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 which includes a variety of private freedom, combined with centralized economic planning and government regulation.

Key Economic Facts

- **Income Level (by per capita GNI):** Lower Middle Income
- **Level of Development:** Developing
- **GDP, PPP (current international $):** $70.31 billion (2022)
- **GDP growth (annual %):** 2.60% (2022)
- **GDP per capita, PPP (current international $):** $11,096.21 (2022)
- **External debt stocks, total (DOD, current US$):** $20,171,383,377.20 (2021)
- **Manufacturing, value added (% of GDP):** 15.51% (2022)
- **Current account balance (BoP, current US$):** -$2.15 billion (2022)
- **Inflation, consumer prices (annual %):** 7.20% (2022)
- **Labor force, total:** 2,782,179 (2022)
- **Unemployment, total (% of total labor force) (modeled ILO estimate):** 3.82% (2022)
- **Imports of goods and services (current US$):** $18.07 billion (2022)
- **Exports of goods and services (current US$):** $10.13 billion (2022)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
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<tr>
<td>Services</td>
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<tr>
<td>Industry</td>
<td>25</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16</td>
</tr>
</tbody>
</table>

*Risk Assessment (Provided by Coface)*

**Country rating:** D - A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behavior. Corporate default probability is very high.

**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
- Free Trade Agreements with Central America and the United States (CAFTA-DR), as well as with Mexico and the EU, member of the customs union with Guatemala and Honduras, and with South Korea
- Strong demographics

**Weaknesses**
- High crime and insecurity linked to drug trafficking
- Lack of natural resources
- Climate and seismic vulnerability
- Insufficient infrastructure and investment
- Dependence on the United States (first destination of exports and main source of expatriate remittances)
- Structural fragility of public and external accounts
- Significant inequality and poverty

**U.S. Embassy**

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