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## **Report Name:** Exporter Guide

**Country:** El Salvador

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### **Report Highlights:**

During 2020, El Salvador imported a little over \$632 million of agricultural products, which is a drop of 8 percent compared to 2019. However, the Consumer-oriented foods/beverages category did not register a drop, but a modest increase of 1 percent, having dairy, soups and fresh fruits at the top of the list. A stronger-than-forecasted economic recovery in 2021 may signal growing opportunities for U.S. exporters. The government of El Salvador's trade facilitation efforts combined with U.S. cooperation resulted in a recent approval of a regulation change to eliminate the requirement of only accepting a Certificate of Free Sale for the imports of low-risk processed foods/beverages (see details in p. 6).

# Market Fact Sheet: El Salvador

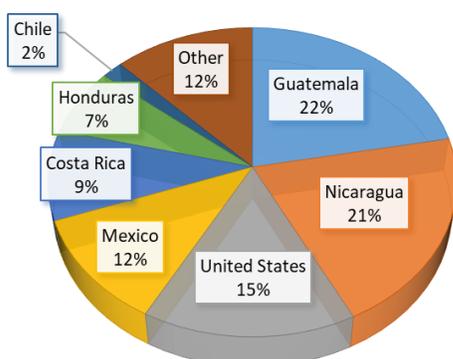
## Executive Summary

El Salvador is the smallest country, by size, in Central America, with an estimated population of 6.5 million inhabitants. El Salvador's economy contracted 9 percent in 2020 due to the pandemic. The Central Reserve Bank predicts a 9 percent recovery in 2021. In 2020, the United States supplied 26 percent of total imports and received 39 percent of Salvadoran exports, making it El Salvador's primary trading partner.

## Imports of Consumer-Oriented Food Products

In 2020, the United States was the third largest supplier of consumer-oriented products to El Salvador with exports valued at about \$240 million.

EL SALVADOR IMPORTS OF CONSUMER-ORIENTED FOOD PRODUCTS  
2020



Source: Trade Data Monitor, LLC

## Food Processing Industry

In 2020, El Salvador reported \$439 million in global imports of intermediate products, a 10 percent increase from 2019.

El Salvador has been the regional leader in the production and export of snacks, juices, and carbonated beverages, with strong growth potential due to sound infrastructure and readily available land for facility construction.

The food manufacturing industry in El Salvador is growing in categories such as baked goods, prepared foods and confectionery products.

## Food Retail Industry

There are two leading supermarket chains in El Salvador: Super Selectos and Walmart Mexico y Centroamerica. Most consumers prefer to shop at supermarkets because of the perception that they are cleaner, safer, and have more diverse offerings than open-air markets.

### Quick Facts CY 2020

Global Consumer-Oriented imports: \$1.6 billion

El Salvador Global Ag. exports: \$1 billion

El Salvador Global Ag. imports: \$2.4 billion

El Salvador Ag. imports from the U.S.: \$632 million

El Salvador Ag. exports to the U.S.: \$231 million

## Top 10 U.S. Ag Products in El Salvador

1. Corn
2. Soybean Oilcake
3. Wheat
4. Food Preparations
5. Rice
6. Pork
7. Chicken cuts
8. Sauces
9. Beverages
10. Potatoes

## GDP/Population

Population: 6.5 million (July 2021 est.)

GDP (USD): \$27 billion (2019 est.)

GDP per capita (USD): \$8,776 (2019 est.)

Source: Trade Data Monitor, LLC., World Bank, CIA-The World Fact Book

## 2020 EL SALVADOR TOP 10 CONSUMER-ORIENTED PRODUCTS GLOBAL IMPORTS

CATEGORY	AMOUNT	MARKET SHARE
Dairy Products	\$ 350,165,725	23%
Soup & Other Food Preparations	\$ 173,786,682	11%
Beef & Beef Products	\$ 169,918,698	11%
Bakery Goods, Cereals, & Pasta	\$ 146,268,794	9%
Fresh Fruit	\$ 107,178,739	7%
Fresh Vegetables	\$ 83,127,769	5%
Non-Alcoholic Bev. (ex. juices, coffee, tea)	\$ 69,005,246	4%
Condiments & Sauces	\$ 60,542,080	4%
Processed Vegetables	\$ 43,378,688	3%
Poultry Meat & Prods. (ex. eggs)	\$ 42,298,179	3%

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## **SECTION I: MARKET SUMMARY**

El Salvador is the smallest country in Central America. Its population is an estimated 6.5 million inhabitants, and approximately 62 percent of people live in urban areas, with about 1.8 million living in the capital, San Salvador.

Like many countries, El Salvador's economy suffered a deep negative impact in its economic growth because of the COVID-19 pandemic, contracting 9 points in 2020. The International Monetary Fund forecasted a gradual recovery for 2021 of 4 percent. However, according to the latest released data from the Central Reserve Bank, during 2021 El Salvador's economy will grow 10.3 percent, driven mainly by greater industrial production, exports, capital investment and increased household consumption. Remittances are also a driver for higher consumption and as of September of 2021, El Salvador has received \$5.5 billion, which is 31 percent more than the same period in 2020.

Economic sectors that have been hit the hardest with the pandemic are tourism and services, which includes hotels and restaurants. According to the latest data available, it has been estimated that the Hotel/Restaurant sector lost around \$440 million by the end of 2020. The Restaurant Association of El Salvador reported that at least 150 establishments (which represent 30% of their associates) have closed because they were not able to adapt their operations during the quarantine or cannot continue their business given the high operational expenses. For more detailed information on the hotel and restaurant sector please see our [Food Service-Hotel Restaurant Institutional GAIN report](#).

Despite the pandemic, the influx of remittances has continued, and this has a direct and strong influence the economy and the purchase of imported food products. As of September 2021, the Central Reserve Bank reported that a total of \$5.5 billion had been received as remittances, 96% of which from Salvadorans living in the United States. This positive performance of remittances is due to a variety of factors, such as the economic and employment rate recovery in the United States, as well as the economic stimulus programs granted to U.S. residents. At this moment, remittances are expected to keep the same pace as Salvadorans were granted an extension of their work permits under the Temporary Protected Status (TPS) until December 31, 2022.

The Government of El Salvador (GOES) promotes an open, free market economy and the current administration has been working on efforts to facilitate trade by creating working commissions that include government and private sector representatives, such as the reactivation of the CIFACIL group in 2019. Their focus is to identify and propose solutions to bottlenecks in the main trade-related government offices, and therefore ease the import/export processes for companies.

Salvadoran eating habits are highly influenced by a faster-paced lifestyle. Although teleworking is still widely used, there are many companies and institutions that have started rotating schedules, and therefore traffic has returned to pre-pandemic levels. Long commute times contribute to additional restaurant consumption.

According to the “Multi-Purpose Homes Survey” conducted by the Ministry of Economy in 2020, working Salvadorans spent a monthly average of \$47 on lunches in restaurants/cafeterias, a slight decrease compared to the \$51 average reported in 2019, which may be due to teleworking. According to Euromonitor, in 2020, Salvadorans’ annual per household expenditures in eating out for an average worker from different economic sectors was \$1,181.60, or approximately \$98.50 monthly.

Consumer-oriented products with a health benefit focus are currently selling well as Salvadorans are more concerned about their health as a result of the pandemic. Other best performing categories during 2020 were: dairy, soups, beef, baked goods, fresh fruits and vegetables. For more information on Salvadoran food trends, please see our [Retail Foods GAIN Report](#) and the [Food Processing Ingredients GAIN Report](#).

**Advantages and Challenges for Exporting Agricultural products to El Salvador:**

Advantages	Challenges
U.S. agricultural and food products are sought after by El Salvador’s HRI sector, as they have an excellent reputation among consumers and are known for their high quality and food safety standards.	U.S. agricultural and food products are more expensive than some regionally available food products. Guatemala, Canada, Mexico, and Chile are strong competitors.
Major retailers are developing increasingly sophisticated distribution systems, which will provide more space and better cold chain technology for high-value imports	Importers tend to buy small quantities to test the market. In general, U.S. companies are not interested in exporting small quantities.
The implementation of CAFTA-DR lowered or eliminated duties for most U.S. food products.	High marketing costs (advertising, discounts, sampling, etc.) make it difficult to promote new products.
With the recent boom in urban developments and expansion of shopping centers, new retail outlets are available to sell more U.S. food products.	Security issues along with increasing costs of distribution, limit the ability of stores to promote products at the national level.

Exposure to U.S. media as well as language, culture, and commercial ties to the United States, contributes to positive attitudes toward U.S. products.	El Salvador's drastic drop in GDP due to the pandemic(-9 percent forecasted by International Monetary Fund) directly affects family income, limiting consumption of higher value, imported food products.
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## SECTION II. EXPORTER BUSINESS TIPS

Successful introduction of products into the Salvadoran market depends on local representation and personal contacts. The advantages of local representation include market knowledge, up-to-date information, guidance on business practices, import policies, sales contacts, and market development expertise.

El Salvador is a business-card society and it is important to exchange business cards at the first meeting. Initially, Salvadoran business relationships and meetings are formal. You are expected to use proper titles, shake hands before and after your meeting, and not use a person's first name until a relationship has been solidified. Use the formal Señor (Mr.) or Señora (Mrs.) before the last name (i.e. Señor Gomez, Señora Ramirez).

It is highly recommended that U.S. exporters reach out to Salvadoran buyers that attend U.S. trade shows or Cooperators focused Trade Missions, which have started to be carried under the virtual environment with successful results.

Other considerations:

- Support local importers for in-store promotion activities and point of sale materials.
- Most importers prefer shipments from the Miami area and consolidation is the best option when shipping small volumes.
- Establish a collaborative relationship with the importer to facilitate the product registration process and subsequent entry of the product.
- Personal visits to El Salvador are highly encouraged in order to see trends and understand Salvadoran consumer preferences.

## SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

### ● Customs Clearance

Usually when clearing a product through Customs, a Customs inspector, a Customs officer, and a Ministry of Health (abbreviated MINSAL in Spanish) inspector are involved in the process. English is the commercial language used on import documents. On average, it takes approximately three to five days to clear a product through customs. Most importers

use a customs agent to expedite clearing procedures as much as possible. Currently, there is no appeal procedure in place for disputed product rejections.

- **Documents Generally Required by the Country Authority for Imported Food:**

The GOES requires importers to be registered with MINSAL. Importers must also register each product and size presentation that will be imported to ensure the product is fit for human consumption. Registration of a product, once granted, is valid for five years. MINSAL has created a new procedure to request an online import permit and it is the only authorized method to request permits for food and beverages. The new system minimizes the processing time for import permits to 3 minutes or less. In general, most products are subject to lab tests performed by MINSAL when undergoing routine controls and when the product is registered. Certificates of Free Sale are also required for imported products. A Certificate of Free Sale (CFS), ideally, is a certificate from an official, public health agency stating that the product to be imported meets all health and sanitary requirements of that agency, and which is freely sold and consumed in the country of origin. However, MINSAL has recently changed the product registration norm for C Risk products and no longer requires a CFS for these products. In lieu of the CFS, MINSAL now accepts an export sanitary certificate from a Federal, State or approved Private institution. For U.S. products, in the case of meat and meat products, the Ministry of Health accepts the Food Safety Inspection Service (FSIS) 9060-5 certificate. For other U.S. food and beverage products, the Ministry of Health will accept the Export Certificate issued by an official U.S. government institution. See our [Food and Agricultural Imports Regulations and Standards \(FAIRS\) GAIN Report](#) and our [FAIRS Export Certificate Report](#) for complete guidance on CFS and other specific import requirements.

- **Country Language Labeling Requirements**

The Salvadoran Body for Technical Regulations (OSARTEC) is working on labeling regulations based on Codex. Currently, food products with U.S. labels are common throughout the distribution chain. However, the GOES requires that a sticker in Spanish that includes a list of ingredients, manufacturing method, and expiration date be used until the requirement of Spanish/English labels is fully implemented.

For processed products, expiration dates are required. For higher value and fresh products, both the manufacturing and expiration date is required. A country of origin certificate for products coming in under a free trade agreement is required for all products imported into El Salvador.

Nutritional labeling is not required by the Ministry of Health at this time. However, the U.S. nutrition label needs to be reviewed by the Nutrition Department of the Ministry of Health in order to be accepted. Some locally produced products at the retail level have nutrition facts in English to comply with U.S. regulations due to expectations of exporting to the U.S.

market under the Dominican Republic-Central America- United States Free Trade Agreement (CAFTADR). Local health officials say that since most Salvadorans do not speak English, they could be basing their opinion on the picture that is used on the label by U.S. manufacturing companies and could therefore be misled.

- **Tariffs and FTAs**

El Salvador remains committed to free markets and a diversified export-oriented economy. It is a member of the World Trade Organization (WTO) and is a signatory to [10 free trade agreements](#).

On August 20, 2018, El Salvador officially joined the Guatemala-Honduras Customs Union. Except for sensitive agricultural products such as white corn, rice, poultry and dairy, most U.S. food products have duty free access to the Salvadoran market under the CAFTA-DR agreement. Sensitive products are managed under a Tariff Rate Quota (TRQ) system that is managed by the Ministry of Economy's Free Trade Administration Division (DATCO). Poultry TRQ's are managed by the U.S. and Salvadoran poultry industries under the Central America Poultry Export Quota (CAPEQ) system.

- **Trademarks and Patents Market Research**

An individual can acquire exclusive trademark rights by registering a branded product with the National Registry Center (CNR). Trademark registrations are granted for a period of 10 years and can be renewed indefinitely for similar periods.

#### **SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS**

The retail sector continues to be a key growth area of the Salvadoran economy, fueled by increasing purchasing power, mainly due to the constant influx of remittances and a steady expansion of consumer credit.

Given the large diaspora living in the United States, El Salvador is highly influenced by the American culture in general, which includes food preferences. In this regards, a good number of U.S. food franchises have presence in El Salvador and despite the pandemic they continue to perform well. There has been a boom in coffee shops or small bistro-type of restaurants where many solid/large franchises compete with small, gourmet-oriented entrepreneurs that look to sell not only food but a culinary experience. Salvadorans like to get together at coffee shops or small restaurants for breakfast and a lot more for informal/business meetings. The boom in this sector brings more demand for bakery products, dairy products, cocktails, smoothies, milk shakes, fresh fruits and fruit juices.

Another trend is the opening of different shopping/commercial buildings in different areas of El Salvador. Currently, there are a few office buildings and hotels under construction, among which is Plaza Millennium, a complex of mixed uses: Millennium Residences (a 10-story building and

a Pent House) a hotel with about 180 rooms, convention center and sports court, and finally, Millennium Tower, that according to the contractor will be an office building of 110 meters (or 3601 feet) tall, which will make it the tallest building in El Salvador so far. All of these projects represent a great venue to promote imported foods/beverages.

With the pandemic, large retailers continued their expansion plans and revamped their online stores, which allowed for increased sales and attract consumers to use the digital channels to shop and interact with them. For more details on this topic please read our special GAIN report [“El Salvador: e-Commerce flourishes with COVID-19”](#).

**Competitive Situation**

Other Central American countries, Mexico, and Chile are the main trade competitors for the United States regarding consumer-oriented products. Although the Salvadoran food industry is less developed than in other Central American countries, it is currently the regional leader in the production and export of snacks, juices and carbonated beverages. Generally, Salvadoran food manufacturers rely on imports of ingredients. High food safety standards, excellent quality and technical support or assistance in the development of new products all give U.S. food ingredients a competitive advantage.

**SECTION V. AGRICULTURAL AND FOOD IMPORTS**

El Salvador's food and beverage market is estimated to be \$8.4 billion in size and has had a compound annual growth rate of 2% over the past 5 years. This positive trend in imports is a competitive advantage for U.S. food products, especially for niche products. In 2020, the United States exported to El Salvador over \$632 million of Agricultural products, registering higher export levels in the following categories: pork & pork products, dairy, fruits and nuts.

Salvadoran consumers in general are very receptive to new food brands, mainly specialty/international foods, but education on health benefits and cooking demos with tastings are key.

**Best High Value, Consumer Oriented product prospects:**

Based on a very recent consumer-oriented study contracted by our office revealed that these are currently the Top-Ten best products prospects, which have had a Compound Annual Growth Rate (CAGR) for the past 10 years of 5 percent or higher:

1. Non-Alcoholic Beverages: No-sugar juices or sodas, low sugar beverages, drinks with natural ingredients, rehydration beverages.	6. Processed cheese, not grated or powdered
2. Fresh cheese including “whey” cheese and curd: fat-free cheese, cheese without artificial ingredients.	7. Preparations for sauces and prepared sauces: natural sauces, low-fat sauces, exotic flavors, convenient preparations for sauces.
3. Frozen, boneless meat or plant based meat: meat with no fat, plant based meat for hamburgers	8. Sweet biscuits: low sugar, natural and healthy ingredients, sustainable packages
4. Bread, pastry, cakes, biscuits and other bakers wares: biscuits, low-carb or with no sugar, gluten-free bread, healthy snacks, portioned and convenient bakers.	9. Milk and cream in solid forms; food preparations of flour: fat-free brands, fortified with minerals and vitamins, Paleo Diet.
5. Fresh or chilled deboned beef	10. Malt extract; food preparations of flour, groats, meal, starch or malt extract.

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Fresh Fruit	\$ 107,178,739	7%
Fresh Vegetables	\$ 83,127,769	5%
Non-Alcoholic Bev. (ex. juices, coffee, tea)	\$ 69,005,246	4%
Condiments & Sauces	\$ 60,542,080	4%
Processed Vegetables	\$ 43,378,688	3%
Poultry Meat & Prods. (ex. eggs)	\$ 42,298,179	3%
Other	\$ 304,139,211	20%
<b>TOTAL:</b>	<b>\$ 1,549,809,811</b>	<b>100%</b>

Source: Trade Data Monitor

**SECTION VI. POST CONTACT AND FURTHER INFORMATION**

Office of Agricultural Affairs  
 USDA/FAS  
 U.S. Embassy El Salvador  
 Boulevard Santa Elena Sur y Calle Conchagua  
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 Website: [www.fas.usda.gov](http://www.fas.usda.gov)

**Local Key Contacts**

<b>Agency:</b>	<b>Ministerio de Salud (Ministry of Health)</b>
<b>Division:</b>	Departamento de Atencion al Medio Ambiente (Environment Attention Office)
<b>Contact:</b>	Mrs. Ana Lila de Urbina
<b>Address:</b>	Alameda Roosevelt, Edificio Laboratorio Central Dr. Max Bloch, San Salvador.
<b>Phone:</b>	(503) 2594-8559 / 2205-1613
<b>Email:</b>	<a href="mailto:aurbina@salud.gob.sv">aurbina@salud.gob.sv</a>
<b>Web:</b>	<a href="http://www.salud.gob.sv">www.salud.gob.sv</a>

<b>Agency:</b>	<b>Ministerio de Agricultura y Ganadería (Ministry of Agriculture and Livestock)</b>
Division:	Dirección General de Ganadería- DGG (Livestock General Direction Office)
Contact:	Eva María Díaz de Molina
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Web:	<a href="http://www.mag.gob.sv">www.mag.gob.sv</a>
<b>Agency:</b>	<b>Centro para la Defensa del Consumidor (Consumer Protection Center)</b>
Division:	Presidency
Contact:	Mr. Ricardo Salazar
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Web:	<a href="http://www.defensoria.gob.sv">www.defensoria.gob.sv</a>
<b>Agency:</b>	<b>OIRSA – Organización Regional para Sanidad Agropecuaria (Regional Organization for Agricultural Health)</b>
Division:	Executive Direction
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**Attachments:**

No Attachments