



**TRADE POLICY REVIEW**

REPORT BY

EL SALVADOR

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by El Salvador is attached.

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Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on El Salvador.

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## 1 INTRODUCTION

1.1. This is El Salvador's fifth Trade Policy Review at the World Trade Organization (WTO). Since its last review in 2016, El Salvador has made significant progress in economic and trade matters through the implementation of measures to increase productivity, facilitate trade and promote leveraging of the opportunities that free trade offers. Steps have also been taken to create a business climate favourable to foreign direct investment (FDI) and local investment, including measures to simplify and speed up procedures facilitating the establishment, operation and growth of investments. All these actions come under the Sustainable and Inclusive Economic Growth Ecosystem of El Salvador (2020-24), and are consistent with the Cuscatlán Plan (Government Plan) and the country's Trade and Investment Policy.

1.2. Much of the review period (2017-21) was marked by the globally unprecedented health and economic crisis triggered by the COVID-19 pandemic, which was overlapped by the supply chain crisis, rising fuel and input prices and a global scenario of inflation and climate change. Nevertheless, El Salvador has addressed these challenges decisively, supporting various sectors – primarily the most vulnerable, and implementing measures to ensure the well-being of its population. As a result, El Salvador is currently very well placed in terms of economic performance.

1.3. El Salvador stands out as one of the countries that best managed the pandemic worldwide. Together with the economic measures it took (including the provision of funding to businesses affected by the pandemic, and economic compensation vouchers for the general public), its handling of the pandemic contributed to the rapid renewed upturn in economic growth, reaching 10.3% in 2021.<sup>1</sup>

1.4. El Salvador is confident that the opportunities afforded by international trade, together with domestic policies that promote the exploitation of such opportunities, will continue to foster trade, FDI and local investment. They will thus generate new sources of employment and improvements in the population's standard of living.

1.5. El Salvador's trade policy will continue to focus on expanding access to external markets for Salvadoran products and services by deepening relations with our main trading partners and developing closer ties with new strategic partners.

1.6. In line with its commitment to the multilateral trading system, El Salvador will also continue to participate actively in the negotiations, the work of the Regular Committees and the cutting-edge issues that are important to WTO Members. Similarly, El Salvador will continue to contribute constructively to discussions on WTO reform to ensure that the Organization maintains its relevance and responds effectively to present and future international challenges.

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<sup>1</sup> Source: Central Reserve Bank of El Salvador (BCR). Viewed online at: <https://www.bcr.gob.sv/2022/03/31/la-economia-salvadorena-crecio-10-3-en-2021>.

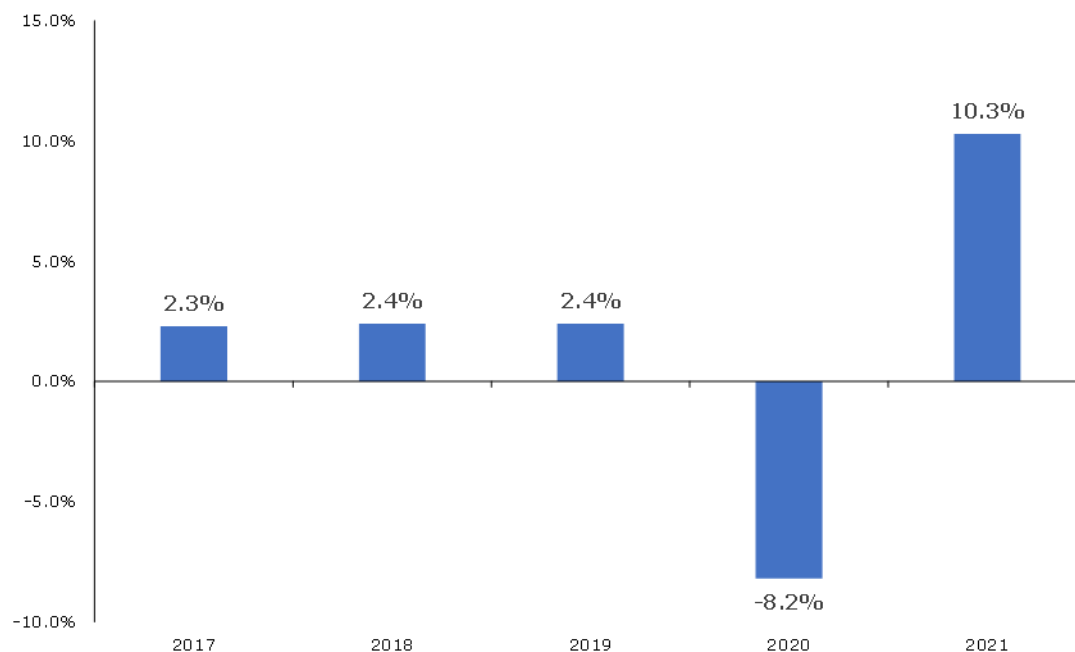
## 2 ECONOMIC AND TRADE POLICY ENVIRONMENT

***Despite the significant global challenges faced during the review period, El Salvador has reached a historic point in its economic performance, and has unprecedented levels of investment and trade in goods and services.***

2.1. Although the Salvadoran economy contracted in 2020, like the vast majority of the world's economies, 2021 saw improvements in economic indicators such as double-digit growth in gross domestic product (GDP) and a rebound in exports and investment. The response measures taken by the Government to mitigate the impact of the various crises faced since 2019 have provided relief to those most in need while contributing to the rapid recovery in the economy and employment.

2.2. Other elements that contributed to this rapid recovery were: (a) continued demand for services and goods produced in El Salvador, (b) the capacity for rapid restructuring in the production sectors and (c) highly productive Salvadoran human talent. As a result, the Salvadoran economy grew by 10.3% in 2021 (Chart 2.1), providing confirmation of a full, rapid and robust economic recovery that year. Moreover, the growth outlook for 2022 is 2.8%, according to projections by the Central Reserve Bank of El Salvador (BCR).

**Chart 2.1 Change in GDP weighted by chain volume index (2017-21)**



Source: Central Reserve Bank of El Salvador.

2.3. Formal employment has grown steadily since July 2020. According to the records of the Salvadoran Social Security Institute (ISSS), all jobs affected by the pandemic had been fully recovered by July 2021 and employment had even grown again by a further 46.4% by December of that year.<sup>2</sup> The positive trend in accelerated growth of employment continued in 2022, bringing the country close to one million formal jobs for the first time in its history.

2.4. Trade in goods and services continues to be one of the main drivers of the Salvadoran economy. In 2021 the country experienced the highest level of exports in its history, equivalent to USD 6,628.8 million, an increase of 31.8% compared to 2020. This is one of the highest recorded levels of growth in exports.<sup>3</sup> The positive trend continued in 2022, with growth of around 12%,

<sup>2</sup> Salvadoran Social Security Institute (ISSS) (2022). Employers and workers reported to and listed with the ISSS (number and average monthly wage). Transparency portal, viewed at: <https://www.transparencia.gob.sv/institutions/iss/iss/documents/estadisticas>.

<sup>3</sup> According to the BCR, total exports of goods produced by El Salvador amounted to USD 6,628.8 million at end-2021, representing growth of 31.8% (USD 1,600.4 million more) compared to

compared to 2021, expected for sectors with high export levels, including textile and clothing manufactures, food products and rubber and plastic products.

2.5. The tremendous efforts made by the export sector to increase sales are bearing fruit, and this is reflected in the fact that 84.4% of the production sectors have improved their export performance. Moreover, these sectors account for 99.9% of the country's total exports, according to data from the BCR. The World Bank's projections are also favourable in terms of expectations of new export opportunities for Central America owing to the accelerated regionalization of global value chains in the direction of North America.<sup>4</sup>

2.6. El Salvador's global exports show clear signs of diversification. The country exported 2,321 products with a monetary value of USD 5,000 or more, in addition to recording 72 more new export products that were not exported prior to the COVID-19 pandemic. Between 2017 and 2021, there was a record number of export businesses active in the country, averaging 2,500. El Salvador will draw on these major accomplishments as it continues its efforts to diversify its exportable supply and its destination markets.

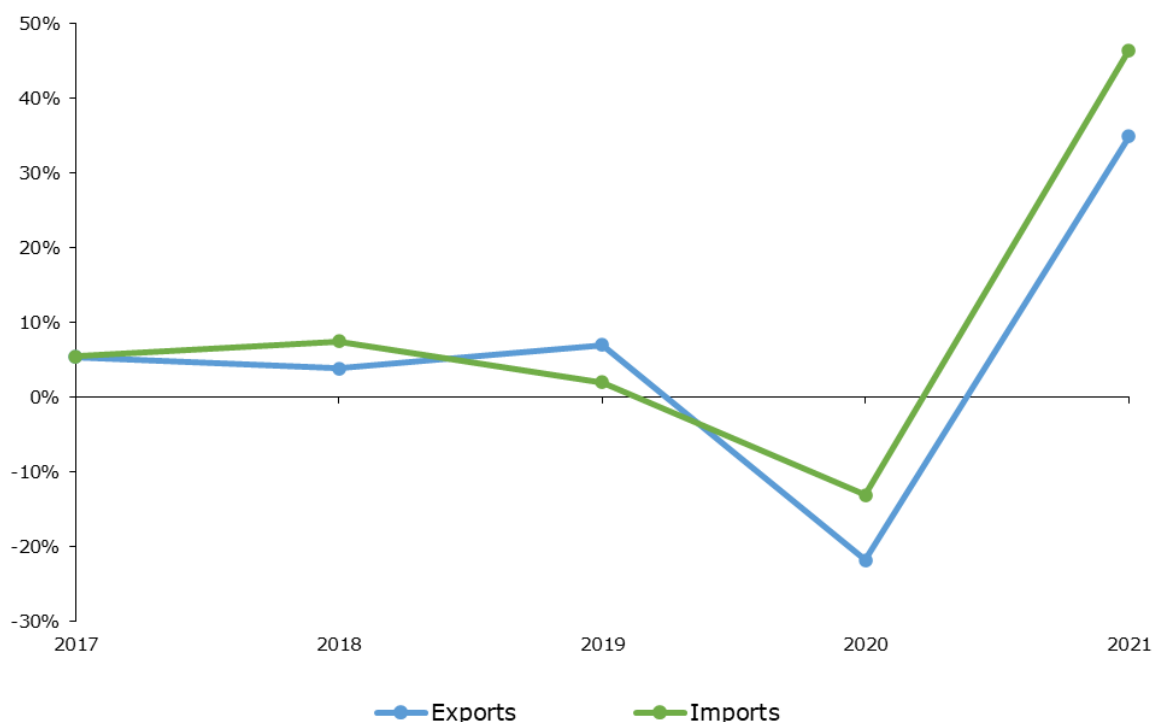
2.7. The buoyancy of Salvadoran exports in the post-pandemic period was accompanied by a 47.1% leap in imports in 2021. Surging imports are associated with greater availability of the goods required for domestic production; more specifically, 44% of imports comprise intermediate goods, and 18% capital goods.

2.8. Services sector exports amounted to USD 2,019 million in the first half of 2022, representing record growth of 32% compared to the first half of 2021. The leading exports in this sector were (a) travel, at USD 287 million, an increase of 52%, and (b) transport, at USD 100 million, an increase of 53%. Moreover, in the first half of 2022 the balance of trade in services showed a record surplus of USD 698 million, a rise of 24% on 2021. Broadly speaking, trade in both goods and services recovered in 2021 (Chart 2.2).

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2020, and 12.3% compared to 2019. The final figure at December was 6.8 percentage points higher than the growth projected by ECLAC for Latin America and the Caribbean (estimated at 25% for 2021), reflecting the strong and rapid recovery of the country's export sector.

<sup>4</sup> World Bank (2021). *Unleashing Central America's Growth Potential*, viewed at: <https://openknowledge.worldbank.org/bitstream/handle/10986/35503/Unleashing-Central-Americas-Growth-Potential.pdf?sequence=7&isAllowed=y>.

**Chart 2.2 Change in trade in goods and services**

Source: Central Reserve Bank of El Salvador.

2.9. The net inflow of FDI at end-2021 totalled USD 314.2 million, an increase of USD 34.3 million or 12.2% compared with 2020. The main countries of origin were the United States, Panama and Spain. The sectors receiving the most FDI in 2021 were financial activities, wholesale and retail trade, and electricity supplies. Inflows of FDI recovered well in 2022 and by the third quarter of the year were more than USD 242.23 million higher than in 2021; the financial and trade sectors were the main recipients.

2.10. In 2021 private investor confidence was reflected in substantial new investment projects: the balance in private investment announced in December that year was USD 10,378 million, a 2% increase on 2020. The sectors with the highest investment were finance and insurance, wholesale and retail trade, and information and communications. According to the National Registry Centre (CNR), the year 2022 marked a historic peak of 4,011 new companies.

2.11. The upward trend in the flow of remittances was maintained during the pandemic, achieving a record figure of USD 5,929.9 million at end-2020, followed by USD 7,517.7 million in 2021, equivalent to an increase of 26.6% over the previous year.<sup>5</sup> Flows of remittances grew at an average annual rate of 10.8% between 2017 and 2021. Remittances contribute to the Salvadoran economy in several ways, including consumption, payment for basic services, medical expenses and investment in real estate.

### **3 RESPONSE TO THE COVID-19 PANDEMIC CRISIS: MEASURES IMPLEMENTED BY THE GOVERNMENT OF EL SALVADOR TO ADDRESS GLOBAL CRISES SINCE 2019**

3.1. As in other countries, El Salvador's economy was adversely affected by the various crises it faced from 2019 onwards. In order to reduce the impact on the public and ensure their well-being, the Government acted nimbly and effectively to implement a variety of measures that have primarily

<sup>5</sup> Central Reserve Bank (21 January 2022). El Salvador received USD 7, 517.1 million in family remittances in 2021. *Noticias BCR*. Viewed at: <https://www.bcr.gob.sv/2022/01/21/el-salvador-recibio-us7517-1-millones-en-remesas-familiares-durante-2021>.

benefited the most vulnerable sectors. At the same time, actions were taken to help increase competitiveness and promote productive activity in the medium and long term.

3.2. Action to overcome the COVID-19 pandemic crisis focused on three areas: availability of funds to purchase essential goods and services, promotion of international trade and access to credit. The measures aimed at ensuring budgetary availability include the provision of vouchers in the amount of USD 300 to more than one million vulnerable Salvadoran households. Steps were also taken to temporarily defer bill payments for basic services (drinking water, electricity and telecommunications), and tax charge payments were temporarily relaxed.

3.3. Furthermore, during the emergency period, trade liberalization became an important tool in promoting early economic recovery and ensuring the supply of basic products to the population. Consequently, the payment of import tariffs (DAI) on major consumer products, and the property transfer and services tax (VAT) on purchases of maize, beans and rice were temporarily waived under measures to bolster the population's food security.

3.4. The measures taken during the emergency period also included promoting access to credit and increasing the funds available to the financial system so that productive loans could be prioritized for micro, small and medium-sized enterprises (MSMEs).

3.5. With regard to the global inflationary crisis, as of March 2022, the Government of El Salvador implemented a package of 11 measures to combat inflation and mitigate its impact on the population. The measures include the elimination of import duties on certain products, thus sustaining the economic buoyancy experienced previously.

#### **4 THE PATH TO TRANSFORMATION OF EL SALVADOR'S ECONOMY**

4.1. In parallel with the short-term measures implemented in response to the various global crises faced by El Salvador, several strategic programmes have been rolled out with the aim of achieving inclusive and sustainable economic growth in the medium and long term.

4.2. These programmes seek to create an attractive business environment that facilitates trade, establishment, operation and expansion of investments; to generate new and improved employment opportunities, using new tools in the form of managerial and digital skills; to promote the production of high-quality, competitively costed goods and services in order to increase participation in local and international markets through greater innovation and business competitiveness; and to have the security afforded by a modern regulatory framework that inspires confidence, provides legal certainty and encourages investment to the benefit of economic development and Salvadorans' well-being.

4.3. An overview of the strategic programmes is presented below, together with the main outcomes to date.

##### **4.1 Trade facilitation**

***El Salvador sees trade facilitation as the ultimate tool for reducing the time-scales and costs associated with international trade. Progress in this area is evident locally and recognized internationally.***

4.4. The consolidated governance of the National Trade Facilitation Committee (NTFC) and the creation of Annual Work Plans<sup>6</sup>, devised jointly by the business sector and more than 13 government bodies to speed up the movement of goods and reduce the costs involved, were determining factors in achieving the rapid progress perceived and recognized by the domestic business sector, as reflected in El Salvador's positive figures for growth in foreign trade.

4.5. This public-private link-up in the period 2020-22 resulted in three of the Committee's Annual Work Plans becoming operational and the implementation of more than 100 strategic measures that

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<sup>6</sup> Trade Facilitation Action Plan, Work Plan 2022 and the Annex thereto, viewed at: <http://infotrade.minec.gob.sv/wp-content/uploads/Plan-de-Facilitacion-del-Comercio-2022.pdf>.

go beyond even the Trade Facilitation Agreement (TFA) to include modernizing physical and technological infrastructure at border points, ports and airports.

4.6. Thus El Salvador is now one of the WTO Members that has progressed furthest towards TFA compliance. At the same time, the United Nations Conference on Trade and Development (UNCTAD) awarded the Committee of El Salvador a Sustainability Score of 73 points out of 100<sup>7</sup>, the highest score in Central America and one of the highest in Latin America.

4.7. Specific achievements to date under the Annual Work Plans include the following:

4.8. **Simplification and digitization of procedures.** Work to speed up trade-related operations has simplified and digitized procedures, making it possible to submit digital rather than physical documents for the reception of air cargo and the importation and sanitary registration of medicines, medical inputs, cosmetics, hygiene products and alcohol. Electronic signature is part of the simplification and digitization process and the electronic apostille is now available to companies. The Single Window for Foreign Trade also incorporates new formalities for electronic authorization of phytosanitary and zoosanitary certificates, authorization to import chemical substances and authorization of electronic visas for pharmaceuticals, cosmetics, hygiene products, medical devices and chemicals; in all, the single window provides 196 business services.

4.9. **Improved physical and technological infrastructure.** In order to expedite border crossing procedures, the facilities at the El Amatillo border post (border with Honduras) have been modernized with an investment of USD 26 million, as have the facilities at the Angüiatú border post (border with Guatemala) with an investment of USD 15 million. A customs risk system incorporating the use of artificial intelligence has also been introduced at the borders and a self-management system known as MIRANDA has been made available to businesses 24/7 to carry out customs-related formalities.

4.10. Physical upgrades have been made at airports and ports through a public-private partnership and equipment has been procured for the air cargo terminal at Monseñor Óscar Arzero Romero International Airport, making export and import operations more efficient. Moreover, the work to expand the container yard at the port of Acajutla is 65% complete; the port is our main trade connection point to the world and the work has expanded its current storage capacity by 36%.

4.11. In the round, all this work has resulted in improvements such as the reduction from five hours to one hour in the time spent on formalities for goods arriving at the air cargo terminal at the International Airport; similarly, the average customs clearance time at the border for exports has fallen from hours in previous years to an average of 5.3 minutes for final exports and 9.6 minutes for final imports.<sup>8</sup>

4.12. **Modernization of the legal framework related to foreign trade.** A process is under way to update the regulations on plant and animal health and safety and the regulations on food supplements, and to draft a customs code that modernizes and consolidates all the customs regulations in force.

4.13. One of the National Trade Facilitation Committee's most significant achievements in 2022 is the National Trade Facilitation Strategy 2023-27. This Strategy was adopted in December 2022, following extensive consultations with the domestic production sector, and included large and small businesses, the public sector and international cooperation. The objective of the Strategy is to reduce both the time taken to move goods and the cost of foreign trade transactions in order to increase business competitiveness, investment, employment, and ultimately to improve the quality of life of the Salvadoran population.

4.14. The Strategy takes a comprehensive, multi-pronged approach to trade facilitation that addresses the challenges of a constantly evolving economic environment and fully leverages the

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<sup>7</sup> United Nations Conference on Trade and Development (UNCTAD), viewed at: <https://unctad.org/es/topic/transport-and-trade-logistics/trade-facilitation/national-trade-facilitation-bodies/country-detail?country=SV>.

<sup>8</sup> Regional Time Release Study (TRS). Viewed at: [http://www.oie.sieca.int/documentos/ver/20221201531537\\_ETD\\_Completo\\_091221\\_compressed%20\(1\)%20E1\).pdf](http://www.oie.sieca.int/documentos/ver/20221201531537_ETD_Completo_091221_compressed%20(1)%20E1).pdf).



benefits of international trade. The Strategy will contribute to the development of a streamlined, uncomplicated, modern business ecosystem that generates greater competitiveness for businesses. It has five priority areas and one cross-cutting priority: **Priority area 1:** Streamlining and digitization of procedures to create a competitive climate; **Priority area 2:** Modernization of logistics infrastructure to establish a new way of doing business; **Priority area 3:** Coordinated border management and the bid for a single border check; **Priority area 4:** Modernization of the legal framework for foreign trade; **Priority area 5:** Transparency and availability of foreign trade information; and **Cross-cutting priority:** Human talent management.

4.15. In addition to establishing the broad outlines of trade facilitation work in the medium term, the National Trade Facilitation Strategy 2023-27 will determine the specific actions to be implemented year on year, and identify the resources and partners required.

## 4.2 Investment facilitation

*El Salvador sees trade facilitation as the ultimate tool for reducing the time-scales and costs associated with international trade. Progress in this area is evident locally and recognized internationally.*

4.16. Creating a business environment that contributes to attracting and expanding investment is particularly important to El Salvador. Accordingly, the Government is coordinating efforts to simplify and digitize investment-related procedures and make up-to-date information on investment processes and requirements available to businesses. At the same time, a bespoke service is provided to all businesses interested in establishing or expanding their operations in the country.

4.17. The project to simplify and digitize procedures, implemented jointly with 13 public entities, identifies 685 procedures as priorities for the first phase. Of these, 337 have been simplified, reducing response times by an average of 60%, for example procedures for import visas and inspections of agricultural products, and the authorization of sanitary permits to establish and operate industries, agribusinesses and non-food factories. Additionally, at the time of writing, the period for completing 205 procedures is one working day or less, including procedures for the registration and formal establishment of new businesses and procedures related to the registration of intellectual property. Finally, 97 of the formalities on the priority list have already been digitized and are publicly available in full online. They include procedures related to feasibility and construction and inspection permits in compliance with security measures, and procedures concerned with the registration of intellectual property rights.

4.18. The Ministry of Economic Affairs has made the inter-institutional virtual window, MiEmpresa.gob.sv, available to domestic and foreign investors. The window can be used for the expeditious and simultaneous management of business start-up procedures. It can also be used to handle procedures related to business operations, and to obtain information on the periodic obligations that must be met as well as other resources of interest to investors.

4.19. The Export and Investment Promotion Agency (PROESA) provides technical advice and information to potential investors on laws, regulations and procedures. It also promotes investment in the following priority sectors: tourism, textiles and clothing, remote business services, digital services, agro-industry, light manufactures and medical and chemical-pharmaceutical devices.

4.20. One exercise key to generating more investment has been that of ongoing communication with the production and services sectors so as to gain awareness of their needs and opportunities. As a result of this dialogue, regulations have been amended, talent-creation projects implemented and businesses linked to sources of finance, thus removing barriers to growth.

## 4.3 Driving innovation and competitiveness

4.21. Another strategic programme implemented by the Ministry of Economic Affairs is the **Productive Innovation Ecosystem**, which aims to strengthen and increase business competitiveness. The programme relies for its impetus inter alia on a systemic approach to managing innovation in MSMEs, support for business restructuring and productive innovation, the promotion of cleaner production, and the protection and use of intellectual property.

4.22. These efforts include the Fund to promote innovation and competitiveness, known as FONDEPRO, through which non-repayable co-financing is provided to businesses with the aim of increasing their competitiveness, and thus encouraging job creation in the country. Cumulatively to 2022, 55 initiatives were supported to the tune of USD 1,297,934.47 disbursed to 12 undertakings, 20 micro and small enterprises, and 23 medium-sized enterprises.

4.23. In line with the vision of a greener, more innovative country, the Sustainable Industries Programme has been promoted in partnership with the World Bank Group International Finance Corporation. The programme's objectives include: promoting business investment in sustainable energy and clean, environmentally friendly technologies; promoting public-private cooperation to achieve higher levels of productivity and sustainable competitiveness in business; incentivizing the efficient use of resources; and promoting the development of green financing tools and sources that are affordable to Salvadoran businesses.

4.24. Additionally, we have begun to draft Salvadoran technical standards as a means of strengthening the Clean Production Agreements (APL) mechanism and thereby enabling businesses that support sustainability and sign up to these Agreements to gain certification.

4.25. In order to promote more innovative ventures nationally, alliances have been forged with 50 partners, including academia, local and international enterprises, and other government institutions in order to support idea-stage, early-stage, and growth-stage ventures. Support consists of advice, training in entrepreneurship and innovation, mentoring, and linkages with funding sources and with investors' networks at the national and global levels, among others. El Salvador's participation in the Entrepreneurship World Cup<sup>9</sup> allows it year on year to identify innovative ventures nationwide and then provide relevant support.

4.26. To boost innovation and improve the competitiveness of the business sector nationally, El Salvador is designing a Business Innovation and Technology Development Centre as a space for the provision of specialized services in digital transformation, innovation and technology adoption for businesses and entrepreneurs in El Salvador and Central America. The Centre will focus on technological development, technological services and support for competitiveness, among other aspects. It will also focus on the following technologies: the internet of things, big data and cloud computing, augmented reality and virtual reality, artificial intelligence, cybersecurity and audiovisual technology.

4.27. In addition, the Government of El Salvador is currently designing a **National Intellectual Property Strategy** with the support of the World Intellectual Property Organization (WIPO). The Strategy seeks to identify specific actions that promote the creation, development and protection of intellectual property effectively in order to contribute to business competitiveness and socio-economic development.

## 5 OVERVIEW OF TRADE POLICY

### 5.1 Overall aim of trade policy

5.1. The Trade and Investment Policy of El Salvador 2020-50<sup>10</sup> was launched publicly in January 2021. It outlines the strategy for addressing the structural challenges posed by the Salvadoran economy and seeks to establish equal opportunities for investors, simplify processes, open new businesses, leverage trade instruments, and achieve fuller integration and benefits for the economy by establishing a culture of effective dialogue and a holistic vision for the country.

5.2. The main objectives of the Trade and Investment Policy are to increase exports, eliminate the balance of payments deficit and increase FDI.

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<sup>9</sup> The Entrepreneurship World Cup is a programme that empowers entrepreneurs at various levels, with the participation of more than 150 countries worldwide. It runs in conjunction with the Global Entrepreneurship Network (GEN); the Government of El Salvador is the official national organizer.

<sup>10</sup> Trade and Investment Policy of El Salvador 2020-50. Viewed at: <https://www.transparencia.gob.sv/instituciones/capres/documents/433788/download#:~:text=La%20construcci%C3%B3n%20de%20esta%20pol%C3%per%20centADtica,de%20vida%20de%20los%20salvadore%20C3%BIos.>

5.3. The Government has made significant efforts to implement the lines of action set out in the policy by drawing up annual work plans that coordinate trade and investment-related actions under the projects/programmes of key institutions, and are carried out in cooperation with the Secretariat for Trade and Investment.

## 5.2 Bilateral trade

5.4. El Salvador currently has 12 bilateral trade agreements in force. Taken together, the country's trade under these agreements accounts for approximately 95.3% of total exports and 69.1% of total imports. El Salvador therefore considers that one of the important aspects of its trade policy must be to take the fullest possible advantage of the opportunities provided by these agreements in terms of boosting both the country's trade in goods and services and its attractiveness to FDI.

5.5. Accordingly, the Government has designed plans for the optimal use of existing trade agreements. The plans identify Salvadoran products with potential opportunities in destination countries and provide businesses with relevant information and tools to build their capacity to position new products and destinations. The underlying idea is to convert trade agreements into catalysts for economic development.

5.6. In this regard, it should be noted that the Free Trade Agreement with South Korea entered into force in 2020, together with the action plan for its optimal implementation. Under the plan, on the basis of inter-institutional coordination, training activities were undertaken, and market research and technical data sheets were published for products with export potential.

5.7. In 2021, the main destination for Salvadoran exports was the Central American region (47.4% of the total), followed by the United States (39.4%), and the European Union (2.8%).

5.8. The main source of imports in 2021 was the United States (27.1%), followed by the Central American region (22.7%) and China (16.8%). The main import products were medicines for human use, handheld computers, mobile phones, cotton T-shirts, yellow maize, and vehicles.

## 5.3 Regional integration

5.9. The Central American region is now established as the main destination market for Salvadoran exports. In 2021, 47% of El Salvador's exports went to the regional market, while 23% of its imports come from the same region.

5.10. The actions promoted by El Salvador and the other countries of the region within the framework of the Central American Customs Union process have contributed to record levels of growth in exports to Central American countries. Since 2019, average annual growth has been 11.2%, and in 2021 exports totalled USD 3,130 million, an increase of 35.2% over 2020. Similarly, in 2021, imports from the region grew by 29.1% compared to the previous year.

5.11. Worthy of note among the joint initiatives with countries in the bloc are the measures for greater trade facilitation set out in the Central American Strategy for Trade Facilitation and Competitiveness that focus on coordinated border management. Also noteworthy are the efforts to digitize procedures using tools such as the Central American Digital Trade Platform (PDCC), along with the first regional study measuring the time required to clear and release goods (Regional Time Release Study), which was supported by the World Customs Organization.

5.12. Under the Central American Strategy for Trade Facilitation and Competitiveness, the first regional meeting of National Trade Facilitation Committees of Central American countries was held in August 2022, providing a forum for sharing good practices and identifying 12 regional activities to further trade facilitation in the region.

5.13. During the review period El Salvador continued to work with its Central American partners on the harmonization of regional technical regulations.

5.14. In 2021, Guatemala and Honduras were the destination markets for 71% of El Salvador's total exports to Central America, hence the importance of deepening trade relations with both countries. El Salvador is part of the "process of deep integration towards the free movement of goods and

natural persons", promoting measures that help to speed up the passage of goods across land borders, mainly through the use of technology and coordination of management by the authorities.

5.15. Within the framework of the Central American Economic Integration Subsystem, El Salvador is a member of all technical groups, including the Central American Technical Group on Intellectual Property, which was established in 2022 with the aim of fostering a regional agenda of projects to be implemented in order to strengthen and develop intellectual property.

5.16. In order to promote greater transparency in the Central American integration process, an ongoing dialogue with the business sector is under way to ensure that the necessary feedback is obtained from the various economic sectors and that the progress achieved is reported.

#### **5.4 Multilateral trading system**

5.17. El Salvador remains committed to the multilateral trading system and recognizes the role of the WTO in maintaining a transparent and open regulatory framework that ensures smooth trade flows for all Members.

5.18. El Salvador recognizes the importance of having a strong multilateral system, especially in the current economic circumstances, to ensure the smooth functioning of international markets. It therefore considers that trade negotiations, full respect for rights and compliance with obligations, transparency exercises and the efficient functioning of the dispute settlement mechanism must operate in unison and in an effective manner.

5.19. El Salvador is convinced of the importance of promoting inclusive trade, and together with Botswana and Iceland leads discussions on women's economic empowerment within the Informal Working Group on Trade and Gender. Similarly, it promotes the mainstreaming of gender in the work of the WTO.

5.20. Furthermore, it recognizes the importance of efforts to reform the WTO in order to improve its effectiveness and to have a strong and relevant Organization that is in a position to respond to the challenges of the 21<sup>st</sup> century faced by its Members and partners, including in the context of future health or economic crises. In the view of El Salvador, the reform process must take into account the needs of developing countries, including the small, vulnerable economies.

5.21. In the context of transparency commitments, El Salvador has made significant progress in submitting notifications in various areas such as domestic support in agricultural trade and import licensing.

5.22. El Salvador recognizes the role of the WTO in the discussions on cutting-edge issues and is therefore constructively engaged in the Joint Initiatives on Investment Facilitation for Development, E-Commerce and MSMEs, to achieve more inclusive and resilient trade.

### **6 TRADE AND GENDER**

6.1. El Salvador promotes women's integration into world trade, as well as the mainstreaming of gender into the Organization's work. As a co-Chair of the Informal Group on Trade and Gender, it is committed to continuing to promote these objectives.

6.2. In El Salvador's view, it is important for the WTO to acquire a better understanding of the relationship between trade and gender, and to identify specific actions that can be implemented to contribute to more inclusive and fair trade.

6.3. Domestically, El Salvador is pursuing various gender policies and programmes. Since October 2020, work has been proceeding, in collaboration with the United Nations Development Programme (UNDP) and with representatives from the private sector and academia, on a Salvadoran Technical Standard (NTS 03.116.01:21) for a Gender Equality Management System in the Employment Sphere.

6.4. It is expected that this technical standard, when implemented, will support El Salvador's efforts to achieve the Sustainable Development Goals of Gender Equality (Goal 5), Decent Work and

Economic Growth (Goal 8) and Reduced Inequalities (Goal 10). The anticipated benefits of its implementation include productivity gains as a result of the improvement of labour conditions and the work environment, and the promotion of teamwork.

6.5. The aspects of the gender equality gap that implementation of the technical standard seeks to address include the wage gap, asymmetrical job requirements, inflexible working hours, unequal workloads, low promotion of women in leadership positions, and selection processes with no gender criteria.

6.6. With support from the International Trade Centre (ITC), El Salvador is one of the countries implementing the She Trades Outlook project<sup>11</sup>, which collects data to assess the level of women's empowerment in six areas: trade policy, legal and regulatory framework, business environment, access to skills, access to finance, and work and society. Data collection is already at an advanced stage, and once complete will make it possible to produce a country profile using the She Trades Outlook digital tool. The focus thereafter will be to work on the opportunities for improvement identified, for which support from bilateral and multilateral partners will be sought.

## **7 CONCLUSION AND FUTURE OUTLOOK**

7.1. The COVID-19 pandemic and the other global crises confronting us in the current economic climate have changed the world irrevocably. However, El Salvador will continue to harness the opportunities emerging from this new environment by promoting cutting-edge measures and comprehensive economic and trade strategies to benefit our businesses and population.

7.2. El Salvador is deeply engaged in a process of comprehensive transformation, with a vision for the future. In a short time and against a complex international backdrop, El Salvador has reversed the past trends in its economic variables, and has today achieved historic levels of exports, imports, employment and investment. Significant progress has also been made in the area of public safety, making it possible to improve living conditions for many Salvadorans and helping to boost productive sectors.

7.3. In order to ensure that today's economic growth is inclusive and sustainable, the Government of El Salvador will continue to coordinate efforts to provide a business climate where there is legal certainty and businesses, whether domestic or foreign, can quickly become established and grow.

7.4. Moreover, the Government of El Salvador will translate the recently adopted National Trade Facilitation Strategy 2023-27 into specific actions that will enable El Salvador to become the country with the best logistics infrastructure and the most modern, efficient and expeditious international trade procedures in Latin America by 2027.

7.5. As El Salvador is a small, open economy, trade is an important factor in its economic growth and prosperity. Therefore, El Salvador will continue to participate actively in the work of the WTO and will support various initiatives in line with its trade interests to ensure that the Organization remains relevant and responsive to the needs of the economy of the future.

7.6. Similarly, as a developing country, it will continue to spearhead initiatives within the multilateral framework that enhance the integration of these countries into international trade, including under the Work Programme on Small Economies. In this context, it will also promote technical assistance and capacity-building activities that help to increase the participation of developing countries in the discussions at multilateral level.

7.7. At the same time, El Salvador will foster further integration, both regionally and into global value chains, through existing and future trade instruments, with the objective of achieving sustainable economic development and encouraging cooperation between countries.

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<sup>11</sup> ITC *SheTrades Outlook*, viewed at: <https://www.shetrades.com/outlook/home>.