INVESTMENTS IN TEXTILES AND APPAREL

invest in El Salvador

El Salvador, with its vibrant and growing economy, offers a highly competitive environment for investment in the textile and apparel sector, thanks to its strategic location in the heart of Central America and preferential access to major international markets. The country combines investment-friendly public policies, a robust industrial base, and a strong commitment to innovation, sustainability, and human talent development.

TEXTILES AND APPAREL IN EL SALVADOR

#1 Main export sector in El Salvador

4° SUPPLIER Clothing for the U.S. in Latin America

$1,927M Exports in textiles and apparel

ADVANTAGES OF INVESTING IN EL SALVADOR

Qualified and experienced human talent.
Low annual turnover rates.
Cultural affinity with major international markets.

- Competitive costs.
- Rapid learning curve with outstanding work ethic.
- Generous tax incentives and attractive, easily accessible industrial spaces.

INVESTMENT OPPORTUNITIES IN TEXTILES AND APPAREL

The "Yarn Forward" agreement of CAFTA-RD allows free access to textiles and apparel made with yarns or fabrics made in the USA, Central America or the Dominican Republic.

The Salvadoran industry has vertically integrated the production chain.

First country to develop a synthetic cluster in the Central American region.

The Free Trade Agreements signed with 42 countries in America, Europe and Asia allow access to a potential market of 1.2 billion consumers around the world.

TAX INCENTIVES AND ATTRACTIVE INVESTMENT LEGISLATION

Industrial and Commercial Free Zones Law

Companies in the textile and apparel sector benefit from the incentives provided under the Industrial and Commercial Free Zones Law, which covers activities such as production, assembly or maquila, manufacturing, and processing, among others.
Tax benefits:

- Full exemption from customs duties and other taxes on the importation of raw materials, machinery, equipment, and other goods used in production.
- Full exemption from taxes on real estate transfers.
- Exemption from income tax and municipal taxes.

Law for the Promotion of Investment Expansion

Likewise, as of 2026, El Salvador has enacted the Law for the Promotion of Investment Expansion, a new regulatory framework establishing highly attractive tax incentives for investors with at least ten (10) years of verifiable operations in the country who undertake expansion, modernization, or investment enlargement projects.
Tax benefits:

- Tax credits determined according to investment ranges established by law and creditable against Income Tax, applicable to projects involving investments equal to or greater than USD $1,000,000.00.
- Full exemption from real estate transfer tax on properties acquired for expansion purposes, provided that the beneficiary uses the property in the corresponding operations and retains ownership for a minimum period of five (5) years.

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