







Security Mission for Economic Prosperity in El Salvador, Guatemala, and Honduras

This trade mission to El Salvador, Guatemala, and Honduras will help participating U.S. firms gain market insights, make industry and government contacts, and increase exports by taking advantage of new opportunities in safety & security, cybersecurity/IT, ports, infrastructure, smart cities, and energy.

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## Office of Textiles and Apparel

# Security Mission - Opportunities in El Salvador

## Security Mission for Economic Prosperity - Opportunities in El Salvador

El Salvador, with a population of 6.4 million people, offers an open market for U.S. goods and services and a dollarized economy. U.S. products are generally favored, though they face strong competition from other international suppliers. El Salvador is only a 3-4 hour flight from key U.S. cities and four U.S. carriers operate in the country. Under CAFTA-DR, 100% of U.S. consumer and industrial goods enter El Salvador duty free (for goods that meet the country of origin requirements). The U.S. is El Salvador's main trading partner with 41% of the market share for the country's imports. In 2018, U.S. exports to El Salvador were \$3.4 billion, \$400 million more than 2017. Services trade to El Salvador remained consistent at \$1.1 billion.

### Safety and Security and Cybersecurity

The safety and security, information/communication technology (ICT), and infrastructure projects in El Salvador represent a growing market for U.S. exporters. The Bukele Administration has prioritized making El Salvador safe from gangs, increasing economic opportunities, and digitizing the government and its services.

Cybersecurity is an area of opportunity as the new government created the Technical and Innovation Secretariat and is currently developing a digital agenda which includes reduction of the digital gap, spectrum allocation, a centralized data center, electronic commerce, electronic signature, electronic invoice implementation, introduction of a biometric passport, and a national registry of mobile phone numbers.

Safety and Security technology, products, or services areas are imbedded in every Deal Team Infrastructure Project and include several examples: Port and airport upgrades or concessions require scanning and security measures for passengers and cargo; customs updates require software and hardware and cybersecurity products to protect sensitive information, plate recognition and CCTV to control movements; The construction of hospitals (public and private) include safety products in their plans as well as the protection of patient records; and the lighting and surveillance of new and existing public and private spaces, such as free trade zones, parking spaces, roads, and border crossing, is increasing.

Best prospects for products and services in the security and safety sector include:

- IT security

- video surveillance systems including intrusion detection/burglar alarm systems
- electronic access control systems, door/entrance solutions, physical security
- personal protection products, fire and rescue
- equipment for scanning documents for security, retrieval and storage
- road and airport security
- biometrics
- command center software, video security analytics, field response, and real-time intelligence, 911 emergency management systems
- body-worn & in-car cameras
- mobile forensics software

## **Infrastructure**

Some of the top opportunities for U.S. involvement in El Salvador fall under the broad umbrella of infrastructure. This includes ports, airports, border infrastructure, roads, highways, bridges, water, electricity, etc. Estimated infrastructure needs are 8.5 billion in investment in the next 10 years, according to the Interamerican Development Bank (IDB), priority areas of infrastructure are water and waste water, transportation and energy.

The Government of El Salvador has several projects identified related to the integration of ports, airport expansion and new airports, and a coastal train to develop a logistics corridor along the Pacific.

## **Airports**

El Salvador's San Oscar Arnulfo Romero y Galdámez airport is the third most trafficked airport in Central America after Costa Rica and Panama and the only International airport in El Salvador with an estimated 3.1 million passengers a year. El Salvador's airport is also a hub for passengers going to other parts of the region and it is estimated that growth of passenger traffic will continue as it has for the last 10 years at about 9.7% each year.

The government has proposed to expand the passenger terminal 64,500 square meters by 2032. Some expansion is already underway; however, phases II through IV of the expansion are still under review. The last three phases of the proposed expansion will require significant investment, consultancy, engineering and construction opportunities, and the purchase of safety and security equipment to meet safety requirements. There are opportunities for U.S. design and construction firms to manage the project and supply all other downstream equipment, software, vehicles, scanners and a myriad of other needs.

Besides the opportunities already mentioned, with the support of the Millennium Challenge Corporation (MCC), El Salvador developed and approved a PPP law. Under the new law, two infrastructure projects will be awarded in 2020 and studies for two additional PPPs will be finished for bidding and concession. The MCC has set up a platform for another dozen of public private partnership projects that the government plans to conduct. This is an opportunity for U.S. companies to participate in funded projects.

## **Seaports**

The port project of Acajutla, El Salvador's only consistently used seaport, is estimated to need US\$240 million and US\$270 million in investment depending on the studies to determine its expansion. Upgrades and expansion

will involve everything from the construction of new piers to meet demand for the movement of goods, to upgrading the grain terminal at one of its piers, to purchase of new scanning devices for inspection of cargo, and many more improvements and upgrades.

The Port of La Union in the eastern part of the country rarely sees traffic and the government is seeking to find demand driven solutions for the management and leasing of the property. Development of this underused port could present significant opportunities. Uses could include development of the port for cruise ship traffic, the initiation of a ferry that would carry cargo between Costa Rica and El Salvador, manufacturing facilities that would then use the port to help get its product to market, creation of refining facilities, and other options yet to be determined through a study that the Japanese Investment Agency is undertaking.