El Salvador

Introduction

El Salvador is a country in Central America bordering Guatemala, Honduras, the Pacific Ocean, and the Gulf of Fonseca. It is the only country in Central America not on the Caribbean Sea. El Salvador is mountainous and known as the Land of Volcanoes. The government system is a republic. The chief of state and head of government is the President. El Salvador has a mixed economic system in which the economy includes a variety of private freedom, combined with centralized economic planning and government regulation. El Salvador is a member of Central American Integration System (CACM) and Dominican Republic-Central American Free Trade Agreement (DR-CAFTA).

Location: Central America
Capital City: San Salvador (-6 GMT)
Chief of State: President Carlos Mauricio Funes Cartagena
Head of Govt.: President Carlos Mauricio Funes Cartagena
Currency: United States Dollar/Colon (USD/SVC)
Major Languages: Spanish, Nahua (among some Amerindians)
Primary Religions: Roman Catholic 57.1%, Protestant 21.2%, Jehovah's Witnesses 1.9%, Mormon 0.7%, other religions 2.3%, none 16.8%
Calling Code: 503
Voltage: 115

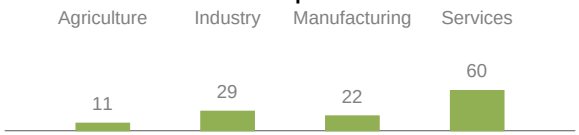
Key Websites

Main Government Page:	presidencia.gob.sv
Commerce Ministry:	minec.gob.sv
Export Promotion Agency:	exportaciones.proesa.gob.sv
Investment Promotion Agency:	proesa.gob.sv

Key Economic Facts

Budget Expenditures:	$.01 trillion (2011)
Budget revenues:	$.00 trillion (2012)
Debt - external:	$.01 trillion (2011)
Distribution Of Family Income - GINI Index:	46.90% (2007)
Exports:	$5.40 billion (2011)
GDP per capita, PPP:	$6,877.42 (2011)
GDP, PPP:	$.04 trillion (2011)
Imports:	$9.80 billion (2011)
Industrial production growth rate:	1.80% (2011)
Inflation rate (consumer prices):	5.10% (2011)
Labor force:	2.58 million (2011)
Population:	6.09 million (2012)
Unemployment rate:	7.00% (2011)

GDP Composition %



Rankings

Index	Rank
Freedom of the Press	83/197
Global Competitiveness Report	101/144
Global Enabling Trade Report	70/132
Index of Economic Freedom	54/177
International Logistics Performance Index (LPI)	93/155
Inward FDI Potential Index	105/141
KOF Index of Globalization	59/187
Networked Readiness Index (NRI)	103/142
Open Budget Index	55/100

Risk Assessment (Provided by Coface)

Country rating: B - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behaviour. Corporate default probability is appreciable.

Business Climate rating: B - The business environment is mediocre. The availability and the reliability of corporate financial information vary widely. Debt collection can sometimes be difficult. The institutional framework has a few troublesome weaknesses. Intercompany transactions run appreciable risks in the unstable, largely inefficient environments rated B.

Strengths

- Relative economic diversification (preponderance of services and industry, via the *maquiladoras,* in relation to agriculture)
- Dollarised economy since 2001
- Prudent economic policy, in agreement with IMF
- Free trade agreements with Central America and the USA (DR-CAFTA), as well as with Mexico, Panama and Chile

Weaknesses

- Small scale of the economy and vulnerability to external shocks
- Large foreign debt
- High degree of inequality and poverty
- Considerable insecurity linked to the existence of very violent gangs (maras)

U.S. Embassy

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