vary according to the operator and technical specifications of the service.

76

GUID

e) Water rates

The National Administration for Sewers and Aqueducts (ANDA, for its acronym in Spanish) is the government entity in charge of water distribution and sewage management services.

The following table shows the current rate structure for potable water supply in El Salvador and other related services. The following information shows price brackets for m³, including aqueduct and sewerage:

Price brackets for the commercial sector consumption⁽²⁴⁾

Consumpt ion range m ³	WaterCost (USD)	SewerageCost (USD)
0 to 5	3.76*	\$0.10
6 to 20	0.900/m ³	\$5.00
21 to 30	1.200/m ³	\$5.00
31 to 50	1.500/m ³	\$7.50
51 to 60	1.875/m ³	\$7.50
61 to 90	2.344/m ³	\$7.50
91 to 100	2.930/m ³	\$7.50
101 to 500	3.662/m ³	\$10.00
501 hereafter	4.578/m ³	\$20.00

(24) Applicable from October 2015. *Fixed minimum rate Source: ANDA

2. Taxes

A Information about the Salvadoran tax system relevant to setting up and operating a business in **El Salvador** is shown below. Additional information regarding tax payments is available on the website: www.tramites.gob.sv

Note: El Salvador's legal framework provides generous tax incentives, including full exemption from income tax, municipal taxes, taxes on transfers of real-estate property, as well as customs duties and taxes on the import of machinery, equipment, raw materials and other articles used in the production of goods and services. For more information about tax incentives, see section III of this guide, "Legal Framework and Incentives".

Income tax: A 30% tax rate is applied over taxable income . For legal entities with a taxable income less than or equal to USD 150,000.00, a reduced tax rate of 25% isapplied.

Branch profits tax: 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% income tax rate.

Tax on Transfers of Real Estate Property:

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

Value Added Tax (IVA for its acronym in Spanish):

Services and goods are subject to a 13% value added tax. The following items are exempt from IVA: public health, home rentals, education, state titles, public water, public transportation, pension funds and Public Lottery.

Other Taxes

- a. Municipal taxes: Taxes are paid according to a table established by each municipality based on the company's total assets. For example, in San Salvador rates are determined by the company's activity (industrial, commercial or other).
- b. Company and Establishment License: All industrial and commercial businesses are required to have an annual license to operate. This tax is paid based on the company's total assets according to the following rates:
 - □ From USD 2,000.00 to USD 57,150.00 pays USD 91.43
 - □ From USD 57,151.00 to USD 114,286.00 pays USD 137.14
 - □ From USD 114,287.00 to USD 228,572.00 pays USD 228.57

If assets exceed USD 228,572.00, USD 11.43 will be paid for every USD 100,000.00, up to a limit of USD 11,428.57.

3. Establishing a Company

Step by Step Description of Mandatory Procedures to establish a Legal Entity in El Salvador

As part of the improvements to the business climate, El Salvador has created a one-stop channel to establish companies and get the business registration number. These steps are done online at <u>www.miempresa.gob.sv,</u> making El Salvador part of the only 28 countries worldwide that offer a virtual one-stop office to establish a company.



*This step has to be made in person at the corresponding institution.

(25) If your company is located in San Salvador or Santa Ana, this step can be done online <u>www.miempresa.gob.sv.</u>Otherwise, it will have to be done at the corresponding Mayor's Office.

The steps that can be done through this site are:

- Company's registration at the Registry of Commerce
- Company and establishment license
- Tax identification number (NIT) registration
- Taxpayer registration number (NRC/VAT)
- Serial numbers emission by the Ministry of Finance for: Invoices, tax credit receipts, credit note, debit note, export invoice, simplified sales invoice, settlement receipt, settling accounting document.
- Company or establishment registration at Ministry of Labor
- Employer registration number at ISSS
- Employer registration at the pension fund administrator (AFP)
- Company's registration at the Mayor's Office (Santa Ana or San Salvador)

4. Requirements to Enter El Salvador

El Salvador is part of the Agreement for the Creation of a Single Central American Visa for Free Mobility of Foreigners among the Republics of El Salvador, Honduras, Guatemala and Nicaragua. The agreement defines, according to the country of origin of the visitor, the type of visa (or exemption) required to enter any of the Central American signatory countries.

Andorra, Antigua and Barbuda, Argentina, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Cypress, Czech Republic, Denmark, Ecuador, Estonia, Fiji, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Israel, Italy, Japan, Liechtenstein, Lithuania, Luxemburg, Malta, Monaco, Netherlands (Holland), New Zealand, Norway, Panama, Paraguay, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, San Marino, São Tomé and Príncipe, Saudi Arabia, Slovakia, Slovenia, South Africa, South Korea (Republic of Korea), Spain, Sweden, Switzerland, Trinidad and Tobago, Turkey, Ukraine, United States, United Kingdom of Great Britain and Northern Ireland and Special Administrative Regions of the Popular Republic of China, Vatican City (Holy See).

• **Category A:** Visa-Exempt with Payment of Tourist Card. Some visa-exempt countries may require a tourist card, which can be obtained at the border points of entrance to the country, and has a cost of USD 10.00.

Australia, the Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei, Bulgaria, Croatia, Kuwait, Lithonia, Macedonia, Madagascar, Malaysia, Marshall Islands, Mexico, Qatar, Saint Lucia, Salomon Islands, Singapore, Tuvalu, Vanuatu.

• **Category B**: Requires Consular Visa. The consular visa is issued at the diplomatic or consular representations of El Salvador ⁽²⁶⁾. The cost for one entrance is USD 30.00 and the cost of a multiple entrance consular visa is USD 60.00.

Azerbaijan, Belarus, Benin, Bhutan, Bolivia, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Cuba, Djibouti, Dominica, Dominican Republic, Egypt, Equatorial Guinea, Gabon, Gambia, Georgia, Granada, Guinea, Guinea-Bissau, Guyana, Ivory Coast (Côte d'Ivoire), Jamaica, Kazakhstan, Kiribati, Kyrgyzstan, Lesotho, Malawi, Maldives, Mauricio, Mauritania, Micronesia, Moldavia, Montenegro, Morocco, Myanmar (previously Burma), Namibia, Nauru, Niger, Palau, Papua New Guinea, Peru, Philippines, Rwanda, Samoa, Senegal, Serbia (previously Yugoslav Federal Republic), Seychelles, Surinam, Swaziland, Tajikistan, Tanzania, Thailand, Togo, Tonga, Tunisia, Turkmenistan, Uganda, Uzbekistan, Venezuela, Zambia, Zimbabwe.



• **Category C:** Requires a Consulted Visa. It is awarded upon prior authorization by the Directorate-General for Migration and Foreign Nationals and is issued at the diplomatic or consular representations of El Salvador⁽²⁷⁾. It has a cost of USD 25.00.

Afghanistan, Albania, Algeria, Angola, Armenia, Bangladesh, Bosnia and Herzegovina, Botswana, Cameroon, China, Chinese Taipei⁽²⁸⁾, Congo, East Timor (Timor-Leste), Eritrea, Ethiopia, Ghana, Haiti, Indonesia, Iran, Iraq, Jordan, Kenya, Laos, Lebanon, Liberia, Libya (Libyan Arab Jamahiriya), Mali, Mongolia, Mozambique, Nepal, Nigeria, North Korea (Popular Democratic Republic of Korea), Oman, Pakistan, Sierra Leone, Somalia, Sri Lanka, Sudan, Syria, Vietnam, Yemen.

Additionally, for any of the visa categories please consider the following:

a)The maximum length of stay that can be given to a tourist is 90 days. If an extension is required, one can be requested per year.

b)People arriving from Panama, South America or Africa must have received the yellow fever vaccine at least 15 days before their trip to El Salvador.

Source: Directorate-General for Migration and Foreign Nationals and the Ministry of Foreign Affairs of El Salvador

⁽²⁶⁾Requirements for a consular visa: 1) Original and copy of valid passport, 2) Completed visa application form, 3) Recent color photograph, 4) Copy of air ticket or flight itinerary, 5) Copy of the used passport pages and the information page of the passport, 6) Evidence of employment, income and studies, 7) Agenda to be carried out in the country, 8) Letter of support duly authenticated.

In the case that the supporter is an individual, attach: 1) Legible photocopy of government-issued identification, 2) Copy of Tax Identification Number (NIT).

In the case that the supporter is a legal entity, attach: 1) Deed of Articles of Incorporation of the company, duly registered with the Registry of Commerce, 2) Current credential registered at the Registry of Commerce, 3) Tax identification number (NIT), 4) Taxpayer Registration Number - Value Added Tax (NRC / IVA) of the company, 5) Invitation letter on letterhead of the company, with the firm's seal.

⁽²⁷⁾Requirements for a consulted visa: 1) Color photocopy of the personal information page and all used pages of current passport, 2) Completed visa application form, 3) Copy of airplane ticket or round-trip flight itinerary, 4) Authenticated support letter, 5) Itinerary while in country, 6) Curriculum vitae.

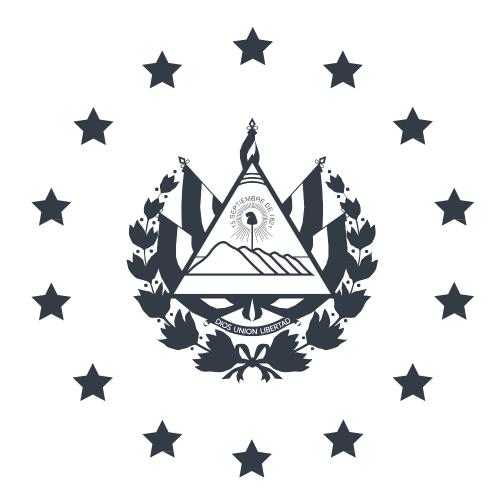
In the case that the supporter is an individual, attach: 1) Legible copy of identity document of residency card.

In the case that the supporter is a legal entity, attach: 1) Identity Document (DUI) and Tax Identification Number (NIT) of the Legal Representative, 2) Letter of support signed by the legal representative, 3) Deed of Articles of Incorporation of the company, duly registered with the Registry of Commerce, 4) Current credential registered at the Registry of Commerce, 5) Tax Identification Number (NIT), 6) Company's Taxpayer Registration Number – Value Added Tax (NRC / IVA), 7) Certified copy of authorization to act as legal representative.

Note: Copies of required supporter documents must be certified.

The form can be downloaded from the Ministry of Foreign Affairs' website: www.rree.gob.sv

⁽²⁸⁾The citizens of Chinese Taipe require a consulted visa (category C). If the citizen has a visa to enter the U.S., Canada or Schengen, a category B visa will be needed.



GOBIERNO DE EL SALVADOR







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EXPORT AND INVESTMENT PROMOTION AGENCY OF EL SALVADOR

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