

READY FOR TAKE OFF

As the “Tom Thumb of America,” El Salvador is Central America’s smallest country. Like the fairy-tale character, however, it still packs a punch, and is preparing to take center stage in a host of industries that include business tourism, finance, communications, and clean energies.



Making an impression

Just four hours away from the U.S., El Salvador is at the heart of the Americas and fast becoming the destination of choice for tourists and business travelers alike.

Favoring solid global policies and a savvy business culture to increase its current 4.8% economic growth rate, the country of just seven million people was the first to sign the Central America Free Trade Agreement (CAFTA) with the U.S. Elías Antonio Saca, President of El Salvador since 2004, defines his vision as a continuation of his predecessors' work, saying: "We must continue building a small but strong state that is not intrusive in private business activities."

His Vice-President, Ana Vilma de Escobar, lists some of the extensive reforms that have made the country more business-friendly, developed in conjunction with the country's Chamber of Commerce. "We have dollarized our currency and have the



Elías Antonio Saca
President of El Salvador

lowest interest rates of Latin America. Large sectors of the economy have been privatized, such as telecoms, pensions, banking, and energy," she says.

Foreign direct investment in El Salvador is promoted by PROESA, a government agency headed by the Vice-President's office. PROESA has been furthering the country's international contacts through free trade agreements with the U.S.,



El Salvador's Pacific coastline is rich in biodiversity.

Taiwan, Chile, Dominican Republic, Mexico, and Panama, and there are more in the pipeline.

"El Salvador is one of only three countries in Latin America to have a Moody's Investment Rating," says de Escobar. "The World Economic Forum has us listed as the fifth most competitive country in the entire region. The Salvadorans are very hard workers. They want jobs, not charity."

PROESA focuses on bringing investment to cornerstone sectors of the economy, such as banking, call centers, and tourism, and the corresponding infrastructure improvements. "The moment a potential investor actually comes to El Salvador, half the job is done," de Escobar says. "People are surprised by what we have to offer."

The emergent tourism sector is growing under the supervision of the Ministry of Tourism (Mintur), created by President Saca when elected to office. Minister of Tourism José Rubén Rochi explains: "Our idea is to position ourselves as a meeting point in Central America. El Salvador has modern airport infrastructures and a strategic geographical location."

With a 9% increase in tourism, sector revenue grew almost 36% last year, from U.S.\$634 million to U.S.\$862 million. Of the 1.27 million visitors to El Salvador, more than 220,000 came for a day visit, 24% more than the previous year. Travel from the U.S. is up by 38%.

Although Mintur is working to increase the share of vocational tourism with its "Impressive El Salvador" campaign, it



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recognizes that business and events tourism is the niche market that can set El Salvador apart from other Central American countries and it is capitalizing on its excellent infrastructure to spread the word. The country can boast the best telecommunications, technology and road networks in the region, as well as American-style shopping malls. It is also home to the headquarters of regional airline group TACA.

With more than 20 years' experience, George Saade manages the Sheraton Presidente, San Salvador's premier hotel, located in the best residential area of San Benito. Saade is proud to be associated with the hotel of choice for celebrities and heads of state from around the world.



The exclusive hotel is perfectly located close to the financial and governmental heart of the city, next to shops, restaurants, and specialty stores, and is the only hotel with a private heliport.

Each of its 240 comfortable and luxurious rooms and suites comes with a view, in-room movies, high speed Internet, 24-hour room service, and Sheraton's world acclaimed SweetSleeper Bed. The hotel also features a spa and business center. "The Sheraton Presidente has the city's best Conference Center, convenient for government and private sector," Saade adds. "We are ready to transform 17,640 sq. ft. of event space into a wonderful setting for meetings, conferences, or celebrations. At Sheraton, we not only guarantee a memorable stay, but also a memorable event."




Beaches, mountains, surf and history – El Salvador has it all.

Innovation and niche marketing are the trademarks of Intelfon, a telecom provider that has brought Motorola's Integrated Digital Enhanced Network (iDEN) technology to El Salvador. Having invested U.S.\$80 million since 2005, Intelfon president Rafael Salomé explains: "We cover specific communication needs for professionals that require both cellular and radio communications, such as security, transport and taxis, and the corporate segment, which can enhance internal and external communications with a monthly flat rate." With 1,000 new users signing on every month, Intelfon hopes to reach 200,000 clients in the next five years, and set a lasting regional footprint.

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The telecom and energy sectors of El Salvador are regulated by Siget, a governmental agency presided over by Fernando Argüello. The growth of cellular technology—23% in the last two years—has been mirrored by a growing alternative energies sector. “In geothermal energy we are first in the world in use per capita,” says Argüello. In fact, a whopping 28% of the national energy demand is covered by geothermal sources, courtesy of La Geo, a private company with a 30-year track record. With strategic partnerships, La Geo hopes to export its know-how to Nicaragua, Honduras and Chile, while strengthening the Salvadoran supply.

Celebrating its 175th anniversary and its first decade in El Salvador this year, Scotiabank enjoys a leading position in the country’s banking sector, with a 16% market share. Executive president Sergio Concha points to customer satisfaction as the main reason behind the bank’s success, locally and with international investors.

Investors in El Salvador also need reliable legal partners. Consortium is a law firm that has brought together the region’s leading firms from El Salvador, Guatemala, Honduras, Costa Rica, and Nicaragua. “International investors consider Central America a single region,” explains senior partner Ricardo Cevallos. The firm specializes in international investment and business, corporate taxes, and real estate, and has advised major clients in the banking and financial sector.

Also active in neighboring countries is Laboratorios Ferson, a Salvadoran pharmaceutical company, located in one of El Salvador’s free trade zones, that specializes in generics and ethical drug products. Built by director Fernando Pacheco, Ferson is a family business, which today manufactures 150 household items in El Salvador, Guatemala, Nicaragua, and



GMP standard quality controls at Ferson Laboratories.

Belize. Plans to enter the markets in Colombia and Peru are underway, with the Caribbean close by through CARICOM.

The region’s most competitive land prices are also found in El Salvador, where architect Ricardo Arriaza Vega operates as one of the region’s key real estate brokers. His global network specializes in providing clients with the perfect tropical home, be they second homeowners or the growth sector of retired baby boomers.

Getting more people to El Salvador is one of the missions of TACA, an airline carrier group made up of five regional airlines that works to integrate the “three Americas”, according to TACA president Roberto Kriete. With 92% on-time arrivals, TACA brings an ever-growing number of tourists and business travelers to enjoy the small, vital heart of Central America. ■

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