



National Trade
**Facilitation
Committee**

National Trade
Facilitation Strategy

2023 - 2027

National Trade Facilitation Strategy

2023 - 2027



Title

Executive Summary

Introduction

Background

The Salvadoran economy and the country's new vision for sustainable and inclusive development

Conceptual Framework

Overview, Vision, Strategic Objective, Guiding Principles

Approaches

Governance

Monitoring, Control, and Evaluation

Financing

Conclusions: Towards a New Version of our Country



Executive Summary

El Salvador's National Trade Facilitation Strategy (NTFS) 2023 - 2027, promoted by the National Trade Facilitation Committee (NTFC), aims to contribute to the development of an agile, simple and modern business ecosystem that generates greater competitiveness for companies, especially for micro, small and medium-sized enterprises (MSMEs).

This ambitious, medium-term National Strategy, led by the Secretariat of Trade and Investment and the Ministry of Economy, and created by more than 17 government entities and the business sector, aims to make El Salvador the country with the best logistics infrastructure and the most modern, efficient and agile international trade procedures in the Latin American region by 2027.

To this end, the Strategy contains a multidimensional approach to meet the challenges and trends of international trade and generate cost and time savings for all actors in El Salvador's logistics chain.

This new country vision focuses on the following areas: i) Streamlining and Digitalization of Procedures; ii) Modernization of Logistics Infrastructure; iii) Coordinated Border Management; iv) Modernization of the Legal Framework for Foreign Trade; v) Transparency and Availability of Information; and vi) Human Talent Management. It also emphasizes factors that are essential for present and future generations: environmental protection and the integration of women into the global economy.

In short, **the NTFS is part of the transformative vision** of President Nayib Bukele's Government that will take El Salvador to its optimum level of trade facilitation, helping to attract more investment to the country, generate more and better jobs for Salvadorans and thus achieve sustainable and inclusive economic growth.

Introduction

International trade today is characterized by being open, dynamic and interconnected, in which the production phases of a good or service are carried out in different parts of the world, and in making very significant achievements in the reduction of tariffs. Despite this, there is no doubt that there are still considerable challenges in favoring, facilitating and accelerating trade exchanges.

In fact, various international organizations and studies have highlighted the disadvantages still faced by actors in the logistics chain, such as the following

- Having to present different documents, resulting in a large number of people involved in the same procedure.
- Poor coordination in the implementation of controls by agencies involved in international trade.
- High commercial and logistical costs that have a negative impact on the final price to consumers.

In addition, studies based on the time required for export operations have determined that a 10% increase in time reduces bilateral trade volumes by 5% to 8%, while a 10% increase in transportation costs reduces trade volume by 20%.

To address these situations, the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA), which entered into force on February 22nd, 2017, stands out at the multilateral level. Said agreement includes measures to expedite the movement, release and clearance of goods, including goods in transit. It is estimated that through full implementation of this Agreement, the following benefits would be obtained: an average 14.3% reduction in global trade costs; a 91% reduction in the time to export and a 47% reduction in the time to import; and a US\$1 trillion annual boost to foreign trade, among others.

Background

The Salvadoran economy and a new sustainable and inclusive development

El Salvador is characterized as an open economy with 12 trade agreements with different countries and regions of the world, which gives it preferential access to a potential market of approximately 1.2 billion consumers.

In addition, El Salvador has a privileged geographical location for the logistics chain and the movement of goods, as it is the natural commercial connection bridge of the Americas, as well as being part of the bi-oceanic corridor between the European and Asian continents.

Likewise, as part of the Central American Integration System, El Salvador has managed to deepen its trade with the rest of the countries in the region, with whom it has created and enforced regional regulations on customs, tariffs, technical requirements, competition, and trade facilitation, among others.

In recent years, when the COVID-19 marked a turning point in the history of mankind, the Government of El Salvador took several actions to safeguard the health of the population and also ensure rapid economic recovery, including universal and free vaccination in an expeditious manner, and the granting of financing to MSMEs.

These actions taken by Government of President Nayib Bukele contributed to achieve historical growth levels of 10.3% in the Salvadoran economy by 2021. This growth was due to greater dynamism in sectors such as restaurants and hotels (36.5%), transportation and storage (17%), human health activities (16.7%) and manufacturing industries (12.2%).

In 2021, private investment reached 18.4% of GDP, the highest since 1960, while in the same year, remittances and exports reached record figures of USD 7.5 billion and USD 8.49 billion, respectively. At the same time, more than 67,500 new jobs were created in the same year

Supporting all of the above are the flagship logistics infrastructure investment projects that the Government has initiated with the purpose of creating a world-class logistics hub and connecting El Salvador with the outside world, which include the modernization and expansion of the Acajutla Port, the Gerardo Barrios Peripheral Highway, the Los Chorros Viaduct and the modernization of the Angüiatú and El Amatillo border facilities. Other projects that will boost economic development include the Pacific Train and Airport and the new land customs facilities at Las Chinamas, San Cristóbal, La Hachadura and San Bartolo.

In addition to the above, since June 2019 the Government has been implementing a plan to simplify, streamline and digitalize administrative procedures, with special emphasis on those related to trade and investments. Some actions framed in this plan include the use of electronic signature and electronic apostille.

Despite all this, at the international level, there are still challenges that affect the evolution of world economic growth and have a direct impact on the Salvadoran economy: geopolitical tensions, rising prices of raw materials, food and transportation of goods, slower growth in major trading partners and high global inflation.

Given this reality, trade facilitation is of particular importance and becomes a tool that benefits business competitiveness by reducing costs and time in trade operations.

Therefore, the National Trade Facilitation Committee (NTFC), in which the Government and the productive sectors converge, must promote the advantages of streamlining foreign trade through a line of work at country level that includes the different dimensions of international trade, which is materialized in this National Strategy for the period 2023-2027.



Conceptual Framework

Overview

In order to ensure the sustainability and harmony of the national agenda to streamline, simplify and modernize foreign trade operations, the NTFC must have an ambitious strategy to guide its work over the next five years.



Vision

The common vision of the NTFS is "To establish El Salvador as the country with the best logistics infrastructure and the most modern, efficient and agile international trade procedures in the Latin American region by 2027".



Strategic Objective

To reduce the time in the movement of goods and commercial costs derived from foreign trade transactions in order to increase business competitiveness, investment, employment and, ultimately, improve the quality of life of the Salvadoran population.



Guiding Principles

Given that the NTFS will provide ambitious guidance and vision to the NTFC in helping to create an agile and modern business environment in El Salvador, it is important to establish the guiding principles to increase business competitiveness, investment, employment and ultimately improve the quality of life of the Salvadoran population.



Approaches

The NTFS is developed along six Approaches, one of which is cross-cutting. All of them respond to the multidimensional conception of foreign trade and the adoption of a broad concept of international trade facilitation to improve business competitiveness as a tool for sustainable and inclusive economic development.



Governance

The starting point for promoting measures to streamline and modernize international trade operations in El Salvador was the relaunch of the NTFC by the Government of President Nayib Bukele and the business sector in July 2019.



Guiding Principles

1

State Modernization

In order to optimize resources and response times for the companies, the public administration will continue with its processes of eliminating, simplifying and digitalizing procedures. In addition, its systems will be interoperable in order to share and use information according to their functions, which will be securely safeguarded.

2

Competitiveness

The actions that form part of the work of the NTFS will be aimed at improving the conditions for business competitiveness through the reduction of commercial costs and times associated with foreign trade procedures, contributing to their insertion in international markets.

3

Sustainability

Actions for the implementation of the NTFS by the Government and the business sector will favor sustainable development. An environmental and climate protection and conservation approach will be adopted, as well as the promotion of innovation that favors economic, environmental and social sustainability. It will also contribute to the achievement of the 2030 Agenda for Sustainable Development and the United Nations Sustainable Development Goals (SDGs).

4

Coordination

New trends in policy development and international best practices show that a key element for the successful implementation of foreign trade facilitation measures is the coordination of all the actors in the logistics chain. Therefore, communication and coordination between the different government institutions and the business sector is an essential component that involves maintaining an open and constant dialogue and creating synergies in order to deploy common actions to meet the challenges and demands of international trade. Likewise, this principle includes the participation of all NTFC members in the planning, implementation and monitoring of the actions derived from the Strategy.

5

Complementarity

The NTFS is consistent and coordinated with other initiatives, public policies, strategies and plans at the national, regional and multilateral levels. Among these instruments are the Cuscatlán Plan, the Ecosystem for Sustainable and Inclusive Economic Development, the Trade and Investment Policy, the Central American Strategy for Trade Facilitation and Competitiveness with Emphasis on Coordinated Border Management, the Regional Framework Policy for Mobility and Logistics, its Master Plan, the Mesoamerican Agenda for Transportation, Mobility and Logistics, and the Trade Facilitation Agreement.

6

Inclusion

The NTFS will contribute to create a more inclusive trade system by promoting equal opportunities for MSMEs, including those led by women. On the one hand, it will boost the progressive incorporation of MSMEs into foreign trade and enable them to benefit from the cost reduction associated with export and import procedures, with the expected result that smaller-scale enterprises will also progressively increase their participation in regional and global value chains. Furthermore, the NTFS will take advantage of the potential of international trade to increase the participation of women in the production links in their various economic roles as consumers, workers and decision-makers.



Approaches



Approach No. 1 Streamlining and Digitizing Procedures for a Competitive Climate

Since the re-launching of the NTFC, its annual action plans have stipulated, among its strategic objectives, the simplification of procedures related to foreign trade. In this way, very relevant achievements have been made, such as time reduction and digitalization of procedures for pharmaceutical, agricultural and food products, incorporation of more digital services and their corresponding payments at the Central Reserve Bank through the Foreign Trade Single Window (FTSW), reduction of goods release times, use of artificial intelligence for customs risk management and immediate reception at the Air Cargo Terminal of the San Oscar Arnulfo Romero International Airport in El Salvador.

To intensify this work, the NTFS will focus on reengineering all the procedures of government foreign trade institutions with the goal of simplifying and offering digital public services through modern computer systems that enable the use of electronic signatures.

These services will be interoperable and interconnected according to their nature with the Foreign Trade Single Window (FTSW), coordinated and managed by the Central Reserve Bank, in order to achieve its strengthening and integrity. To this end, such services will be socialized with users in a timely manner with the purpose of knowing their scope and achieving their effective use.

With this, users will be able to carry out procedures, requests, real-time follow-up—live tracking—and remote payments on a 24/7 schedule, as well as to have electronic files and obtain responses from government institutions in an efficient and timely manner within one working day, depending on the nature of the procedure and its complexity.

Action Lines

Eliminate unnecessary foreign trade procedures: those with no legal basis and duplications.

Simplifying existing foreign trade procedures according to best practices and standards.

Digitize foreign trade procedures whose response is reduced to 1 business day or in the shortest possible time, depending on their nature or complexity.

Strengthen the single window for foreign trade procedures (One-Stop Shop).

Goal to 2027

Unnecessary foreign trade formalities and procedures are 100% eliminated.

Foreign trade formalities and procedures are 100% simplified.

Foreign trade procedures are 100% digitized.

International trade procedures resolved in 1 business day or in the shortest possible time.

Strengthen the One-Stop Shop for foreign trade procedures.

Impact indicators

Foreign trade procedures with reduced times.



Approach No. 2

Modernizing Logistics Infrastructure for a New Way of Doing Business

To date, significant progress has been made towards the modernization of the logistics infrastructure, such as new facilities and equipment at the land customs offices of El Amatillo and Angüiatú, with an estimated investment of USD 40 million; the expansion of the container yard at the Acajutla Port in 2019 with an investment of USD 3.2 million and, currently, another expansion is being carried out at said Port yard for an amount of USD 6 million. In addition, the first Public-Private Partnership for the International Airport Cargo Terminal was approved; the Claudia Lars Peripheral Highway (10.8 km), which speeds up transportation in the western part of the country, was completed with an investment of USD 54.3 million; construction of the Gerardo Barrios Peripheral Highway continued; and the road to the El Poy border post was improved, among others.

With a view to transforming El Salvador into a world-class multimodal logistics hub and to enhance its geographic location, the NTFS includes as one of its Approaches the modernization of the logistics infrastructure necessary for an agile movement of goods and people, both in its physical and technological component, as this is essential for international trade and the optimization of the supply chain. This Approach includes both the design and construction of intelligent air, sea and land border posts, as well as strengthening the interconnected, fast, safe and resilient national road system to contribute to the efficiency of our country's logistics chain, which also includes alternative routes in the event of contingencies. As part of this initiative, the projects for the construction of the Pacific Train connected to the Acajutla Port and the Pacific Airport stand out.

Thus, the following Lines Of Action, Goals and Impact Indicators are established:



Action Lines

Modernizing the physical and technological infrastructure at border posts on a sustainable basis: ports, airports and land customs.

Improving and expanding road access to border posts: ports, airports and land customs.

Modernizing the national road network relevant to the movement of goods and people.

Advancing towards the multimodality of short sea shipping.

Goal to 2027

4 land border posts and 1 internal customs office with optimal physical and technological infrastructure in operation.

2 seaports with optimal physical and technological infrastructure in operation.

2 airports with optimal physical and technological infrastructure in operation (Paracentral and Eastern zones).

Railway infrastructure defined and operating.

9 road accesses to border posts improved and expanded.

National logistics road network system is modern and 100% connected.

Impact Indicators

Reduction of time in the clearance of goods at border posts (air, sea and land).



Approach No. 3

Coordinated Border Management and the Commitment to a Single Border Control System

Coordinated Border Management (GCF) is an effective and efficient horizontal resource management model that contributes to the coordination of the public and business sectors to optimize border controls and security, promote the facilitation of trade and the transit of people, without undermining controls to protect animal and plant health, safety and the environment, or revenue collection.

At the Central American level, the States Parties to the Central American Economic Integration Subsystem have joined efforts to implement the Central American Strategy for Trade Facilitation and Competitiveness with an Emphasis on Coordinated Border Management, which will be applied by the States in pairs of countries and border pairs. The States Parties are also working on the implementation of the Central American Digital Trade Platform (PDCC), a digital tool that will contribute to integrate foreign trade information and processes, as well as to provide services to make trade transactions more efficient and effective.

Within the framework of regional efforts, Guatemala and El Salvador implemented in 2022 the Advance Goods Declaration, which allows the prior electronic transmission of supporting documents for both imports and exports and their corresponding payment in advance upon arrival of the goods at the La Hachadura and Pedro de Alvarado border posts, speeding up the border crossing and avoiding delays and congestion.

As part of a more ambitious integration process, El Salvador, Guatemala, and Honduras are part of the Deep Integration Process Towards the Free Transit of People and Goods, which allows the creation of a single customs territory with integrated border posts and peripheral customs, facilitating their commercial exchanges, which represent 48% of Central America's Gross Domestic Product.

The NTFS considers the GCF Approach as a commitment to implement a single border control scheme with neighboring countries. Hence, it includes all initiatives that simplify, coordinate, modernize and make border controls more efficient at the national level with risk management criteria through schemes that allow interoperability between institutions with presence in land, maritime and air borders. Also included are digital initiatives among all of El Salvador's trading partners that, through the early transmission of control documents, streamline border procedures and, likewise, national and regional programs that contribute to the streamlining and security of the logistics chain, such as the Reliable Operator Program and its mutual recognition.

Consequently, the work of this Approach will be deployed as follows:



Action Lines

Implement sequential border controls in a single act.

Enable prior and digital procedures (Government and users).

Implement Integrated Border Posts.

Goal to 2027

To have a national integrated operational border management system implemented at 100%.

Preliminary and digital foreign trade procedures available to the user population implemented at 100%.

Integrated border posts in operation.

Impact Indicators

Reduction of time in the clearance of goods at border posts (air, sea and land).



Approach No. 4

Modernizing the Legal Framework for Foreign Trade

During the NTFC's operational experience, a process to review and update foreign trade regulations has been carried out in order to ensure the sustainability of the progress made in streamlining procedures and promoting a simple regulatory framework in line with the new trends in international trade.

Therefore, the NTFC's action plans include strategic measures for updating regulations and putting them into effect. Thus, the adoption of customs provisions on samples with no commercial value, the Regulation on Sanitary Registration of Food and Beverages, which has an ongoing improvement process, the Online Purchasing Act and the User's Guide for the Apostille have been achieved. Significant advances have also been made, such as the Salvadoran Customs Code, the Animal and Plant Health and Safety Act, new technical regulations for food, beverages and medicines, and the Regulations of the Electronic Apostille Act, among others.

The objective of this National Strategy is to modernize the legal framework for foreign trade, which implies the adoption of a comprehensive reform program and the implementation of a regulatory system that promotes traceability and legal certainty. It is worth mentioning that the analysis of regulatory quality, its costs and benefits will be carried out according to international best practices and the principles of regulatory improvement—better regulation—in force in El Salvador.

As part of this Approach, the following Action Line, Goals and Impact Indicators have been formulated:



Action Line	Goals to 2027	Impact Indicators
Developing reforms and new foreign trade regulations with public consultation.	Reforms developed to ensure optimal trade facilitation and to conduct agile, simple, and modern business. New regulations developed to ensure optimal trade facilitation and agile, simple, and modern business transactions.	Reduction of time in foreign trade procedures.



Approach No. 5

Transparency and Availability of Foreign Trade Information

One of the first difficulties that companies face when importing, exporting and with international product transits is the absence, complexity and dispersion of information on foreign trade procedures or information that is relevant at the time of making decisions to enter new markets.

For this reason, the NTFS establishes the Approach of Transparency and Availability of Foreign Trade Information, which will be implemented through the creation of a single web portal that will offer companies an online tool and will provide official and easily accessible information for exporting or importing any product to and from El Salvador. It will also be updated and in structured formats for consultation and reuse.

In general, the portal will provide users with access to tariffs and taxes, foreign trade procedures, product requirements, rules of origin, trade in services, information on trade agreements, statistics, a trade map, an interactive suggestion box, and MSME business information, among others. In addition, the incorporation of user guides, contact information, frequently asked questions, automatic translator, virtual assistant that allows interactions in real time, intelligent alerts on new regulations or digital procedures, consultations, sanitary or phytosanitary restrictions or prohibitions, road emergencies, among others, is also contemplated.

This portal will have other useful business information for foreign trade operators to support their decisions related to the installation, operation, expansion or internationalization in third markets, and will offer other tools that will enable them to learn about and adapt to new trends in international trade. The aim is to reduce the operating costs of the companies, especially MSMEs, by providing them with information for their business strategies.

Therefore, the single foreign trade portal will provide optimum compliance with the international commitments assumed by El Salvador in the TFA in terms of measures on the publication and dissemination of information.

In this regard, the Action Line, Goals and Impact Indicators for this Approach are as follows:



Action Line

To make available all foreign trade information in a complete, user-friendly and updated manner.

Goals to 2027

A single functioning foreign trade web portal.

Impact Indicators

Number of accesses by user population.



Approach No. 6: Cross-cutting Human Talent Management

The expansion of markets, interconnected productive systems and globalization require qualified human talent in both public institutions and the productive sector.

For this reason, the NTFC's trade facilitation plans have included capacity building as a specific objective, and more than 125 training sessions have been held with the participation of more than 8,000 users. Among the topics addressed are the advance declaration, the foreign trade single window services, the registration of food and beverages, procedures for medicines and medical supplies, trade facilitation, trade regulations, etc.

Therefore, the NTFS stipulates human talent management as a cross-cutting Approach, for which a permanent and free training tool will be made available with the purpose of developing capabilities and strengthening human talent specialized in the different areas of international trade as a multidisciplinary reality.

In this regard, the Action Line, Goals and Impact Indicator of this approach are as follows:



Action Line

Make permanent and free training available for capacity building in foreign trade facilitation and other trade-related topics, with a gender, environmental and technology perspective.

Goal to 2027

Virtual training classroom operating to promote human talent.

Impact Indicators

Number of users trained.

Number of government human talent trained.

Governance of the NTFS

The starting point for promoting measures to streamline and modernize foreign trade operations in El Salvador was the relaunch of the NTFC by the Government of President Nayib Bukele and the business sector in July 2019.

Thus, to date, an institutional framework has been formed in which 17 public institutions and the business sector in general converge, organized in the Trade Facilitation Inter-Union Commission. El Salvador's NTFC is led by the Secretariat of Trade and Investment of the Presidency of the Republic and the Ministry of Economy (MINEC).

Government Institutions

- Secretariat of Trade and Investment
- Ministry of Economy
- Ministry of Agriculture and Livestock
- Ministry of Governance and Territorial Development
- Ministry of Finance
- Ministry of Justice and Public Security
- Ministry of National Defense
- Ministry of Environment and Natural Resources
- Ministry of Public Works and Transportation
- Ministry of Foreign Affairs
- Ministry of Health
- Maritime Port Authority
- Central Reserve Bank
- Autonomous Executive Port Commission
- Coffee Council of El Salvador
- National Drug Directorate
- Export Promotion Agency

Business Sector

- Industry
- Exports
- Commerce
- Agriculture and Livestock
- Textile and Apparel
- Distribution and Freight Transportation

In essence, the functions of the NTFC are the following:

- To constitute itself as a forum for permanent dialogue and coordination.
- To ensure compliance with trade facilitation commitments.
- Promote trade facilitation measures.

It is worth mentioning that the NTFC has achieved a score of 73% in the Sustainability Coefficient of the United Nations Conference on Trade and Development (UNCTAD), ranking above Latin American countries such as Brazil, Chile, Mexico and Peru.

Therefore, the governance of this Strategy will be in charge of the NTFC, which will be the governing body for the implementation and fulfillment of the NTFS 2023 - 2027. It is also important to provide flexibility in the governance of the NTFS and, in this way, more public institutions or representatives of the business sector may be invited, depending on the action and topic to be addressed in foreign trade.

Likewise, the NTFC could coordinate with other forums related to foreign trade issues. In this regard, the strengthening of the Foreign Trade Single Window (FTSW) will be coordinated by the Central Reserve Bank.

Monitoring, Control, and Evaluation of the NTFS

The NTFS will have a mechanism for monitoring and controlling its progress, which will allow for systematic, periodic and objective measurement of the results of its implementation as planned.

To this end, the Secretariat of Trade and Investment and the Ministry of Economy will use data analysis tools to quantify their progress and maintain proper follow-up and compliance with the NTFS. This information will be provided by the members of the NTFC with the corresponding means of verification, which will help not only to measure its results, but also to identify risks, threats and opportunities and thus be able to make adjustments in its implementation.

This monitoring and control mechanism will provide real-time information on time reductions for the companies when carrying out their import, export and transit procedures and operations. It will also provide information on how El Salvador is evolving in terms of international indicators related to trade facilitation, foreign trade, logistics and competitiveness, among others.



Therefore, it will be essential to have a baseline to establish a starting point and subsequently visualize its evolution. To obtain this baseline, other initiatives will be considered, for example, the time measurements contemplated in the Regional Dispatch Time Study.

It is worth mentioning that in order to make the shared objectives and the common country vision of the NTFS a reality, annual plans will be developed, which will include measures, activities, responsible parties, deadlines and indicators. These plans will be published, as well as their progress and achievements in their implementation. In this way, according to the evolution of the NTFS through these plans, it will be possible to include new actions to strengthen it in the course of its execution.

Financing

Being a country project, the NTFS requires comprehensive and sustainable financing models for its full development and implementation.

Therefore, the NTFS will have various financial sources, such as the National General Budget, non-reimbursable funds, and credits from multilateral organizations. Likewise, the creation of public-private partnerships will be promoted, as well as private investment. Projects will be implemented together with financing institutions in order to avoid duplication and guarantee their efficient use.

It is important to note that the financing will be used for the full implementation of the NTFS, as well as to ensure its sustainability and improvement.

Conclusions: Towards a New Version of our Country

The NTFS is the country's first medium-term roadmap for trade facilitation, which was created and designed by all government organizations and business sectors involved in foreign trade.

This Strategy has shared objectives and a common vision to make El Salvador the country with the best logistics infrastructure and the most modern, efficient, and agile international trade procedures in Latin America by 2027. This will be achieved by implementing initiatives—with a multidimensional perspective—that takes advantage of the benefits of international trade and provide optimal compliance with the commitments assumed by El Salvador in trade facilitation.

Undoubtedly, as it is a country strategy, all stakeholders must maintain and reinforce their coordinated work, according to their competencies, to streamline and modernize foreign trade operations, as well as implementing a resilient, efficient and safe logistics infrastructure.

Furthermore, international cooperation will continue to play an important role in achieving this goal, since international best practices and standards will be considered, which will also require technical assistance, financing and accompaniment.

Therefore, it is important that all government organizations and the business sector related to foreign trade, the supply chain, freight logistics, and business development come together and unite to advance towards the path of competitiveness and sustainable and inclusive economic development for the benefit of the entire Salvadoran population.



National Trade
**Facilitation
Committee**