

Required Report: Required - Public Distribution

Date: January 02,2020

Report Number: ES2019-0011

Report Name: Exporter Guide

Country: El Salvador

Post: San Salvador

Report Category: Exporter Guide

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Report Highlights:

In 2018, the United States exported \$545 million of agricultural products to El Salvador and recovered its position as the leading supplier with 35 percent market share. As the hotel/restaurant sector grows in El Salvador, the food service sector continues to demand more high quality, conveniently packed and innovative food products. Best growth performing categories during 2018 were juice extracts, fats/oils, flour/baking inputs, meats, dairy, condiment and sauces. The market for U.S. origin seafood was also opened in 2018.

Market Fact Sheet: El Salvador

Executive Summary

El Salvador is slowly recovering economic dynamism, with projections to close 2019 with 2.4 percent growth. The United States is El Salvador's main trading partner; 32 percent of total imports come from the United States and 44 percent of exports go to the United States.

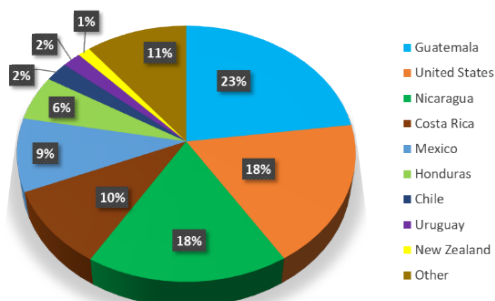
The food and beverage-manufacturing sector plays a key role in the Salvadoran economy, making up 32 percent of the total manufacturing sector and contributing over 6 percent to GDP.

Salvadoran consumers constantly demand new and innovative food products, but they are also very sensitive to price. In 2018, total imports of agricultural products reached \$2 billion.

Imports of Consumer-Oriented Products

In 2018, the United States was the second largest supplier of consumer-oriented products to El Salvador, with exports valued at US\$187 million.

El Salvador- Consumer Oriented Agricultural Imports 2018 (Market Share)



Source: Trade Data Monitor, LLC.

Food Processing Industry

El Salvador's food industry is less developed than in neighboring countries. However, it is currently the regional leader in the production and export of snacks, juices, and carbonated beverages. Salvadoran food manufacturers rely on imports of ingredients. In 2018, food imports reached over \$750 million. Local manufacturers are starting to pay closer attention to global trends to be able to compete with international suppliers.

For more details please see our [Food Processing Industry GAIN report](#).

Food Retail Industry

Super Selectos and Walmart Mexico y Centroamerica. Most consumers prefer to shop at supermarkets because of the perception that they are cleaner, safer and carry special promotions that are not offered in other retail outlets like the open-air markets. Discount stores, such as Dollar City and Dollar Store are quickly spreading across the country and have become a new outlet for retail food sales.

Quick Facts CY 2018

Imports of Consumer-Oriented Products from the U.S.: \$187 million

List of Top 10 U.S. Ag Products in El Salvador during 2018:

- | | |
|----------------------|----------------------------|
| 1) Corn | 6) Durum wheat |
| 2) Soybean oilcake | 7) Frozen potatoes |
| 3) Wheat | 8) Sauces and preparations |
| 4) Food Preparations | 9) Pork meat |
| 5) Rice | 10) Chicken cuts |

Trade

El Salvador Ag. exports to the world: \$1 billion

El Salvador Ag. imports from the world: \$2 billion

El Salvador Ag. imports from the U.S.: \$545 million

El Salvador Ag/ exports to the U.S.: \$207 million

GDP/Population

Population (millions): 6.2 million

GDP (billions USD): \$51.2

GDP per capita (USD): \$8,000

Source: Trade Data Monitor, LLC., CIA-The World Fact Book, "Multiple Purposes Home Survey-2019" from El Salvador's Ministry of Economy.

Top Ten Growth Categories for Imported Ag. Products

Description	2017	2018	2018/2017 Change (%)
Fats And Oils Derived From Milk, N.E.S.O.I.	\$ 121,169.00	\$ 649,936.00	436%
Apple Juice, Nesoi, Not Fortified With Vitamins Or Minerals, Unfermented, Not Containing Added Spirit, Whether Or Not Sweetened	\$ 140,447.00	\$ 425,336.00	203%
Products Consisting Of Natural Milk Constituents, Whether Or Not Sweetened, Nesoi	\$ 611,308.00	\$ 1,725,071.00	182%
Offal Of Swine Except Livers, Edible, Frozen	\$ 205,259.00	\$ 554,829.00	170%
Strawberries, Fresh	\$ 884,479.00	\$ 2,368,691.00	168%
Meat Of Swine, Nesoi, Salted, In Brine, Dried Or Smoked	\$ 133,152.00	\$ 342,318.00	157%
Potatoes, Except Seed, Fresh Or Chilled, Nesoi	\$ 5,941,216.00	\$ 12,270,648.00	107%
Carrots And Turnips, Fresh Or Chilled	\$ 2,052,758.00	\$ 4,136,114.00	101%
Peaches, Including Nectarines, Fresh	\$ 822,468.00	\$ 1,636,304.00	99%
Meat Of Bovine Animals, Cuts With Bone In (Other Than Half Or Whole Carcasses), Frozen	\$ 1,955,986.00	\$ 3,618,735.00	85%

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SECTION I: MARKET SUMMARY

El Salvador is the smallest country in Central America. Its population is an estimated 6.2 million inhabitants, and it is slowly recovering economic dynamism with 2.4 percent projected growth according to the most recent World Bank predictions. The food and beverage sector in El Salvador play a key role in the economy, contributing over 6 percent to national GDP and 32 percent to the manufacturing industry's GDP.

A factor that has a direct and strong influence on the Salvadoran economy and purchasing power is remittances. As of November 2019, total remittances received reached \$5.1 billion and 95 percent of that comes from Salvadorans living in the United States. Remittances are expected to keep the same pace during 2020 as Salvadorans were granted an extension of their work permits under the Temporary Protected Status (TPS) until January 2021.

The Government of El Salvador (GOES) promotes an open, free market economy and current administration has been working on efforts to facilitate trade by creating working commissions that include government and private sector representatives. The idea of these commissions is to identify bottlenecks in the main trade-related government offices, so that win-win solutions can be proposed and implemented if immediate execution is possible. There have been new regulations that have been successfully implemented during 2019, such as the prohibition in schools to selling sodas and any foods or snacks that are high in fats, sugar or sodium. A need for healthier snacks and beverages represents a good opportunity for U.S. consumer-oriented food products.

Although El Salvador is the smallest country in Central America, it is densely populated with 6,187,271 (est. July 2018) inhabitants. Approximately 62 percent of people live in urban areas with about 1.8 million people living in the capital, San Salvador. Migration to the capital accelerated in the 1980's because of civil conflict, and continued thereafter due to natural disasters, a shrinking agricultural sector and gang related violence.

Salvadoran eating habits are highly influenced by a faster-paced lifestyle. As commuting times have increased, people are leaving their homes earlier in the morning and are eating out more often. Salvadorans spend about half of their income on food. Per capita monthly expenditures for out of home lunch and dinner are \$84 on average. These numbers are high considering that average monthly income is approximately \$584, and the cost of the basic food basket is \$185 for a family of four.

Best performing categories in 2018 for U.S. consumer-oriented exports to El Salvador were juice extracts, fats/oils, flour/baking inputs, meats, dairy, condiment and sauces. 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 high unemployment rate (7 percent by Dec 2019-forecast by International Monetary Fund) directly affects family income, limiting consumption of higher value, imported food products.

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).

Culturally speaking, Salvadorans have adopted much of U.S. culture such as music, sports, fashion, and fast foods. Therefore, most large U.S. fast food franchises have outlets in El Salvador. Food courts located in shopping malls are popular and serve as a place to socialize. Home/office delivery service has caught on quickly as well.

It is highly recommended that U.S. exporters reach out to Salvadoran buyers that attend U.S. trade shows, especially the following shows: Americas Food and Beverage, National Restaurant Association Show, International Dairy-Deli-Bakery Show, Summer Fancy Food Show and Natural Products Expo.

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 require importers 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 that will be the only authorized method to request permits for food and beverages. The new system will minimize 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. In the case of meat and meat products the Ministry of Health accepts the Food Safety Inspection Service (FSIS) 9060-5 certificate for in lieu of the Certificate of Free Sale. 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](#) for complete guidance on CFS.

- **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 require 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 (CAFTA-DR). 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 the Central American Common Market and a signatory to the CAFTA-DR agreement since March 1, 2006. El Salvador also has trade agreements with Mexico, Chile, Panama, Colombia, Taiwan, the Dominican Republic, Venezuela and the European Union. In 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.

For further information, please refer to our [GAIN FAIRS 2019 Country Report](#) and [FAIRS Export Certificate Report](#).

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.

The GOES view foreign investment as crucial for economic growth and development and has taken numerous steps in recent years to improve the investment climate. U.S. food franchises have increased their presence in El Salvador rapidly. There is a boom in coffee shops where recognized international and local franchises compete with independent or family-owned coffee shops. Salvadorans usually get together at coffee shops or small restaurants for breakfast and/or informal 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 that offers growth potential for restaurants/hotels, and therefore increases consumption of U.S. food products, is the construction of multi-use facilities. In 2018-2019 these multi-purpose buildings that feature retail and restaurants combined with office space have opened in San Salvador such as Bambu City Center. This innovative concept has spread to other cities like San Miguel, where the very first multiple-use complex, Garden Mall, is being built with a Walmart and a movie theater as its main anchors.

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, give U.S. food ingredients a competitive advantage.

For more information on opportunities and market access to Salvadoran retail and food service markets, please review our [Retail Foods](#) and [Food Service-Hotel, Restaurant and Institutional](#) reports.

SECTION V. AGRICULTURAL AND FOOD IMPORTS

In 2018, the United States exported a total of \$545 million of Agricultural products, registering record export levels in the following categories: pork & pork products, poultry meat & products, meat products, and condiments and sauces.

Salvadoran consumers are 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:

- Deli meats and ready to serve platters
- Dairy substitutes
- Organic foods and beverages
- Ancient grains (i.e. quinoa, amaranth, chia, etc.)
- Lactose-free/gluten-free/sugar-free beverages.
- Gourmet/non-traditional dips (i.e. herbal cream cheeses, hummus, etc.)
- Artisan-made and/or special sauces and condiments
- Energy boosters/ sports drinks

**Top Ten Growth Categories for Imported Ag. Products
2017/2018
(in million of dollars)**

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Source: Trade Data Monitor, LLC.

SECTION VI. POST CONTACT AND FURTHER INFORMATION

Office of Agricultural Affairs
 USDA/FAS
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Local key contacts:

Agency:	Ministerio de Salud (Ministry of Health)
Division:	Departamento de Atencion al Medio Ambiente (Environment Attention Office)
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Email:	aurbina@salud.gob.sv
Web:	www.salud.gob.sv
Agency:	Ministerio de Agricultura y Ganadería (Ministry of Agriculture and Livestock)
Division:	Dirección General de Ganadería- DGG (Livestock General Direction Office)
Contact:	Mr. Carlos Jesus Argueta
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Agency:	Centro para la Defensa del Consumidor (Consumer Protection Center)
Division:	Presidency
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Attachments:

No Attachments