Sector Guide

Textile and apparel

2026

Invest in El Salvador

GOBIERNO DE EL SALVADOR

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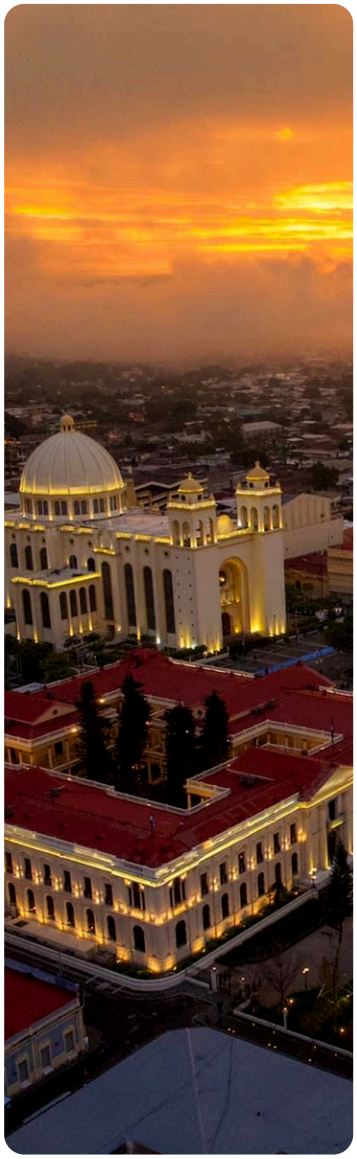
Introduction and overview

El Salvador offers an environment where capital finds stability, talent, and a clear vision for growth.



El Salvador is a highly attractive destination for investment in the textile and apparel sector. Strategically located in the heart of Central America, the country offers preferential access to major international markets through various trade agreements, as well as a skilled and experienced workforce, which facilitates the establishment and operation of competitive production projects.

Many of the companies established in the country are vertically integrated, which allows them to optimize costs, guarantee quality, and have greater control over the entire value chain. Similarly, El Salvador's strategic location in Central America allows quick access to the US market under nearshoring models, with advantages such as lower logistics costs, transit times of 2 to 5 days, and greater flexibility to respond to changes in demand.

In addition, there are government incentives specifically designed to promote foreign investment, coupled with a favorable business environment, which make the country an attractive option for investors interested in establishing and expanding their operations in the region.

KEY INDICATORS
PERFORMANCE

Key performance indicators 2025

Over time, the textile and apparel sector has been one of the main sources of foreign exchange for El Salvador. Its development has been driven by both local and foreign investment, along with government support through policies aimed at promoting manufacturing and foreign trade.

Between 2020 and 2025, this industry accumulated a total of US$13.591 billion in exports. In 2025 alone, it accounted for 29.97% of the country's total exports, with a value of US$1.927 billion, consolidating its position as the main driver of exports. The graph below shows the relative share of the textile and apparel subsectors in Salvadoran foreign trade.

Main export sector

USD 1,627 Millions

Exports in the Apparel Industry in 2025

24.30%

Of the country's total exports in 2025

USD 299.3 Millions

Textile Industry Exports in 2025

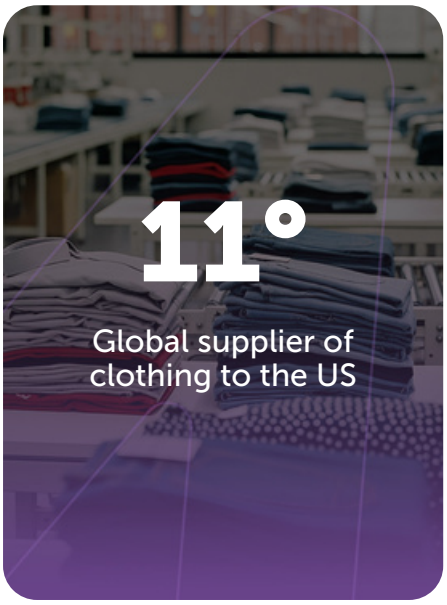
4.47%

Of the country's total exports in 2025

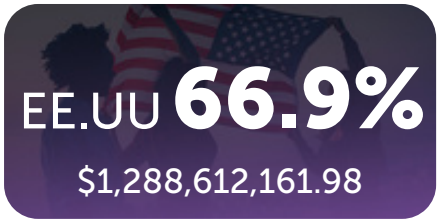
Main export destinations

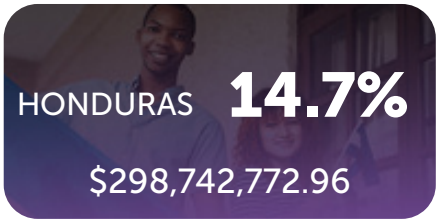
El Salvador's textile and apparel products have a global presence, reaching more than 80 international markets. This wide coverage reflects the competitiveness and quality of the Salvadoran industry. Among the main export destinations, the United States stands out, accounting for 68% of total exports, consolidating its position as the sector's main trading partner.

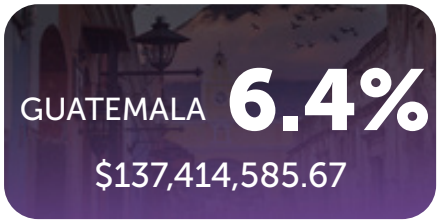
In addition, the countries of the Northern Triangle of Central America represent a significant market, absorbing approximately 24% of exports, with Honduras receiving 14.7% and Guatemala nearly 6.4%. The following graph shows the distribution of the most important destinations, highlighting El Salvador's strategic position in regional and global supply chains.

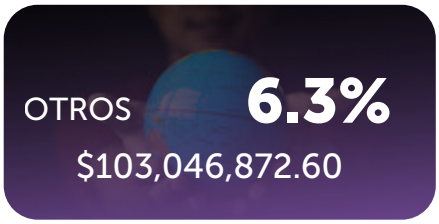


Principales destinos de exportación del sector









Top 5 countries receiving exports from the textile and apparel sector (2025)

País	Export apparel	Textile Exports	Total exports for the sector
EE.UU.	$1,276	$12	$1,288
Honduras	$202	$82	$284
Guatemala	$25	$101	$122
Nicaragua	$6	$68	$74
Mexico	$25	$10	$35

Synthetic cluster

In recent decades, DR-CAFTA member countries have focused their efforts on strengthening their value chains in order to compete in the global market, especially in the face of low costs associated with outsourcing in Asia. In this context, Central America has focused its attention on attracting investment in areas such as yarn and fabric production, accessories, garment manufacturing, and related services.

El Salvador has been an active part of this process, promoting structural transformations in its textile and apparel industry. This has included the development and implementation of capacity-building programs, as well as the adoption of international labor and environmental standards. The goal has been to encourage the creation of companies with vertically integrated processes, facilitating a strategic relationship between textile manufacturers, maquilas, and retailers to optimize costs, improve efficiency, and respond more quickly to demand.

As a result of this strategy, a vertically integrated synthetic cluster has been consolidated, ranging from the production of polyester and nylon yarn to elastics, knitted fabrics, and apparel. This cluster is geared toward specialized niches such as sportswear, athletic apparel, and swimwear. Among the companies that comprise it are CS Central America, Unifi, George C. Moore Company, Pettenati, Apparel Production Services (APS), TexOps, ProDept, Supertex, Youngone, and others.

Key industry players

In El Salvador, the main players in the textile sector are varied and participate in different stages of the industry's value chain. Among the most representative are:

Textile companies: These are companies dedicated to the production of fabrics and related materials, playing a fundamental role in the vertical integration of the sector's value chain. Their main function is to supply essential inputs for the garment industry. Among the most recognized firms in El Salvador are Grupo Karims, Textufil, and TexOps.

Garment companies: These entities specialize in the manufacture of apparel and accessories, transforming raw textile materials into finished products suitable for the market. Among the most prominent companies in the sector in the country are Confecciones del Valle, Supertex, Gildan Activewear, among others.

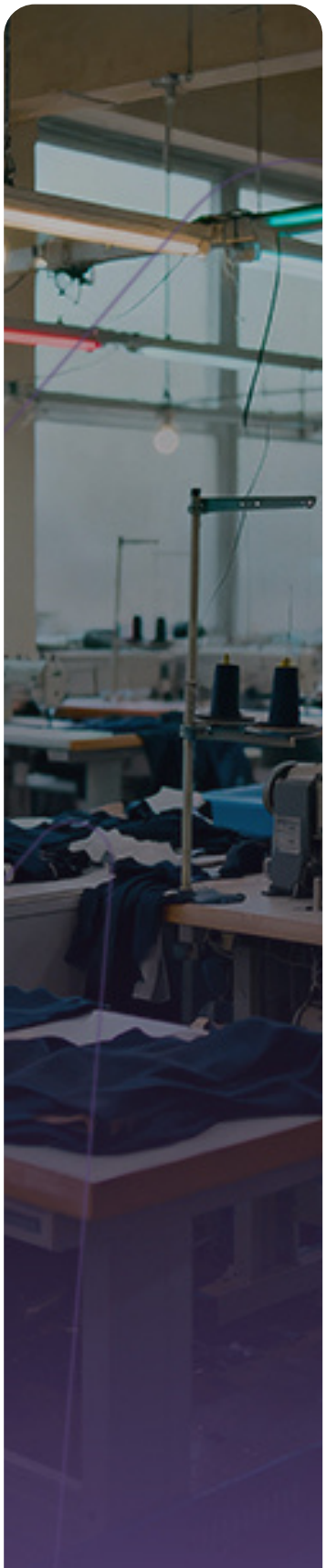
Associations and guilds: These are organizations that bring together and represent the various players in the textile sector, promoting favorable policies and fostering cooperation between companies. They are also responsible for raising awareness and strengthening the sector's development. Relevant examples include the Chamber of the Textile, Apparel, and Free Trade Zone Industry of El Salvador (CAMTEX) and the Salvadoran Association of Industrialists (ASI).

Educational institutions: These include universities, technical institutes, and training centers that offer academic and technical programs related to the textile sector, such as design, textile engineering, and industrial management. Their contribution is key to preparing qualified personnel for the development of the sector. Some of the most relevant institutions in this field in El Salvador are:

- The Technological University (UTEC): In February 2024, UTEC signed a cooperation agreement with the Chamber of Commerce and Industry (Camarasal). This agreement facilitates internships and work placements for students in fields such as fashion design in companies in the sector, strengthening the link between academia and business.
- Francisco Gavidia University (UFG): New Study Plan (2024): They launched the 2024 Plan for the Bachelor's Degree in Fashion Design, which includes an updated curriculum with an emphasis on strategic marketing and contemporary design. In addition, one of the most important fashion shows in the country was held, where emerging talent from the UFG presented collections that fuse art and fashion called Hilos de Poesía (Threads of Poetry) (December 2025).
- The Industrial Technical Institute (ITI): This continues to be the seedbed for technical-vocational high school graduates. Recently, the institution underwent an administrative restructuring process led by the Ministry of Education to reinforce discipline and update technical training models.
- Catholic University of El Salvador (UNICAES): Textile Process Engineering: Starting in Cycle I-2024, UNICAES formalized its Engineering and Textile Technician program.
- National Training and Education Institute (INCAF): 2025 Certifications: In July 2025, INCAF launched calls for the design of specific job competency standards for the textile and apparel sector. This allows active workers to become technically certified without the need for a long university degree, increasing the competitiveness of the sector.

It is important to note that the country's textile ecosystem also includes a wide variety of key players, such as machinery and technology suppliers, logistics and transportation companies, and specialized consultants, all of whom play essential roles in the industry's overall functioning and development.

Job creation



In El Salvador, the textile and apparel sector has historically played a fundamental role in employment development and the national economy. As the country's main employer, in 2023, this sector accounted for approximately 8% of total formal employment. Likewise, by June 2025, according to the report on employment indicators in El Salvador presented by the Labor Market Information System (SIMEL), the manufacturing industry contributed 23% of private sector payroll contributors.

The following table shows the evolution of employment generated by activity during 2024. Data from CAMTEX.

Jobs in the Textile and Apparel Sector (2024)

Activity		No. of jobs
Manufacture of textile products	Finishing of textile products	676
	Manufacture of made-up textile articles, except apparel	379
	Manufacture of ropes, twine, cordage, and nets	414
	Manufacture of other textile products n.e.c.	1,543
	Manufacture of tapestries and carpets	25
	Preparation and spinning of textile fibers	6,947
	Weaving of textile products	14
Manufacture of clothing	Manufacture of knitted and crocheted fabrics	74
	Manufacture of knitted and crocheted articles	289
	Manufacture of clothing, except leather garments	6,798
Maquila	Textile and Apparel Manufacturing	45,849
Grand total		63,008

Major employers in the sector

Over the last few decades, the textile and apparel sector in El Salvador has established itself as a strategic pillar of the national economy, standing out as a key driver of competitiveness and one of the main sources of foreign exchange from exports. The sector's dynamism is reflected in the presence of more than 650 active companies, ranging from spinning and weaving to the manufacture of finished garments.

Among the main players in the market are Central America Spinning Works El Salvador, a leader in the textile subsector, and Hanesbrands El Salvador, a benchmark in the apparel and advanced manufacturing subsector. These companies are among the five largest employers in the industry, reaffirming the country's solid potential as a textile production platform for the global market.

Top 5 employers in the textile subsector (2023)

Company	Employees
CENTRAL AMERICA SPINNING WORKS EL SALVADOR	1,707
TEXTUFIL	1,194
PETTENATI CENTROAMERICA	878
TOBAR	689
INDUSTRIAS UNIDAS	558

Top 5 employers in the Apparel subsector (2023)

Empresa	Empleados
HANESBRANDS EL SALVADOR	4,202
CONFECCIONES EL PEDREGAL	3,146
TEXTILES LA PAZ	2,872
SUPERTEX EL SALVADOR	2,718
CELERITAS MANUFACTURING	2,537

OPPORTUNITIES AND ADVANTAGES

TO INVEST IN EL SALVADOR

Investment opportunities

Investing in the textile and apparel sector in El Salvador represents a strategic opportunity for companies seeking efficiency, proximity to the US market, regulatory compliance, and growth potential in specialized niches. Central American and North American countries, in particular, are major consumers of these products. El Salvador, being so well connected to these markets, offers a strategic location to supply growing regional demand. Some investment opportunities in the country include:

- Manufacture of yarn and fabrics (natural and synthetic)
- Manufacture of knitwear with accessories and embellishments (embroidery, screen printing, appliqués, among others), garments for high-performance athletes, sweaters, or garments with high added value and high turnover.
- Manufacture of garments in the “simple transformation” category: bras, boxers, girls' dresses, pajamas, and suitcases.
- Manufacture of high value-added garments: sportswear, high-performance clothing, underwear, swimwear, and functional garments.

El Salvador offers clear opportunities in subsectors with high growth potential that are aligned with global trends: technical textiles, sustainability, service integration, and regional import substitution. These areas not only offer economic returns, but also long-term strategic positioning in global value chains.

Inversión del sector

Private Reinvestment

Between 2024 and 2025, eleven companies established in El Salvador have invested more than $150 million, according to the Salvadoran Chamber of Textiles, Apparel, and Free Trade Zones (Camtex).

These types of actions demonstrate the confidence of companies already established in El Salvador, which generates optimism in the sector. Companies such as Makalot are investing in products with higher added value.

Nueva inversión

According to the Salvadoran Chamber of Textiles, Apparel, and Free Trade Zones (Camtex), five new free trade zone projects are currently under development and already under construction in the country, which will be added to the 19 already in existence. This investment, made at the end of 2025, was made possible by recent reforms to the Free Trade Zone Law.

- Tunan Tal Free Trade Zone: With an estimated investment of $21.5 million, a warehouse will be built for sorting second-hand products and a recycling plant for textile reuse. This project has been backed by Whitehouse & Schapiro, a global textile trading company that has been a thriving family business for over 110 years, involved in all facets of the second-hand textile industry.

Advantages of investing in El Salvador

Strategic location

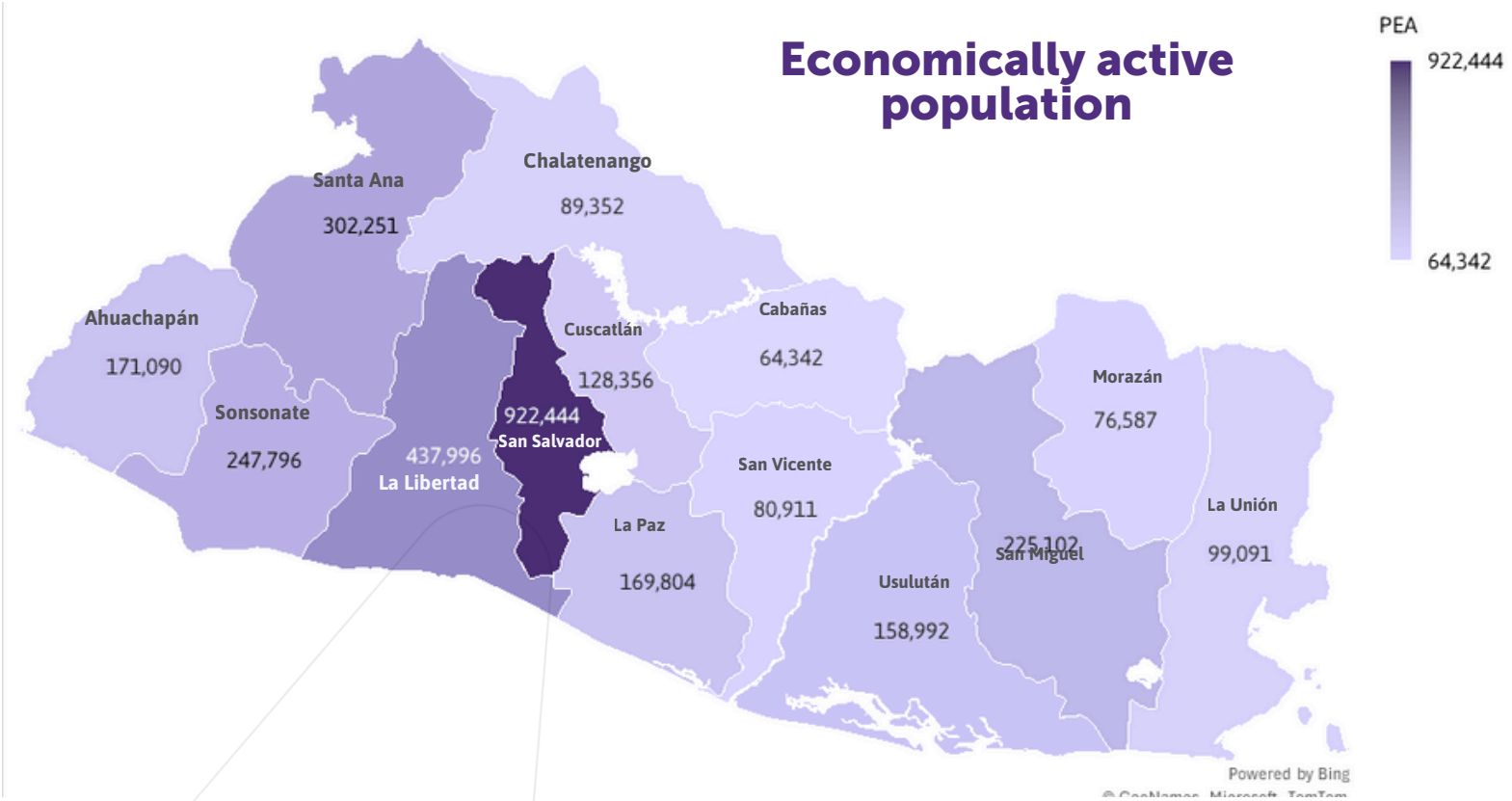
El Salvador is located in Central America, bordered by Honduras to the north and east, Guatemala to the west, and the Pacific Ocean to the south.

Its strategic position and access to the region's main ports and transport corridors, facilitating the export of products and components from the textile and apparel sector, makes it a hub connecting North and South America.

Young and skilled talent

El Salvador is developing an ecosystem of young, skilled talent in the textile and apparel sector, driven by the growth of technical education, investment in specialized training, and the attraction of international companies.

The country has a diverse population of more than 6 million inhabitants and an economically active population of approximately 3.2 million, of which 62% are under 40 years of age, according to the latest census available from 2024, conducted by the Central Reserve Bank (BCR). Likewise, according to the latest INCAF study, "Characterization of the profile of the population entering the labor market, analysis of expectations, interests, and skills," the economically active population (EAP) is 3.09 million people (56.8% men and 43.2% women). Of this figure, 29.6% corresponds to people aged 16-29.



<7%

Low staff turnover in textile companies

<9%

Low staff turnover in apparel companies

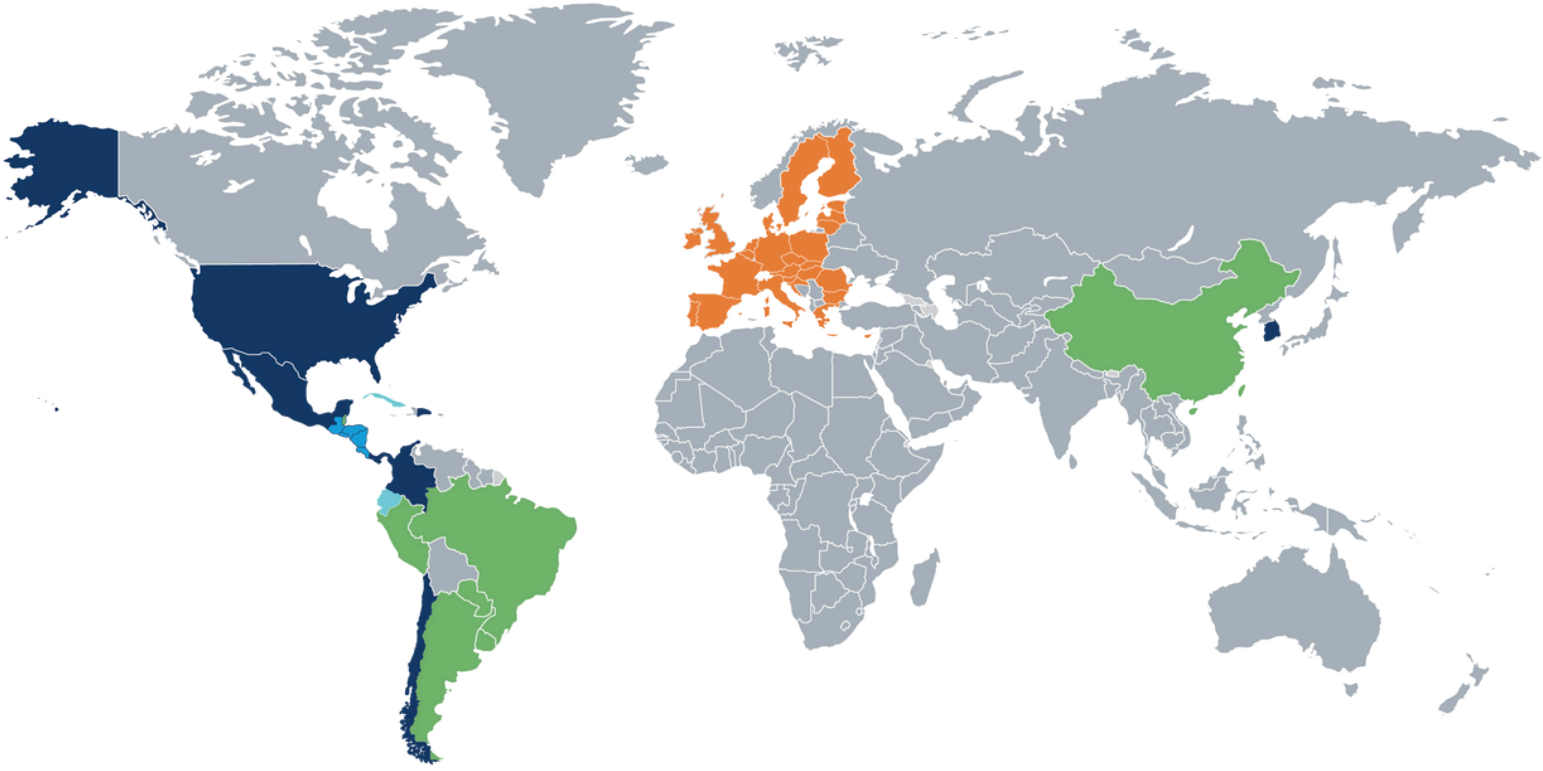
Source: INVEST in El Salvador with data from the Central Reserve Bank 2025

Preferential access to 1.2 billion consumers in 43 countries

El Salvador has successfully established a series of trade agreements that offer significant advantages to both local companies and foreign investors. These agreements allow companies to access international markets under preferential conditions, which is a key factor in the competitiveness and profitability of industries, including the auto parts sector.

12 Trade agreements providing access to 42 countries (including the US)

El Salvador Trade Agreement Network



General Treaty on Central American Economic Integration

- Guatemala
- Honduras
- Nicaragua
- Costa Rica

Partial Scope Agreements

- Cuba
- Ecuador

Partnership Agreements

- European Union
- United Kingdom of Great Britain and Northern Ireland

Free trade agreement

- Dominican Republic
- Chile
- United States
- Mexico
- Republic of Korea
- Panama
- Colombia

Agreement under negotiation

- China
- Belize
- Peru
- Brazil
- Argentina
- Paraguay
- Uruguay

Quality infrastructure

El Salvador is strategically located in the center of America, with advanced infrastructure. According to the World Economic Forum's latest Global Competitiveness Index for 2019, the country ranks first in road connectivity and second in infrastructure in Central America.

In terms of air connections, it has two international airports offering more than 34 routes and connecting to 14 countries in the Americas, the Caribbean, and Europe. In addition, significant investments have been made in the expansion and improvement of roads, seaports, and airports, which has facilitated the transport of goods and raw materials. This has helped reduce logistics costs, shorten delivery times, and improve the country's connectivity with international markets.

Recent logistics development projects

- Remodeling of the Las Chinamas border crossing, renovation of the connecting road.
- Implementation of X-ray inspections for means of transport at land customs posts.
- Expansion of the cargo terminal at El Salvador International Airport through the country's first public-private partnership.
- Development of new, modern facilities at El Amatillo customs post.
- Development of major road projects such as the Claudia Lars roundabout in San Juan Opico, the Gerardo Barrios ring road (San Miguel Bypass), and the overpass between the airport highway and the Litoral highway, among others.
- Modernization of pre-port facilities and access one to the port of Acajutla.

- Solid progress toward the Customs Union through the start of operations at the binational Integrated Border Crossing in El Amatillo, representing significant advances and improvements in the efficiency of procedures and operations in the flow of goods.

Infrastructure megaprojects:

- Pacific Airport: whose objective will be to strengthen the eastern part of the country as a hub for development.
- Pacific Train: will connect the capital, San Salvador, with the port of Acajutla.
- Shipyard in the Port of La Unión.
- Recovery and modernization of the Port of Acajutla.
- Mobility projects such as the Francisco Morazán viaduct.
- AirCity.
- Viaduct and expansion of the Los Chorros highway.

INCENTIVES TO INVEST

IN EL SALVADOR

Law on Industrial and Commercial Free Trade Zones

Companies in the textile and apparel manufacturing sector that decide to locate in El Salvador can enjoy the incentives of the Industrial and Commercial Free Trade Zones Law, since the sectors that benefit include the production, assembly or maquila, manufacturing, processing, transformation, or commercialization of industrial goods, as defined in Chapters 25 and following of the Harmonized System.

Benefits

- Exemption from customs duties and other import taxes on machinery and equipment necessary for exportable production during the period in which they carry out their operations.
- Exemption from customs duties and other import taxes on raw materials and other supplies necessary for the execution of the incentivized activity during the period in which they carry out their operations.
- Exemption from customs duties and other taxes on lubricants, fuels, and other substances necessary for the productive activity during the period in which they carry out their operations.
- Total exemption from real estate transfer tax for the acquisition of real estate to be used in the promoted activity.

- Income tax exemption according to the following table:

Location of the Free Trade Zone or DPA	Percentage of exemption	Exemption period for companies established in free trade zones	Exemption period for companies established in DPA
San Salvador metropolitan area	100% 60% 40%	For 15 years For the next 10 years For the next 10 years	For 10 years For the next 5 years For the next 10 years
Outside the metropolitan area of San Salvador	100% 60% 40%	For 20 years For the next 15 years For the next 10 years	For 15 years For the next 10 years For the next 10 years

Additionally, partners or shareholders benefit, as profits or dividends distributed from the favored activity are exempt from income tax for the first 12 years.
Municipal tax exemption, according to the following table:

Location of the Free Trade Zone or DPA	Percentage of exemption	Exemption period for companies established in free trade zones	Exemption period for companies established in DPA
San Salvador metropolitan area	100% 90% 75%	Durante 15 años Durante los siguientes 10 años En adelante	For 10 years For the next 5 years Beyond that
Fuera del área metropolitana de San Salvador	100% 90% 75%	Durante 20 años Durante los siguientes 15 años En adelante	For 15 years For the next 10 years Beyond that

Municipal councils, within their legal powers, may grant additional benefits in order to promote the development of their respective municipalities.

Once the period of total exemptions has expired, free zone users will be entitled to an additional five-year period if it is proven that during the last five years of the total exemption they have increased their investment by 100% in relation to their initial investment.

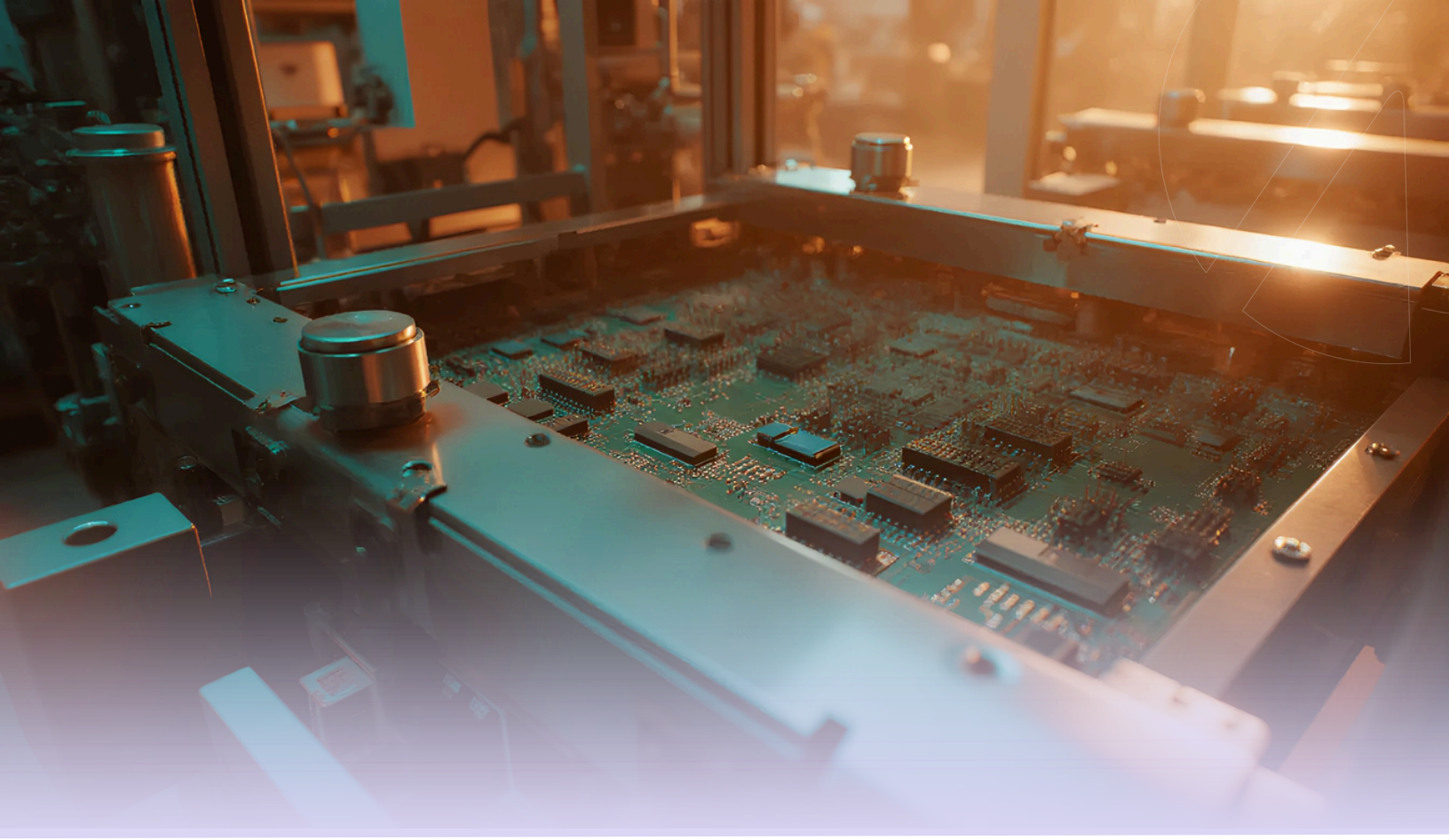
Law for the Promotion of Investment Expansion

Benefits

The legal framework will apply to individuals or legal entities, whether domestic or foreign, that have at least 10 years of verifiable operation in El Salvador and that expand their investment in sectors such as textiles and apparel, agribusiness, food and beverages, auto parts, electronics, plastics, footwear, pharmaceuticals, construction products, paper, and derivatives. The tax benefits provided for in the law range from 10% to 30%, depending on the level of growth and compliance with the established requirements.

- The first range establishes investments between $1,000,000 and $10,000,000, to which a 10% tax credit would apply.
- The second range corresponds to investments between $10,000,000 and $20,000,000, with a 20% credit.
- Investments exceeding $20,000,000 will be eligible for a 30% tax credit.

SUCCESS STORIES AND SUPPORT FOR **INVESTORS**



GEORGE C. MOORE
A MOORE COMPANY

Leader in the manufacture of advanced electronic components

In 2006, the company began operations in El Salvador and invested in the Salvadoran textile and apparel industry to take advantage of its proximity to the U.S. market and the DR-CAFTA trade agreements. George C. Moore manufactures plain, printed, and Jacquard narrow elastics for underwear, athletic compression garments, men's and women's pants, performance wear, dancewear, swimwear, orthopedic and medical, industrial, and military markets.

Andy Ahn.
General Manager
Hansae El Salvador.

On behalf of the South Korean-based HANSAE Corporation, I wish to express our deepest and most sincere gratitude to the government of El Salvador for its openness, trust, and support in allowing us to establish our operations in this great country.

This opportunity means a great deal to us, as the strategic decision was made because the country has high potential for economic and social development, is rich in human talent and resources, and has a strong vision for the future. The support we have received from the government has also been significant and decisive in bringing our investment here.

We would like to express our special gratitude to INVEST IN EL SALVADOR, who facilitated this process and accompanied us at every stage, demonstrating a firm commitment to sustainable growth and innovation in the textile sector.

We reiterate our commitment to working responsibly, transparently, and with respect for local norms and values. Our goal is to be a job-creating company, bringing the highest standards of technology and innovation to the textile industry, strengthening value chains, and contributing to the well-being of the communities where we operate.

Investor Support Services

Contact Us!

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INVEST in El Salvador, as an investment promotion agency, offers a wide range of services designed to facilitate capital investment in the country's textile and apparel sector. Our work includes support and guidance regarding procedures and permits, providing contacts and strategic information, and advising on tax benefits and government incentives available to investors. This ensures an efficient, transparent, and successful investment process.

Personalized assistance
We provide a service tailored to your needs with the goal of delivering valuable solutions.

Strategic information
Up-to-date information on the investment climate, sectors of interest, and opportunities.

Facilitating contacts
Network of contacts with government representatives, local businesses, chambers of commerce and business associations.

Consulting
Technical advice and investment case evaluations.

Customized agendas
We offer a carefully selected program of meetings and appointments tailored to your objectives.

invest in
El Salvador

Se exhorta a todos los funcionarios, empleados, proveedores, socios de negocios y demás partes interesadas a abstenerse, negarse o participar de manera activa o pasiva en cualquier actividad que pueda constituir un acto de soborno, contribuyendo así a una gestión íntegra y libre de corrupción. Pueden hacer uso de los canales de denuncia que se encuentran en el sitio web: https://investinelsalvador.gob.sv/es/