BENCHMARKING TEXTILES AND APPAREL

GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA, HAITI

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Apparel and Textile Sector

Guatemala, Honduras, El Salvador, Nicaragua, and Haiti

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Acronyms

ADIH	Association des Industries d'Haïti
AGEXPORT	Guatemalan Export Association
AHM	Honduras Manufacturers Association
ANITEC	Nicaraguan Textile Association
ATC	Agreement on Textiles and Clothing
BANGUAT	Banco de Guatemala
BCH	Banco Central de Honduras
BTS	Build to suit
CADIN	Chamber of Industries of Nicaragua
CAMTEX	Chamber of the Textile, Clothing and Free Zones Industry of El Salvador
CBI	Caribbean Basin Initiative Act
CBTPA	Caribbean Basin Trade Partnership Act
CCTV	Closed-circuit television
CNZF	National Commission of Free Trade Zones
CZF	Free Trade Zone Corporation of Nicaragua
DR-CAFTA	The Dominican Republic–Central America Free Trade Agreement
ELVIS	Electronic Visa Information System
EU-CAAA	European Union-Central America Association Agreement
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GDP	Gross Domestic Product
HELP	Haiti Economic Lift Program
HOPE	Haiti Hemispheric Opportunity through Partnership Encouragement Act
ICTSD	Centre for Trade and Sustainable Development
IDB	International Development Bank
ISR	Income Tax
MFA	Multilateral Fiber Arrangement - Haiti
OMJ	Opportunities for the Majority Organization
OTEXA	United States Office of Textiles and Apparel
PROESA	Exports and Investment Promotion Agency of El Salvador
SME	Square Meter Equivalent
SONAPI	Societé Nationale des Parcs Industriels
TLCAN	North American Free Agreement
VAT	Value Added Tax
VESTEX	Association of the Apparel and Textile Industry of Guatemala
WB	World Bank
ZDEEP	Special Public Economic Zones
ZEDE	Zones for Employment and Economic Development
ZIP	Industrial Export Processing Zones
ZOFAS	Administrative Free Trade Zones

Executive Summary

Guatemala is a country with immense potential for economic growth, and that is why the USAID/Guatemala Creating Economic Opportunities (CEO) Project supports this growth with strategies such as investment-promotion strengthening.

The USAID CEO Project becomes a strategic ally by enabling investments in economic activities that generate employment and provide other elements to dynamize the economy, such as the transfer of knowledge and technology. These economic activities include apparel and textiles, as a major exporting sector in Guatemala (14% of total exports), constituting 8.9% of the Gross Domestic Product. The sector generates 180,000 direct and indirect jobs, 45% of which are performed by women. This sector shows immense potential to attract new investments that can complement and contribute to further developing this industry in the country, taking advantage of the "nearshoring" trend due to its proximity to the largest apparel import market in the world, the United States.

In order to promote the country as a destination for investment by global companies in this sector, it is essential to have a clear understanding of the characteristics of this industry in Guatemala and in the other countries that are usually considered by those investors who are scouting locations to establish and/or expand their regional operations, with the main objective of bringing production capabilities closer to the main export destination, the United States.

This comparative analysis contains information on five countries: Guatemala, Honduras, El Salvador, Nicaragua, and Haiti, including information on their macroeconomic indicators, export figures for the main industry categories, main operating costs in each country and a comparison of these indicators with respect to Guatemala's competitive conditions.

It also includes a brief description of the characteristics and development of the apparel and textile industry in each country, the main incentives granted by the special regimes and the existence of Free Trade Zones and their characteristics. An overview of the main lessons learned from the development of each country's industry, as well as the advantages that the country offers to investors, are also included.

This information can be used to consolidate messages that promote the country's advantages and to identify the advantages that other competing countries have, which may be of interest to investors. The aim of this contribution to local stakeholders from the private and public sectors is to highlight the country's advantages and to improve the conditions showing competitiveness challenges for the sector in the country. To complete the document, tables summarizing the comparative benchmarking indicators of all the countries have been added.

This benchmarking study allows finding similarities in the development of the apparel sector, with a model focusing on apparel exports that have the United States as their main destination, and the Central American markets for textiles. All the countries have special regimes that have benefited the development of the sector, hand in hand with the government's promotion of public policies favorable to this industry as a strategy to generate employment and economic growth.

The differences become evident when considering the incidence of social, economic and/or political factors that have leveraged or limited the development of this industry in each country; the different way in which the benefits of the special regimes are applied, and the variances in costs. None of them are substantially distinct factors, except that the Guatemala labor force is the most skilled in the region, and this poses a greater challenge for the efforts to position the country as a destination for investment in this sector.

The study has a business approach to showcase the competitive advantages and distinctive factors of the value chain that goes from raw materials to finished garments can be seen clearly in Guatemala, reflecting the verticality of an integrated cluster. Thus, the investment-promotion strategy should focus on continuing to generate the industrialization process starting from the yarn (cotton and synthetics), which in turn responds to market demand.

GUATEMALA

The apparel and textile industry is important for the country's economy. It accounts for 8.9% of the Gross Domestic Product and generates 180,000 direct and indirect jobs, 46% of which are performed by women, according to the figures provided by the Asociación de la Industria de Vestuario y Textiles (Association of the Apparel and Textile Industry of Guatemala–VESTEX in Spanish) under the Asociación de Exportadores de Guatemala (Guatemalan Export Association–AGEXPORT in Spanish).

Apparel and textiles are the main export products. In 2021, sector exports amounted to US$1.9 billion, representing 14.1% of the country's total exports. The main destination countries for these exports are: the United States (US), Central America, Mexico, and Canada. Below is information on investments, exports, GDP, and GDP per capita in Guatemala.

Guatemala's Data

GUATEMALA				
Year	FDI INFLOWS (US$ millions)	EXPORTS (US$ millions)	GDP (US$ millions)	GDP per cápita (US$)
1970	29.40	353.60	1,904.00	349.02
1980	110.70	1,748.00	7,878.70	1,143.44
1990	47.70	1,608.60	7,650.10	845.31
2000	- 788.60	3,895.40	19,288.80	1,664.30
2010	1,102.46	10,667.60	40,676.40	2,852.55
2020*	853.45	11,654.89	77,604.60	4,603.34
Growth 2010 - 2020	-22.59%	9.26%	90.79%	61.38%
Source: Worldbank y Trademap (mirror data)				

Exports and market share of textiles and apparel in Guatemala

According to data reported by Guatemala's trading partners, the main destinations for Guatemala's exports by chapter are:

- **Chapter 61**: The United States has the largest share, with almost 90%, followed by countries such as Canada, Mexico, Japan, and France, which account for 2% or less. These five markets constitute 95.67% of total exports according to 2020 data.
- **Chapter 62**: In 2020, the main destination for Guatemala's exports was the United States with a share of almost 90%, followed by Canada, Germany, France, and Switzerland with 1% or less of the share. The five main destination markets accounted for about 92% of Guatemala's exports.
- **Chapter 52**: Unlike the previous Chapters, the main destination markets for 2020 were Latin American and Caribbean countries. El Salvador was the main destination, with a 38.59% share. On the other hand, the United States accounted for 3.77% of the exports under this Chapter. The five main markets have a combined share of 92.06%.

- **Chapter 58**: The main destinations are Central American countries and Mexico. El Salvador ranks first with a 46.73% share, while the United States ranks fifth with 3.12%. Overall, in 2020, the first five countries had a 97.87% share.
- **Chapter 60**: According to data recorded in 2020, the main export destination for this product was Nicaragua with a share of 66.65%, and in second place, El Salvador with a 32.80% share. The other countries have a share of less than 0.5%. The analysis concludes that exports of raw material (yarn and fabric) to the Central American markets as their main destination are used by the apparel industries of these countries for products to be exported to the North American market.

- Therefore, the conclusion is that Guatemala has an integrated export cluster of both finished garments destined for the United States and textile inputs destined for countries in the region for their apparel manufactures, which in turn are exported to the United States as finished garments.

2020	Guatemala		
GDP (US$ millions)	77,604.60		
GDP per cápita (US$)	4,603.34		
FDI (US$ millions)	853.45		
POPULATION	16.8 millions		
TOTAL EXPORTS (US$ 000,000)	11,654.89		
APPAREL EXPORTS (US$ 000,000)	1,384.90	11.88%	
TEXTILE EXPORTS (US$ 000,000)	146.58	1.26%	
KNITTED APPAREL (61)	US$ 000	MARKETS 2020	SHARE 2020
2016	1,268,961	United States	89.84%
2017	1,254,422	Canada	2.65%
2018	1,356,334	Mexico	2.15%
2019	1,332,631	Japan	0.56%
2020	1,204,986	France	0.46%
		Top five markets	95.67%
NON KNITTED APPAREL (62)	US$ 000	MARKETS 2020	SHARE 2020
2016	320,299	United States	89.52%
2017	301,123	Canada	1.51%
2018	325,437	Germany	0.88%
2019	293,049	France	0.31%
2020	179,917	Switzerland	0.15%
		Top five markets	92.38%
COTTON YARN (52)	US$ 000	MARKETS 2020	SHARE 2020
2016	24,940	El Salvador	38.59%
2017	28,525	Mexico	23.63%

2020	Guatemala		
2018	33,018	Nicaragua	17.31%
2019	25,074	Dominican Republic	8.76%
2020	12,160	United States	3.77%
		Top five markets	92.06%
WOVEN FABRICS (58)	US$ 000	MARKETS 2020	SHARE 2020
2016	7,355	El Salvador	46.73%
2017	6,839	Nicaragua	24.55%
2018	9,946	Mexico	18.25%
2019	10,095	Costa Rica	5.22%
2020	7,916	United States	3.12%
		Top five markets	97.87%
KNITTED FABRICS (60)	US$ 000	MARKETS 2020	SHARE 2020
2016	81,638	Nicaragua	66.65%
2017	82,738	El Salvador	32.80%
2018	103,386	United States	0.14%
2019	109,565	Costa Rica	0.10%
2020	126,502	South Korea	0.10%
		Top five markets	99.79%

Source: Developed by the authors with data from TradeMap (mirror data).

Raw Material Imports for the Guatemalan Apparel Industry

The following analysis shows the countries supplying Guatemala with cotton fiber, cotton yarn, synthetic fiber yarn, and knit and woven fabrics from 2015 to 2020 (year 2021 was not available in TradeMap), with the aim of understanding the share of the main suppliers of these inputs in the value chain of the finished garment industry.

Guatemala Cotton Carded and Combed, Cotton Yarn & Cotton woven fabrics HS 52 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**317,010**	**230,656**	**239,469**	**321,694**	**292,062**	**258,882**
United States of America	130,444	97,218	95,092	129,533	113,825	92,451
Vietnam	4,110	3,179	4,268	6,046	13,165	34,115
Costa Rica	31,002	27,768	26,340	30,699	30,043	22,661
El Salvador	27,414	19,938	26,222	34,810	25,779	19,740
India	37,145	20,364	24,342	33,163	25,306	18,887
Honduras	6,772	7,939	8,559	9,911	13,080	18,668
China	22,826	23,366	20,554	28,567	28,168	15,835
Mexico	16,496	12,102	14,396	19,652	22,941	14,429
Indonesia	8,757	2,601	3,441	2,567	1,561	6,358
Nicaragua	657	1,640	1,117	1,488	3,646	4,595
Korea, Republic of	17,086	6,573	6,355	8,526	4,908	4,593
Pakistan	4,847	1,476	1,798	7,865	1,034	1,689
Italy	24	32	39	276	1,466	1,217

Guatemala Synthetic Yarn HS 54 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**191,874**	**193,112**	**213,352**	**195,428**	**152,434**	**135,880**
United States of America	73,184	88,102	76,026	54,438	38,140	38,054
China	51,939	43,560	63,830	67,878	45,617	32,625
El Salvador	24,829	23,402	28,830	28,607	24,874	22,105
Honduras	3,848	5,600	6,884	10,025	16,561	19,471
Mexico	6,899	6,548	7,940	6,323	6,323	6,823
Korea, Republic of	8,920	5,077	7,422	5,862	5,283	4,895
India	3,960	3,991	3,568	3,180	2,957	2,488
Taipei, Chinese	3,474	2,366	2,241	2,383	2,341	1,714
Nicaragua	602	2,153	4,224	3,527	1,431	1,379
Indonesia	3,929	5,263	5,988	6,230	2,246	1,273
Vietnam	2,356	1,301	840	619	1,151	978
Thailand	322	419	382	373	1,015	960
Hong Kong, China	456	607	559	428	220	808

Guatemala Synthetic Woven Fabrics HS 55 (USD Thousands) - Major Suppliers						
Exporters	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
World	**216,730**	**186,096**	**169,782**	**181,303**	**150,155**	**101,441**
China	111,944	94,875	88,621	104,439	83,726	44,162
El Salvador	19,757	18,694	17,998	17,648	18,071	13,507
United States of America	52,515	42,175	31,839	26,918	17,600	11,265
Costa Rica	83	200	1,068	2,039	1,097	7,020
Mexico	3,435	2,495	6,244	2,970	3,308	4,889

Guatemala Synthetic Woven Fabrics HS 55 (USD Thousands) - Major Suppliers						
India	2,804	3,546	4,677	5,205	4,691	4,507
Turkey	5,039	4,598	3,841	5,975	4,719	3,463
Honduras	3,307	2,231	2,040	2,141	2,857	3,158
Korea, Republic of	7,525	8,227	5,851	3,451	2,803	2,279
Taipei, Chinese	2,827	4,105	2,386	3,687	2,611	1,458
Vietnam	120	120	308	858	1,553	1,079
Peru	276	887	824	1,162	1,240	912
Pakistan	382	677	916	421	540	685

Guatemala Knitted Fabric HS 60 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	246,295	173,895	151,562	185,521	209,904	187,742
China	92,311	56,918	55,869	66,527	68,995	54,480
United States of America	25,069	26,254	28,604	31,508	43,816	47,409
Honduras	6,747	4,590	6,663	11,981	14,169	25,621
El Salvador	22,112	19,561	12,415	16,762	22,961	20,697
Korea, Republic of	70,560	45,166	26,477	28,081	21,622	15,432
Vietnam	7,925	5,374	4,955	4,938	13,165	9,936
Hong Kong, China	15,865	10,867	8,862	13,068	16,039	6,775
Nicaragua	1,676	1,620	670	5,032	1,853	2,259
Mexico	1,457	757	2,723	623	804	2,055
India	247	247	414	1,439	847	1,000
Colombia	433	626	834	816	1,047	781
Indonesia	153	1	910	2,252	1,938	272
Panama	428	579	543	730	397	258

Source: TradeMap

The Textile and Apparel Sector in Guatemala

The textile and apparel sector in Guatemala has consolidated since the 1980s, when production was mainly focused on domestic trade and trade with Central America. It then shifted towards a more export-oriented model, in which the creation of special production-export regimes played a key role.

Prior to 2005, the sector experienced a boom due to the fact that, unlike Asian countries, Central America had little or no quota limitations for exports to the United States. This made the region very attractive to establish *maquila* factories, mainly with Korean capital, until the Agreement on Textiles and Clothing (ATC), which eliminated the quota system as it had been known until then, became effective.

A study by the International Centre for Trade and Sustainable Development (ICTSD) estimated that in 2010, 68% of garment factories were installed with foreign direct investment, mostly from Korea, which played a key role in the industry due to the transfer of knowledge and technology. As of the year 2022, the country is generating new international investments with capital from investors from Spain and from local entrepreneurs, as well as the interest of various global investors (India, Sri Lanka, Taiwan, Vietnam, Colombia, etc.) encouraged by "nearshoring" trends as a result of the process of resilience after the pandemic and the push of North American brands to generate greater production capacity in Guatemala.

There is a combination of large companies in the sector focused on exports, as well as medium-sized and small companies that are more domestic-oriented. According to VESTEX (2021), there are 202 apparel-manufacturing companies; 197 clothing-accessory, finishing, and related-service companies; 36 textile and spinning companies, and 87 firms providing supplies and machinery to the industry in the country, totaling more than 500 companies linked to the sector.

The sector has one of the best integrated clusters in the Central American region. The supply chain includes yarns, flat and knitted fabrics, embroidery, screen printing, sublimation, accessories, dyeing and special finishes, up to the final delivery of the product. This allows the industry to be flexible and to have fast delivery capabilities. One of the great advantages of the sector is its full package and quick package capabilities.

Other advantages for the apparel and textile industry in Guatemala are their sectoral organization, the integration of the supply chain, the proximity to large international markets such as the U.S. and Mexico, and the high concentration of exports to the U.S. (almost 90% in 2020).

The Asociación de la Industria de Vestuario y Textiles (Association of the Apparel and Textile Industry of Guatemala–VESTEX in Spanish) is the entity that represents the private sector and promotes the Apparel Sourcing Show, the only one in the apparel and textile industry in Central America and the Caribbean. For more than 27 years it has been the platform that brings together international customers and apparel and supply companies, which participate in networking activities, business roundtables, exhibitions and seminars related to the apparel and textile industry.

The country's production is diverse, the most common items are cotton and synthetic fabric tops, pants, and woven and knitted cotton shorts.

Guatemala has a strategic "nearshoring" position due to its proximity to one of the main apparel and textile consumer markets, the United States, which according to figures from the World Trade Organization, accounts for nearly 20% of the world's apparel and textile consumption.

Another advantage are the trade agreements that the country has signed. These agreements, which include CAFTA-DR, Mexico, and the European Union-Central America Association Agreement (EU-CAAA), provide opportunities for the apparel and textile industry. CAFTA-DR gives preferences to the textile and garment production sector.

For those companies in the sector that export, there are special regimes with benefits such as exemptions from income tax (ISR in Spanish), value added tax (VAT) and import taxes. These include the Law for the Promotion and Development of Export Activities and *Maquila*, Decree 29-89, which exempts the payment of ISR for 10 years, refunds VAT and import taxes on machinery, and exempts taxes on raw materials, packaging, labels, intermediate products, and fuels. If companies operating under Decree 29-89 wish to sell their finished products in Guatemala, they must nationalize it; that is, pay the corresponding VAT and import taxes.

Companies that produce goods linked to the apparel and textile industry, as well as companies that produce other products and/or services complementary to this industry, are eligible under Decree 29-89, in addition to companies that produce services related to information technology (IT).

Free Trade Zones and Special Public Economic Development Zones

Free Trade zones are regulated by a specific law, Decree 65-89, and its amendments, Decree 06-2021, which defines them as areas of delimited physical land that is subject to a special customs regime. They may be established in any region of the country and not only in specific geographic zones, and enjoy exemptions from import taxes, income tax and VAT. There are three types of users –industrial, service, and commercial–, depending on their economic activity. Currently, according to information from the Ministry of Economy, there are seven Free Trade Zones operating in the country, with little availability of space for new users that require large amounts of square meters.

The Zonas de Desarrollo Económico Especial Públicas (Special Public Economic Development Zones –ZDEEP in Spanish) are geographically defined extra-customs areas within the national territory to develop industrial goods and services or commercial activities, with a temporary customs regime and tax benefits. They are regulated by Decree 30-2008, which amends Law 22-73 of the Congress of the Republic. Currently, there are four authorized ZDEEPs in operation and eight more currently completing the authorization process by ZOLIC, which is the governing entity, and the Superintendence of Tax Administration.

The following table contains information on Free Trade Zones and ZDEEPs as a sample of the country's offer.

GUATEMALA
FREE TRADE ZONES
Centro Industrial para la Exportación, S.A. - CIPLESA
Located in the municipality of Guatemala, it houses 13 users, most of them textile-sector

companies. It offers spaces ranging from 29,000 to 100 square meters. Users include: Juan Niemann y Compañía Ltd., Todo Bordado, Denimatrix, Quick Service Textile Guatemala Ltd., and Guatemala Thread Company.

CONSIGNA
This Free Trade Zone is located in the municipality of Villa Nueva, which is south of Guatemala City. It houses a single company, Siplesa, S.A., a pharmaceutical and chemical-product company, which is the only one in the Zone.
SADINSA
The zone is located in the municipality of Mixco, in the department of Guatemala. It has 23 users that occupy an area of around 7,000 square meters. These users include companies in the service and trade sectors, as well as companies dealing in logistics, parts and machinery, chemical products, textiles, and other handicraft manufactures.
ZETA LA UNIÓN
This zone is located in the municipality of Amatitlán, on the road out of the city towards the Pacific Coast. It has 53 users occupying more than 55,000 square meters. Spaces per user range from 100 to 6,600 square meters. It has commercial, service, and industrial users from the agro-industrial, packaging, logistics, machinery, clothing, textile, and pharmaceutical industries, among others.
ZOFRACO
Zofraco is a Free Trade Zone located in the Municipality of Guatemala. It has 64 users in the commercial, service, and industrial areas, occupying 3,164 square meters, in spaces ranging from 25 to 500 square meters. The companies in the zone include chemical, pharmaceutical, machinery, apparel and textile, and logistics industries, among others.
ZOFRACSA
Located in the municipality of Guatemala, it has six users engaged in the textile industry, complementary trade and logistics services, and commerce (import and distribution of silk-screen printing inks). The users are installed in an area of more than 3,800 square meters, in spaces that range from 500 to 1,000 square meters.
SPECIAL PUBLIC ECONOMIC DEVELOPMENT ZONES
PUERTA DEL ITSMO
This zone is located at kilometer 249.5 in the municipality of Pajapita, department of San Marcos, near the border with southern Mexico. The project has an initial area of 77,000 square meters and a growth capacity of up to 3.5 million square meters. The first phase has 35,000 square meters of industrial buildings, with maneuvering yards, parking lots, administrative offices, and urban development. Built-to-Suit (BTS) services are offered, custom-built according to the client's requirements. Project design and development

services are provided for long-term leasing.
A Japanese auto-parts manufacturing company will be starting operations in this area (projected for January 2023).
https://pdi.com.gt/

MICHATOYA PACÍFICO

This zone is located 30 kilometers from Puerto Quetzal (Pacific Ocean) and 70 kilometers from Guatemala City. It has more than 200 hectares available for industrial-zone development and the capacity to expand to up to 1,200 hectares in total.
They offer customization of spaces with lots and constructions tailored to the needs of customers. They also have options for purchase, rental, leasing, co-investment, and strategic alliances.
The services they offer are telecommunications and data centers, security, abundant energy and water supply, financial and commercial centers, LED lighting system, 100% optic fiber network with Wi-Fi connection, a fire station and fire hydrants, bus stops, bicycle lanes and information booths.
https://www.michatoyapacifico.com/es/why-michatoya-pacifico/

ZONA LIBRE QUETZAL

This zone is located 4 kilometers from Puerto Quetzal (Pacific Ocean), at kilometer 98 of the Route to the Pacific. It offers:

- Modular warehouses: two models starting at 1,000 square meters or from 560 square meters, with a mezzanine, platforms, parking, and bathroom.
- Build to suit (BTS): customized warehouses starting at 3,000 square meters.
- Macro lots: plots of land starting from 10,000 square meters that are designed according to customer requirements.

They offer customs clearance services; competitive energy; forklift, pallet, and rack rentals; security and CCTV services; abundant water; scale service; optic fiber internet; competitive energy; LEED MasterSite certification, and fire protection network. This ZDEEP is still being developed.
http://zonalibrequetzal.com/

INDUSTRIAL PARKS

SYNERGY INDUSTRIAL PARK

Developed by Spectrum, it is still in its initial stage, it has not been built (circa July 2022), in the Department of Escuintla, in the south of the country, with access to the highway that connects Central America and Mexico.

The Master Plan includes residential development, education, technical colleges, universities, hotels, entertainment, and the industrial park. Its proximity to Escuintla offers access to an abundant supply of human talent. It has infrastructure to provide energy, with a redundant system at a competitive price, as well as an abundant supply of water.

They offer support to the investor from the creation of the company to the adaptation of the construction process according to requirements. During the operation they will offer legal support, in recruitment, prosecutors, among others. They will offer build-to-suit spaces, in ZDEEP

spaces and outside ZDEEP, spaces for companies benefiting from Decree 29-89. https://www.spectrum.com.gt/synergy.html#:~:text=Synergy%20Industrial%20Park%20es%20un,de%20oc%C3%A9ano%20pac%C3%ADfico%20al%20atl%C3%A1ntico.
ZONA SUR
Located on Highway CA-9, Route to the South Coast (Pacific), it offers 26 commercial lots (1,021 to 7,587 m2) and 31 industrial lots (from 858.48 to 7,539.31 m2) and 10 warehouses from 1,500 m2. It has a development of 23.3 blocks, 4 entrances, wide streets (up to 25 meters), 24/7 security, sanitary and storm drains, electricity and drinking water. The spaces focus on storage, distribution, industry, logistics, free stands, big boxes and stores. https://zonasur.com.gt/
NUMAPARK
Developed by Calidad Inmobiliaria, it is still in the initial phase and has not been built (circa July 2022), the first phase is expected to be ready for the third quarter of 2023. It is located between highways CA2 and CA9, in the south of the country, 8 minutes from Escuintla, 52 kilometers from Puerto Quetzal (Pacific) and 42 kilometers from Guatemala City. It has a land of 350 hectares. It has a private nature reserve. It offers spaces in ZDEEP and outside ZDEEP, 24/7 security, abundant water supply, perimeter wall, administrative offices, visitor and truck parking, three-phase electricity with a capacity of 69Kw, fiber optics and telecommunications.
TECNOPARK – Central American Industrial Park
It is located in the Department of Escuintla, km. 67.5 route to Taxisco, 55 km from Guatemala City, 108 km from the border with El Salvador and 191 km from the border with Mexico, 47 km from Puerto Quetzal (Pacific). Industrial complex with more than 950,000 m2. Commercial land from 450 m2, service land from 3,000 m2, industrial land from 4,000 m2 and macro lots from 2 blocks (14,112 m2). It offers ample parking for visitors and for heavy vehicles, security checkpoint, heliport, green area, wastewater treatment plant, energy and water service, fiber optics for telecommunications. https://corporacionamadeus.com/tecno-park-parque-industrial/
VASTO LOGISTICS
Located in kilometer 17 of the street to Mayan Golf, on the Ruta Alterna del Sur (VAS), in the Municipality of Villanueva, Guatemala. It has a total area of 215,000 m2. Industrial and logistics project, class A, latest generation, located on the VAS. It is characterized by its connectivity through the VAS and alternate routes to Amatitlán, Villa, Nueva, Calzada Atanasio Tzul, Aguilar Batres, CA-9, CA-1, Carretera a El Salvador, Ciudad Reformadores. 89 kilometers from Puerto Quetzal (Pacific), 322 from the Atlantic port and 21 kilometers from the airport. The park has its own wells for water supply, an optical figure for data connectivity.

A30 LOGISTIK
An industrial and logistics park, it is located at kilometer 30 of Highway CA-9, route to the Pacific, in the Municipality of Amatitlán, Guatemala. 80 kilometers from Puerto Quetzal (Pacific) and 329 from Puerto Atlántico. It has a construction of 24,000 meters, they indicate that they will have availability of 6,500 m2 available in August 2022. It offers a power capacity of 5 MW and 500,000 gallons of water per minute. https://www.a30logisticpark.com/
DISTRIPARK
It is located at kilometer 26 of the CA-9 highway south of the city, in the municipality of Amatitlán, Guatemala, 80 kilometers from Puerto Quetzal (Pacific) and 329 from Puerto Atlántico. It offers spaces in ZDEEP and has a built area of 17,000 m2. Electric capacity of 5 MW, it has several accesses, a bank, restaurants, a convenience center and a hospital. The spaces in ZDEEP offer to be enabled by August 2022. They offer Warehouses for rent and sale, as well as land with custom construction. They have land from 500 and 1,500 m2 up to 1 block (7,056 m2). https://distripark.com.gt/
FUTURA PARK
Located in San Miguel Petapa, Guatemala, it is 97 kilometers from Puerto Quetzal (Pacific) and 315 from Puerto Atlántico. It has an area of 300,000 m2, it offers spaces in ZDEEP. Among the services they will have a capacity of 25 million gallons per month of water, power capacity of 25 MW. The park is in the design phase, it is not yet built.

Lessons Learned through Guatemala's experience

- The existence of a strong business association in the apparel and textile sector (VESTEX) is a strength for sector development. It is an element that can be leveraged to convey confidence and certainty to new investors about the potential for establishing operations in Guatemala. In addition, it represents a strength, due to its ability to raise and coordinate the needs of the sector with public authorities, and to have an impact on initiatives that are favorable to the development of the industry.
- Value chain integration in the sector allows for efficiencies in the supply chain that support the sector's competitiveness. It also promotes training and the detection of opportunities to strengthen the cluster, by identifying new service providers and/or input suppliers, as well as investment opportunities from yarn to garment, thus generating greater verticality in the industry.
- Despite the complexity of having three special regimes for the operation of textile companies in the country, the Free Trade Zones, the Special Public Economic Development Zones, and Decree 29-89 (Law for the Promotion and Development of the Export and

Maquila Activity) are options for investors, who can more easily determine the regime that offers the greatest advantage for their operations if they have clear guidance.

- It is an advantage to be the closest neighbors to Central America, the main market for the textile industry (yarns and fabrics), and to another important market such as Mexico. However, there is an opportunity to generate greater garment manufacturing capacity and investment in the country and to search for markets for price-competitive finished garments in the United States, in order to use the raw materials (mainly fabric) produced in Guatemala as an alternative to exporting it to garment factories in the region.

Information Sources for Guatemala

- https://www.vestex.com.gt/estadisticas.php#:~:text=La%20Industria%20de%20Vestuario%20y,el%2013.80%25%20del%20total%20exportado
- https://www.export.com.gt/sector/vestex
- https://www.files.ethz.ch/isn/113383/2010_02_el-sector-textil-en-guatemala.pdf
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HONDURAS

The textile manufacturing industry is the country's leading export sector, generating US$8.3 billion, and a growth of 15.81% from 2010 to 2020. According to figures from the Honduras Manufacturers Association (2022), total manufacturing in the country generates 179,435 jobs, of these, 146,000 are direct jobs in the textile industry, in addition to 500,000 indirect jobs in the manufacturing sector in general. There are 19 textile companies (spinning and weaving mills) and 72 apparel-manufacturing companies operating in the country. The sector accounts for a 7% direct contribution and a 29% indirect contribution to the country's GDP.

Comparative Data Honduras – Guatemala

FDI INFLOWS (US$ millions)		
Year	Honduras	Guatemala
1970	8.40	29.40
1980	5.80	110.70
1990	43.50	47.70
2000	349.98	-788.60
2010	607.38	1,102.46
2020	236.02	853.45
Growth 2010 - 2020	-61.14%	-22.59%
Source: Worldbank		

EXPORTS (US$ millions)		
Year	Honduras	Guatemala
1970	201.80	353.60
1980	1,315.30	1,748.00
1990	1,561.40	1,608.60
2000	3,834.10	3,895.40
2010	7,197.70	10,667.60
2020*	8,511.74	11,654.89
Growth 2010 - 2020	18.26%	9.26%
Source: Worldbank y *Trademap (mirror data)		

GDP (US$ millions)		
Year	Honduras	Guatemala
1970	723.00	1,904.00
1980	3,968.20	7,878.70
1990	4,923.00	7,650.10
2000	7,103.80	19,288.80
2010	15,729.60	40,676.40
2020	23,662.20	77,604.60
Growth 2010 - 2020	50.43%	90.79%
Source: Worldbank		

GDP per cápita (US$)		
Year	Honduras	Guatemala
1970	266.14	349.02
1980	1,078.81	1,143.44
1990	993.48	845.31
2000	1,080.51	1,664.30
2010	1,891.16	2,852.55
2020	2,389.01	4,603.34
Growth 2010 - 2020	26.33%	61.38%
Source: Worldbank		

Guatemala shows stronger economic and trade indicators than Honduras. In 2020 Guatemala received over three times the foreign investment received by Honduras. Guatemala's exports increased by 9.26% in a decade (2010-2020). In terms of GDP growth, in the same decade, Guatemala surpassed Honduras by achieving 90.79% growth, while Honduras grew 50.43%. Guatemala's GDP per capita for the year 2020 (US$4,603) was almost double that of Honduras (US$2,389).

According to the Office of Textiles and Apparel of the United States Department of Commerce, Honduras is the leading exporter of *maquila* products to the United States. These are mainly T-shirts, sweatshirts, and cotton shirts. In 2020, the industry produced US$1.2 billion, of which US$2.3 billion (70.1%) was exported to the United States (US), according to the Banco Central de Honduras (Central Bank of Honduras–BCH in Spanish). Honduras is the main importer of yarn from the US.

Comparative Table of Honduran and Guatemalan Textile and Apparel Exports and Market Share

2020	Honduras			Guatemala		
GDP (US$ millones)	23,662.20			77,604.60		
GDP per cápita (US$)	2,389.01			4,603.34		
FDI (US$ millones)	236.02			853.45		
POPULATION	9.9 millions			16.8 millions		
TOTAL EXPORTS (US$ 000,000)	8,511.74			11,654.89		
APPAREL EXPORTS (US$ 000,000)	2,702.26	31.75%		1,384.90	11.88%	
TEXTILE EXPORTS (US$ 000,000)	150.64	1.77%		146.58	1.26%	
KNITTED APPAREL (61)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	2,742,100	United States	72.70%	1,268,961	United States	89.84%
2017	2,790,874	Nicaragua	9.21%	1,254,422	Canada	2.65%
2018	2,945,811	Mexico	4.70%	1,356,334	Mexico	2.15%
2019	3,280,488	Canada	3.94%	1,332,631	Japan	0.56%
2020	2,212,576	Germany	1.21%	1,204,986	France	0.46%
		Top five markets	91.77%		Top five markets	95.67%
NON KNITTED APPAREL (62)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	595,737	United States	78.14%	320,299	United States	89.52%
2017	581,284	El Salvador	6.83%	301,123	Canada	1.51%
2018	623,218	Mexico	5.67%	325,437	Germany	0.88%
2019	619,241	Canada	2.45%	293,049	France	0.31%
2020	489,682	Belgium	1.53%	179,917	Switzerland	0.15%
		Top five markets	94.62%		Top five markets	92.38%
COTTON YARN (52)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	61,272	Guatemala	65.70%	24,940	El Salvador	38.59%
2017	52,003	Dominican Republic	13.90%	28,525	Mexico	23.63%

2020	Honduras			Guatemala		
2018	21,693	El Salvador	12.10%	33,018	Nicaragua	17.31%
2019	21,362	Nicaragua	3.40%	25,074	Dominican Republic	8.76%
2020	28,397	United States	2.50%	12,160	United States	3.77%
		Top five markets	97.59%		Top five markets	92.06%
WOVEN FABRICS (58)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	32,578	El Salvador	36.79%	7,355	El Salvador	46.73%
2017	41,690	Nicaragua	27.19%	6,839	Nicaragua	24.55%
2018	36,253	Guatemala	16.12%	9,946	Mexico	18.25%
2019	32,483	United States	7.73%	10,095	Costa Rica	5.22%
2020	25,665	Dominican Republic	7.59%	7,916	United States	3.12%
		Top five markets	95.43%		Top five markets	97.87%
KNITTED FABRICS (60)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	51,610	Nicaragua	39.49%	81,638	Nicaragua	66.65%
2017	72,162	Guatemala	26.53%	82,738	El Salvador	32.80%
2018	82,524	Mexico	20.88%	103,386	United States	0.14%
2019	93,210	El Salvador	11.02%	109,565	Costa Rica	0.10%
2020	96,578	Dominican Republic	0.54%	126,502	South Korea	0.10%
		Top five markets	98.46%		Top five markets	99.79%

Source: TradeMap.
Mirror data were used for this table, data reported by Honduras' and Guatemala's trade partners.

According to 2020 data, apparel exports in Honduras account for 31.7% of total exports and textile exports account for 1.77%, while in Guatemala they account for 13.14% of total exports.

Honduras' export figures are due to factors associated with the main competitive advantages of the Honduran industry. They include its geographical proximity to the main market, the US, and the opportunity provided by the reorganization of value chains in the context of the COVID-19 pandemic. This gives an advantage to the Honduran textile industry, which can benefit fully from its already solid relationship with the US.

Another advantage for Honduras is the reduced cost and delivery time of products, due to its proximity to the US market. This allows products manufactured in Honduras to reach US stores in 12 weeks, in contrast to the 4 months it takes for orders from China and Pakistan. Honduras also offers competitive wages and on-time delivery, vertical integration, and free trade agreements with the US, Canada, the European Union, and the Central American region.

Honduras has an integrated export cluster for finished garments destined for the US, as well as for textile inputs for garment manufacturing, destined for countries in the region.

Raw Material Imports for the Honduran Apparel Industry

The following analysis shows the countries supplying cotton fiber, cotton yarn, synthetic fiber yarn, and knitted and woven fabrics from 2017 to 2021 (mirror data available in TradeMap). Its aim is to understand the share of the main countries supplying these inputs in the value chain of the finished garment industry.

Honduras Cotton Carded and Combed, Cotton Yarn & Cotton woven fabrics HS 52 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	2017	2018	2019	2020	2021
World	770,172	750,806	839,836	545,448	959,292
United States of America	686,895	622,142	718,927	448,257	644,479
Indonesia	1,736	2,291	964	15,544	74,080
El Salvador	31,732	44,855	45,592	30,039	54,888
Mexico	12,889	17,672	15,100	10,711	47,806
Guatemala	15,470	23,285	32,353	22,171	40,691
India	3,552	2,906	1,507	3,670	29,191
China	7,779	12,188	11,964	3,432	16,021
Nicaragua	604	506	1,200	2,733	14,922
Pakistan	1,579	12,994	918	1,876	12,348
Dominican Republic	609	838	915	3,211	9,755
Korea, Republic of	174	295	165	2	6,852
Brazil	2,121	3,020	2,881	1,326	3,075
Turkey	567	343	506	1,001	1,580
Colombia	1,390	1,268	47	250	1,306
Others	3,075	6,203	6,797	1,225	2,298

Honduras Synthetic Yarn HS 54 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	2017	2018	2019	2020	2021
World	**107,078**	**107,185**	**106,695**	**69,552**	**107,143**
United States of America	53,006	44,773	41,854	22,743	34,824
El Salvador	13,261	13,774	14,827	9,460	16,309
Guatemala	10,233	13,862	12,732	10,635	13,633
Costa Rica	8,676	9,566	9,782	8,494	12,671
China	6,354	7,542	6,808	5,304	10,344
Panama	6,678	6,503	7,716	5,258	7,017

Honduras Synthetic Yarn HS 54 (USD Thousands - Mirror data) - Major Suppliers					
Mexico	1,213	1,678	2,360	2,197	2,995
Honduras	-	156	360	-	2,280
Taipei Chinese	2,554	3,186	2,749	2,080	1,137
Korea, Republic of	103	446	320	133	963
Nicaragua	348	279	221	413	844
Dominican Republic	92	62	1,096	290	717
Pakistan	-	1,156	1,791	109	702
India	1,814	1,961	1,979	836	622
Others	2,746	2,241	2,100	1,600	2,085

Honduras Synthetic Woven Fabrics HS 55 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	**2017**	**2018**	**2019**	**2020**	**2021**
World	**446,570**	**544,046**	**596,051**	**359,824**	**567,155**
United States of America	388,293	480,056	526,792	310,850	439,453
Indonesia	3,539	7,498	7,312	5,244	37,703
Mexico	16,774	12,973	16,541	12,634	22,402
Guatemala	3,863	6,191	9,310	5,284	13,779
El Salvador	10,564	13,202	10,043	8,599	11,669
China	12,265	10,474	12,829	8,819	11,398
Nicaragua	-	56	1	1,963	9,539
Turkey	172	68	43	80	6,787
Malaysia	5,095	6,907	5,514	2,157	5,133
India	1,906	1,598	902	431	4,526
Korea, Republic of	-	1,167	4,634	607	1,954
Spain	456	396	859	958	1,368
Colombia	464	436	6	887	901
Italy	20	32	39	16	175
Others	3,159	2,992	1,226	1,295	368

Honduras Knitted Fabrics HS 60 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	**2017**	**2018**	**2019**	**2020**	**2021**
World	**285,192**	**269,122**	**269,536**	**179,366**	**223,933**
United States of America	123,262	112,349	92,560	68,564	88,418
El Salvador	112,959	108,010	128,634	69,869	68,785
Guatemala	10,042	14,522	16,193	17,819	22,932
China	22,745	21,466	21,656	9,302	11,354
Hong Kong, China	2,286	1,140	813	2,859	11,211
Taipei Chinese	4,954	4,190	6,608	7,325	10,500

Honduras Knitted Fabrics HS 60 (USD Thousands - Mirror data) - Major Suppliers					
Thailand	1,833	536	264	675	7,189
Indonesia	617	197	502	1,199	1,569
Israel	-	-	32	-	341
Peru	9	21	146	80	291
Mexico	3,923	3,749	1,262	420	257
Nicaragua	1,037	-	-	240	242
Canada	77	42	135	85	235
Brazil	50	141	54	55	219
Colombia	197	300	223	135	182
Others	1,201	2,459	454	739	208

Source: TradeMap

The Textile and Apparel Sector in Honduras

The industry began in the country with the "Constitutive Law of the Free Trade Zone of Puerto Cortés", Decree of the National Congress, No. 356-76, issued in July 1976. In 1981 the "Temporary Import Regime", Decree No. 37, was established, followed by Decree No. 37-87, which constitutes the law of "Industrial Zones for Export Procedures", and Decree No. 787-79, which expands the benefits of the "Constitutive Law of the Free Trade Zone of Puerto Cortes" to the municipalities of Amapala, Tela, Choloma, Omoa and La Ceiba, which boosted the start and takeoff of the *maquila* industry.

With the legal framework required for foreign and national investment, in 1989 the INHDELVA and ZIP CHOLOMA Free-Trade Zone was established in the municipality of Coloma, Cortés. In 1998, Decree No. 131-98 was published, expanding the benefits of the "Constitutive Law of the Free Zone of Puerto Cortes" to the entire national territory. Its name was changed to "Law of Free-Trade Zones" and the regulation Agreement No. 81-1999 was developed.

Most of the companies (*maquila* in general) are members of the Asociación Hondureña de *Maquila*dores (Honduran Manufacturer's Association–AHM in Spanish) [1]. In 2014 it registered 265 affiliated companies; in 2018 it registered 306 companies, and as of 2022 it has already registered 319 companies. Seventy-two of them are apparel-manufacturing companies and 19 are textile and spinning companies (the rest of them include other specialties not related to textiles). Most of them are located in San Pedro Sula, followed by Choloma, which is the second municipality with more companies in Free Trade Zones, according to AHM's data[2].

More than 2,000 micro-enterprises have flourished around this textile industry development in the Choloma area, in addition to the spread of the informal sector that provides complementary services to *maquila* workers, such as cabs, restaurants, urban transportation, banks, cooperatives,

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[1] The AHM was established in 1991 as a private, apolitical, non-profit institution, with legal status, aimed at promoting and developing maquila companies in Honduras. It manages the Quota Executive Office, quota negotiations and the Visa System or export monitoring, in addition to the Comprehensive Training Program for the Apparel Industry "PROCINCO."

[2] As reported on its official website and in an article published in the Catracho Global Magazine.

entertainment venues, etc. The Government has invested in social projects such as childcare centers and parks, sewage treatment plants, and other social projects.

Municipal governments have also benefited from the *maquilas* by increasing their revenues through the increased income of *maquila* employees. This higher income also generates increased cash flow, which boosts commercial activity and with it, taxes on industry, commerce, and services; permits for business operations and construction permits, and real estate. The need for more housing and the withholding of municipal personal income tax paid by *maquila* employees has also increased.

In the year 2000, the Free Trade Agreement for Goods and Services between Guatemala, El Salvador, Honduras, and Mexico was signed. It did not include the textile sector and its manufacturing by Honduras, but Guatemala and El Salvador did include it. In that same year, 2000, the US approved the Expansion of Benefits of the Caribbean Basin Initiative Act (CBI) or Caribbean Basin Trade Partnership Act between the US and the Caribbean countries, which provided relief to the industry recession that had begun the previous year.

This law allows countries to export their products to the US market on equal terms with Mexico, by exempting value-added export taxes or reducing them with preferential tariffs, as a result of having signed NAFTA. It applies to all products made with fabric manufactured and cut in the US. A quota of 250 million square meters of fabric woven in the region was established for the manufacture of other types of garments and a quota of 4.2 million dozen for T-shirts made with fabric woven regionally. The quotas were distributed among the beneficiary countries as per agreement among them.

Europe also grants preferential tariffs to apparel exports from Honduras, with the issuance of a Form A certificate of origin to manufacture knitted fabric in the country, conferring origin to the finished product when the fabrics are made from continuous natural, synthetic, or artificial fibers, not carded or combed or otherwise prepared for spinning, chemical materials, or textile pulp.

The textile manufacturing industry in Honduras is focused on achieving the highest production at the lowest possible cost. According to AHM data, 90% of the jobs in *maquilas* are performed by young women with no formal education.

Currently, the textile industry has investment from countries such as the US, Canada, Taiwan, Hong Kong, Germany, Denmark, France, Korea, Mexico, El Salvador, Guatemala, and Costa Rica, among others. Garments are produced in the country for brands such as JC Penney, SanMar, Nordstrom, Dickies, HBI, Nike and Adidas, among others. In addition, the country produces its own brands, the most important of which is Lovable, an underwear brand that is established in the region with stores in the Dominican Republic, Paraguay, Guatemala, Costa Rica, Panama, El Salvador, and other countries.

Elcatex (Elásticos Centroamericanos y Textiles) founded in 1984, is owned by the Canahuati family, operates in the Choloma *Maquila* Zone. It employs 6,000 people and has an innovation center, which works in conjunction with universities in Barcelona and Sao Paulo, among others. Elcatex produces knitted fabrics and cut pieces and engages in full package programs. In 2018 its spinning capacity was 500,000 square feet and its production capacity was two million pounds per week.

The company has vertical production capacity, from yarn to garment, for polo shirts, t-shirts, underpants, and boxers. It engages in dyeing, finishing, printing, cutting, sewing, packaging and complete logistics. They have 99 sewing lines that produce 78,000 dozen of garments per week, the fabric comes from 500 weaving machines operated by the company. Dyeing is performed on 43 machines also operated by the company. The company is certified by Worldwide Responsible

Accredited Production (WRAP) and Hohenstein to meet Oeko-Tex Standard 100 class II product requirements.

Industrialist Jesús Canahuati indicates that Honduras needs around US$3 billion in investment over the next five years to develop and innovate the industry and points out that it is investing jointly with other Central American companies and breaking with the paradigm that every country in the region wants to be a metropolis (Forbes, 2019). Some of the innovations that the industry is working on is the use of recycled materials as a strategy to reduce industrial costs and to reduce pollution from chemicals and salts generated by the industry.

The Grupo Elcatex plant in Choloma, in the San Juan Innovation Park Industrial Park, has 107,000 square meters of construction and it required an initial investment of US$240 million. The first stage includes a cotton-spinning and blending plant, a textile plant, and an electricity generating plant with a 57-MW capacity. As part of this investment, three kilometers of road were paved to provide access to the project.

The San Juan Innovation Park will include an intelligent park with state-of-the-art technology, recreational areas, a Corporate University that will provide training in technical, administrative, and technological areas; and prevention and occupational therapy clinics for workers, certified by the IHSS's Corporate Medical System[3]. Other innovations include a decent housing program, a debt consolidation program, and childcare homes for workers' children. In its final stage, the park will total an investment of US$600 to 700 million and it is expected to generate 15,000 direct jobs with a constructed area of 350,000 square meters in 136 blocks.

No investments have been announced after the initial one in the amount of US$240 million for the 107 square meters. However, there is information on a loan requested from the Inter-American Development Bank (IDB) for Elcatex, S. de R.L. de CV and San Juan Textiles, S. de R.L. de C.V., in the amount of US$20 million. The purposes of the loan are listed as financing capital investments and working capital for the construction and adaptation of auxiliary civil works at the San Juan Textiles plant in the San Juan Innovation Park, within the Zona de Procesamiento Industrial (Industrial Export Processing Zone–ZIP in Spanish). It is expected that the loan will be approved in May 2022.

Honduras proposed a plan to develop industrial zones (see section on industrial parks), focusing mainly on the textile sector, with the support of the "Honduras 20/20" program[4]. In 2017, Unitexa (United Textiles of America) invested US$73 million in the first production and commercial plant for synthetic filament or yarn, with a capacity of 25,000 tons/year. This plant brings together the efforts of the largest textile groups in the region.

According to Unitexa's director, the raw materials produced would be destined for Guatemala, El Salvador and Honduras, and the finished product would be exported to the US for brands such as Adidas and Nike. Filament is mainly used in sportswear and other garments that require more resistance than those made with cotton. Three factories have been planned, the first one will produce polyester and nylon filaments, the second one will convert those inputs into fabric, and the

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[3] Honduran Social Security Institute IHSS.

[4] Honduras 20/20 was an initiative promoted by the previous government (Juan Orlando Hernández), with the support of the private sector. It was intended to generate 600 thousand sources of employment and an investment of US$13 billion, thereby boosting the country's economic development.

third one will manufacture the finished garments. The 2017 investment amounted to US$73 for the first plant, an investment of US$120 will follow for the textile plant and an as yet undetermined sum will then be invested in the third plant, according to businessman Jesús Canahuati (La Prensa Honduras, 2017).

The plants are located in Coloma, 16 kms from San Pedro Sula and 40 kms from Puerto Cortés. These plants were established with investments from Asia (Korea), Europe (Spain) and America (Honduras, Guatemala, and Brazil) at a time when there was an opportunity with the US because the Trump Administration initiated the trade rift with China. The fiber plant marks the expansion of the textile and apparel industry in Honduras, which had been previously constrained by the lack of synthetic raw materials.

The dynamism in the industry continues, with investments such as the one announced by Parkdale Mills, a North Carolina-based yarn spinning company, which will install a spinning plant in Honduras in 2022 with an investment of US$150 million and is expected to generate approximately 500 jobs. This company expects the investment will enable customers to purchase one million pounds of yarn per week within the region and that this will increase the resilience of the U.S. supply chain. It is expected that this will be a great opportunity to leverage supply chains outside China and Asia.

In April 2022, the National Congress of Honduras "…unanimously repealed the Special Development and Employment Zones[5] completely eliminating them from the country's regulations, including the constitutional reform that approved and ratified them, a law that had been approved in 2013". With this measure, all acts, contracts, concessions, or regulations related to the ZEDEs are no longer legally valid. The next step for the complete repeal to take effect is its ratification by the legislature in 2023, its subsequent sanction, and its publication in the official gazette" (La Prensa, 2022). We will have to wait for the evolution of these actions to evaluate the impacts it will have on the manufacturing industry.

The textile sector was boosted by the previous government's Honduras 20/20 National Economic Development Program. Honduran companies are applying an environmentally-friendly business model. These practices have been gaining relevance over the years, now consumers are more concerned about the social and environmental practices implemented to manufacture the goods they consume.

Companies such as Elcatex, according to its owner Jesús Canahuati, work with government initiatives such as the Honduras 20/20 plan to develop social housing, under which 2,000 homes have been built and plans have been made for future expansion. These homes can be purchased by workers under favorable conditions.

At the World Textile Industry Summit, government officials mentioned that they regard Honduras as a global textile hub. At the same summit, investors from around the world showed interest in the

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[5] According to the Honduran Secretariat of Economic Development, the ZEDEs are areas of the national territory subject to a "special regime" in which investors would be in charge of fiscal policy, security, and conflict resolution, among other responsibilities. This would imply the establishment of security bodies within the ZEDEs, including their own police force, crime investigation, intelligence, criminal prosecution, and penitentiary system. The internal courts would continue to be part of the Honduran judicial system, although they would be empowered to operate autonomously and independently, and could even resort to foreign judges, according to the Law that creates this structure, approved in 2013.

country because of the progress the country has made in environmental issues and the actions it has taken to improve the quality of life of *maquila* employees. Some of the companies showing interest in establishing operations in Honduras are: Nike, Adidas, Under Armour, Diesel, and fashion firms from Italy.

Free-Trade Zones

The manufacturing industry, mainly the textile industry, has prospered in Honduras using Free Trade Zones that offer benefits. Below is information on the main industrial parks that house the manufacturing industry in Honduras and its related services, in three locations: Choloma, San Pedro Sula and Villa Nueva[6]. The investment in infrastructure for these Free Trade Zones is private.

CHOLOMA AREA
ZIP CHOLOMA
Located 15 minutes by road from San Pedro Sula, it provides security services, garbage collection, maintenance, street lighting, a fire hydrant system, customs, potable water, assistance in recruiting human talent, wastewater treatment, and an incinerator. Additional services are available for computer support (hardware, software, and programming). There are mechanical, electrical and carpentry shops and facilities are equipped with air conditioning, lighting installation and false ceilings. Additional services can be agreed upon. There are two types of buildings: **Standard:** total area 28,729 sq. ft., production area 21,923 sq. ft., production office 1,646 Sq. ft., administrative offices 2,421 sq. ft., cafeteria 2,679 sq. ft., height 20 ft., 8 parking spaces for cars and 2 for containers. **Double:** total area 57,458 sq. ft., production area 43,956 sq. ft., production office 3,292 sq. ft., administrative offices 4,842 sq. ft., cafeteria 5,358 sq. ft., height 20 ft., 16 parking spaces for cars and 4 for containers. Custom buildings can also be built according to clients' specifications and requirements. Areas range from: 33,000, 45,000, 72,000 to 94,000 sq. ft.
INHDELVA (Inmobiliaria Hondureña Del Valle S.A.)
This is a Free Trade Zone established in 1989 that is located 30 minutes from Puerto Cortes. It has 30 buildings distributed in 1.5 million sq. ft. and it employs 4,000 people. It has an abundant water supply, cost-effective logistics costs, efficient utilities, a fire prevention program, security, a bank, recreation and sports fields, and human talent pre-selection services. There are 10,000 meters of available space. Companies such as Hanes Ink, Coats, IIA Tecnologías Especializadas S.A., Knauf, Protexsa, Nanowin, Savitex, MRK, and Crowley Logistic are currently operating from its facilities.
SAN MIGUEL INDUSTRIAL PARK
It was established as a Free Trade Zone and began operations in 1991 with 20 industrial

[6] With information from the Honduras Manufacturers Association–AHM (2022)

buildings. In 1994 it started developing turnkey projects to meet the specific requirements of its clients. Rent and purchase options available. It offers land sales (multiple occupancy); building design and construction according to specifications and requirements; sewage treatment plants; power supply; water supply; telephone communications; transportation service; legal documentation for immediate operations. It has a duty free zone; customs on site; 24-hour security; garbage collection service; personnel recruitment; INFOP technical programs, and support from government, municipal and immigration offices. It has an area of 35,000 square meters.
ZOLI HONDURAS INDUSTRIAL PARK
It is located 29 kilometers from Puerto Cortés, 11 kilometers from San Pedro Sula and 25 kilometers from the Ramón Villeda Morales International Airport. It is a Free Trade Zone with the benefits of the corresponding exemptions. It has 20 equipped buildings in an area of 210,437 square meters. The sizes of the buildings range from 835 to 3,393 square meters, with planned expansion areas and spaces for 2 to 5 containers. Other services include: customs offices, a pharmacy, a bank, a cafeteria, an engineering unit, maintenance and service departments, green area spaces with trees and a pond for recreational purposes, 24-hour security, lighting throughout the park, and a human-resource department for human-talent pre-selection.
ZOLI AMERICA INDUSTRIAL PARK
This is an industrial park with Free Trade Zone status offering "ready-to-build" spaces according to customer requirements, 24-hour security, garbage collection, maintenance, street lighting, fire-fighting system, customs office, potable water, and recreational facilities.
SAN PEDRO SULA
ALTIA BUSINESS PARK (Smart City)
This is a class A sustainable business park in the region, providing infrastructure for companies working in the global environment. It is focused on the BPO and ITO industry and offers specialized turnkey solutions. The complex is committed to green construction for LEED certification. It has a fire alarm and sprinkler system, air conditioning, energy backup throughout the building, an insulation system, high-speed and energy-efficient elevators, an anti-seismic design, water backup, and ample parking.

ZIP CALPULES
This industrial park is located three kilometers from the Ramón Villeda Morales International Airport and has easy access to Puerto Cortés. The complex offers flexibility in construction, based on a modular design that can be adapted according to customer needs, anticipates reduced energy consumption, enables installation of air conditioning systems, electricity, false ceilings, etc. It offers maintenance, garbage collection, security, customs, and banking services. It focuses on attracting small and medium-sized companies and promoting joint local investment. The modular industrial buildings are 1,500 square meters (25m x 60m). The modules can be connected to make areas grow according to needs (3,000 to 6,000 square meters). Currently,

there are 39 buildings with a total area of 71,000 square meters, including administrative offices, with space for expansions.
ZIP SAN JOSÉ
This is the only industrial park located in San Pedro Sula, 45 minutes from Puerto Cortés and 10 minutes from the international airport. The complex offers options to purchase and rent industrial buildings that can be adapted to each client's requirements. The buildings include office areas, lockers, first aid, restrooms, warehouses, a maintenance area, a loading dock for containers, and emergency exits. They are delivered with air conditioning systems, roof insulation in production areas, false ceilings in office areas, lighting, and electric and telephone systems. It also offers personnel pre-selection services, security, CCTV, and a customs office within the park.
VILLA NUEVA
ZIP BUENA VISTA
It is an export processing zone, located 15 minutes from San Pedro Sula. It provides security services, garbage collection, maintenance, public lighting, a firefighting system, a customs office, potable water, assistance to hire labor, recreational facilities, a sewage treatment plant, and other additional services such as computer services and mechanical, electrical, and carpentry workshops. Installation of air conditioning, lighting, and false ceilings The standard model has a total area of 28,279 square feet and the double model has a total area of 57,458 square feet. Customized buildings ranging from 33,000 to 94,000 square feet are also available.
ZIP BUFALO
This export processing zone, in operation since 1991, is located 20 minutes from the international airport and one hour from Puerto Cortés. It has over 1.39 million square feet of industrial space and an area of expansion of 1.18 million square feet. Rent or purchase options are available. The industrial building model is two-stories high, and it is air-conditioned. There are green area spaces and a cafeteria.

VILLA NUEVA INDUSTRIAL PARK
A Free Trade Zone offering security, telecommunications, a customs office, a bank, a pharmacy, food service, uninterrupted power supply, state-of-the-art utilities infrastructure. Flexible masonry and steel buildings provide options for light or heavy manufacturing. Buildings are up to 35 feet high with indoor loading dock areas; pre-designed office and cafeteria areas; mechanical, electrical, and plumbing facilities; the interior slab is high-strength concrete; unlimited vehicle and container parking; unlimited water; direct-dial telecommunications via satellite uplink; park-to-park, seaport and airport cargo shuttle service, and an electrical substation. Spaces of 30,000 sq. ft. or more are offered; the potential for expansion ranges from 90,000 to 130,000 sq. ft. Buildings can be designed and constructed according to customer requirements.

Lessons Learned through Honduras' Experience

- Legislation that supports the industry with incentives and provides legal certainty for investment can make a difference in terms of the development of the *maquila* industry, including Special Economic Zones for manufacturing activities.
- The adoption of public policies favorable to the sector is a key factor that drives the development of the industry, including the development of adequate infrastructure for industrial activity in models with incentives such as Free Trade Zones, in which the Government provides the legal framework, and the private sector develops the infrastructure with private investment.
- The central and local governments invested in the improvement and consolidation of productive infrastructure such as roads, ports, and airports.
- An alliance between domestic and foreign investment is necessary to make the industry competitive in international markets.
- The construction model for industrial buildings in tax-exempt zones, which comply with industrial safety and occupational health standards, helped Honduras to become the leading apparel exporter in Central America. This growth and industrialization model is still in full growth, accompanied by the interest and support of U.S. brands.
- The impact of natural events in high-risk countries should be considered, and mitigation plans should be put in place to avoid loss of competitiveness in industry production and marketing.
- Income tax exemptions apply for up to 20 years.
- The industry promotes technology transfer and human-capital training, thus promoting the verticality of the industry. This is maximized when there is exchange and participation of foreign and local investment, based on a clear policy prioritizing the sector and the attraction of investments.

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EL SALVADOR

The textile industry is important due to its contribution to the country's economic dynamics. It accounts for 40% of exports, employs 75,000 direct workers and 200,000 indirect workers, which constitute 43% of the jobs in the country's industry, according to data from Cámara de la Industria Textil, Confección y Zonas Francas de El Salvador (Chamber of the Textile, Clothing and Free Zones Industry of El Salvador–CAMTEX in Spanish). Furthermore, according to the Fourth Quarterly Economic and Regulatory Performance Report of the Salvadoran Association of Industrialists (presented in January 2022), more than 81,000 jobs had been generated as of October 2021, which denotes a year-on-year increase of 7.5% (over 5,350 jobs, approximately).

According to World Bank data, El Salvador's exports amounted to US$5.05 billion, and Guatemala's exports amounted to US$11.6 billion, roughly twice as much as that of El Salvador. On the other hand, Guatemala's economic indicators are more favorable, tripling El Salvador's GDP in 2020, as well as income from foreign direct investments. Guatemala's GDP per capita registered a growth of 61.38% in 2020, compared to 2010, amounting to US$4,603.34, while El Salvador's growth in the same period was 27.33%, amounting to US$3,798.64.

Comparative Data El Salvador – Guatemala

FDI INFLOWS (US$ millions)		
Year	El Salvador	Guatemala
1970	3.70	29.40
1980	5.88	110.70
1990	1.90	47.70
2000	173.40	-788.60
2010	-113.16	1,102.46
2020	298.50	853.45
Growth 2010 - 2020	-363.79%	-22.59%
Source: Worldbank		

EXPORTS (US$ millions)		
Year	El Salvador	Guatemala
1970	281.40	353.60
1980	1,220.90	1,748.00
1990	891.10	1,608.60
2000	3,161.60	3,895.40
2010	4,971.10	10,667.60
2020*	5,052.63	11,654.89
Growth 2010 - 2020	1.64%	9.26%
Source: Worldbank y *Trademap (mirror data)		

GDP (US$ millions)		
Year	El Salvador	Guatemala
1970	1,132.90	1,904.00
1980	3,574.00	7,878.70
1990	4,817.50	7,650.10
2000	11,784.90	19,288.80
2010	18,447.90	40,676.40
2020	24,638.70	77,604.60
Growth 2010 - 2020	33.56%	90.79%
Source: Worldbank		

GDP per cápita (US$)		
Year	El Salvador	Guatemala
1970	308.44	349.02
1980	778.45	1,143.44
1990	914.13	845.31
2000	2,001.54	1,664.30
2010	2,983.23	2,852.55
2020	3,798.64	4,603.34
Growth 2010 - 2020	27.33%	61.38%
Source: Worldbank		

According to the US Government's Office of Apparel and Textiles (OTEXA), El Salvador is the twelfth largest supplier of apparel products for the US, in addition to exporting textiles and apparel to more than 50 countries.

Comparative Table of Salvadoran and Guatemalan Textile and Apparel Exports and Market Share

2020	El Salvador			Guatemala		
GDP (US$ millions)	24,638.70			77,604.60		
GDP per cápita (US$)	3,798.64			4,603.34		
FDI (US$ millions)	3,798.64			853.45		
POPULATION	6.4 millions			16.8 millions		
TOTAL EXPORTS (US$ 000,000)	5,052.63			11,654.89		
APPAREL EXPORTS (US$ 000,000)	1,550.20	30.68%		1,384.90	11.88%	
TEXTILE EXPORTS (US$ 000,000)	80.58	1.59%		146.58	1.26%	
KNITTED APPAREL (61)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	1,870,228	United States	87.44%	1,268,961	United States	89.84%
2017	1,892,451	Mexico	4.92%	1,254,422	Canada	2.65%
2018	1,922,773	Canada	2.79%	1,356,334	Mexico	2.15%
2019	1,894,633	Guatemala	0.92%	1,332,631	Japan	0.56%
2020	1,378,653	Nicaragua	0.50%	1,204,986	France	0.46%
		Top five markets	96.56%		Top five markets	95.67%
NON KNITTED APPAREL (62)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	291,237	United States	82.65%	320,299	United States	89.52%
2017	291,091	Mexico	8.10%	301,123	Canada	1.51%
2018	283,459	Guatemala	3.54%	325,437	Germany	0.88%
2019	259,399	Canada	1.63%	293,049	France	0.31%
2020	171,547	Costa Rica	0.87%	179,917	Switzerland	0.15%
		Top five markets	96.81%		Top five markets	92.38%
COTTON YARN (52)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	24,388	Guatemala	79.10%	24,940	El Salvador	38.59%
2017	30,996	United States	8.40%	28,525	Mexico	23.63%

2020	El Salvador			Guatemala		
2018	39,133	Dominican Republic	3.70%	33,018	Nicaragua	17.31%
2019	32,251	Mexico	2.50%	25,074	Dominican Republic	8.76%
2020	24,945	Nicaragua	1.60%	12,160	United States	3.77%
		Top five markets	95.33%		Top five markets	92.06%
WOVEN FABRICS (58)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	18,681	Guatemala	30.74%	7,355	El Salvador	46.73%
2017	19,130	Mexico	23.04%	6,839	Nicaragua	24.55%
2018	19,298	Nicaragua	22.88%	9,946	Mexico	18.25%
2019	17,266	United States	16.34%	10,095	Costa Rica	5.22%
2020	13,119	Dominican Republic	3.93%	7,916	United States	3.12%
		Top five markets	96.94%		Top five markets	97.87%
KNITTED FABRICS (60)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	36,259	Guatemala	48.68%	81,638	Nicaragua	66.65%
2017	38,635	Nicaragua	42.99%	82,738	El Salvador	32.80%
2018	44,072	Mexico	3.62%	103,386	United States	0.14%
2019	53,329	United States	2.66%	109,565	Costa Rica	0.10%
2020	42,514	Dominican Republic	0.59%	126,502	South Korea	0.10%
		Top five markets	98.53%		Top five markets	99.79%

Source: TradeMap.

Mirror data were used for this table. They are the data reported by El Salvador's and Guatemala's trade partners.

El Salvador's exports of articles of apparel (Chapter 61 and 62) account for approximately 30.6% of the country's total exports, and those of textiles constitute 1.59% of total exports, according to 2020 data. Due to this year's crisis brought on by pandemic, Chapter 61 exports dropped by 37%, while Chapter 62 exports fell more drastically, by 51%. The main destination for articles of apparel was the US, with a share of more than 80%.

Raw Material Imports for the Salvadoran Apparel Industry

The following analysis shows the countries supplying cotton fiber, cotton yarn, synthetic fiber yarn, and knit and woven fabrics from 2015 to 2020 (year 2021 not available in TradeMap), with the aim of understanding the share of the main suppliers of these inputs in the value chain of the finished garment industry.

El Salvador Cotton Carded and Combed, Cotton Yarn & cotton woven fabrics HS 52 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**251,870**	**172,839**	**244,037**	**275,456**	**264,655**	**181,251**
United States of America	209,884	95,528	174,842	232,778	229,848	150,401
Nicaragua	4	2	772	4,005	4,509	6,534
China	12,456	9,438	10,108	6,452	4,943	5,594
Mexico	6,120	3,978	3,201	5,339	4,257	5,045
Guatemala	2,689	2,514	4,616	6,581	5,230	4,693
Honduras	3,340	47,499	34,907	5,635	2,944	3,437
Portugal	8,281	7,324	10,514	10,736	7,931	3,049
India	2,421	1,209	860	515	788	636
Brazil	1,212	1,088	849	579	1,011	385
Pakistan	1,272	1,357	670	390	872	366
Ecuador	75	300	431	651	540	362
Panama	24	50	65	80	124	162
Indonesia	1,075	216	99	106	109	97

Synthetic Yarn HS 54 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**157,100**	**164,819**	**168,158**	**163,658**	**178,528**	**141,194**
United States of America	103,653	100,684	101,993	96,071	98,700	73,032
Honduras	5,403	9,250	10,502	10,802	17,849	20,159
Guatemala	12,369	17,782	16,221	16,412	17,740	13,377

Synthetic Yarn HS 54 (USD Thousands) - Major Suppliers						
China	10,801	9,422	10,098	12,331	16,142	11,436
Mexico	3,530	2,614	2,414	3,463	3,681	3,471
Thailand	1,429	5,743	5,325	4,737	5,134	3,440
Korea, Republic of	2,539	3,645	3,693	2,821	2,336	3,384
Costa Rica	3,175	3,812	3,501	3,504	3,507	3,369
Vietnam	1,478	1,775	3,308	2,360	3,364	3,149
Taipei, Chinese	3,684	2,680	2,953	2,197	2,350	1,113
Pakistan	1,465	1,527	1,098	1,441	947	1,046
India	3,998	1,198	1,874	1,830	1,374	1,006
Panama	431	814	661	1,725	1,166	785

Synthetic Woven Fabrics HS 55 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**125,539**	**135,855**	**137,332**	**165,376**	**154,180**	**112,500**
United States of America	79,333	66,743	72,402	118,402	113,332	86,387
China	10,374	13,842	10,316	15,934	17,211	10,024
Guatemala	3,352	4,220	2,367	3,919	2,369	2,179
Costa Rica	2,064	1,492	1,353	1,562	1,800	2,084
Honduras	6,499	24,316	25,396	2,741	4,381	2,031
India	6,033	4,809	4,187	3,548	2,970	1,975
Mexico	6,937	5,644	6,435	7,048	3,742	1,884
Thailand	2,713	3,169	2,602	2,414	1,608	1,436
Taipei, Chinese	309	317	637	359	1,103	822
Indonesia	93	340	1,188	1,788	1,015	809
Korea, Republic of	4,389	6,573	7,282	3,891	1,489	592

Synthetic Woven Fabrics HS 55 (USD Thousands) - Major Suppliers						
Malaysia	110	1,246	1,030	1,555	1,323	489
Nicaragua	3	93	218	154	147	349

Knitted Fabric HS 60 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**153,068**	**142,125**	**165,162**	**191,579**	**189,450**	**121,643**
Guatemala	45,751	47,272	53,535	56,940	58,420	41,493
United States of America	50,988	42,813	50,943	63,146	53,938	32,090
China	12,299	20,132	43,403	45,482	51,413	31,634
Honduras	9,939	6,664	8,996	10,378	11,603	10,646
Mexico	108	201	437	493	1,081	1,444
Nicaragua	44	84	237	453	477	853
Italy	230	217	335	1,533	1,003	679
Vietnam	88	158	839	716	529	536
Taipei, Chinese	2,525	1,543	1,204	907	855	504
Spain	568	417	587	636	499	496
Colombia	256	281	309	439	435	239
Australia	0	0	0	0	2	196
Costa Rica	1	2	2	15	163	173

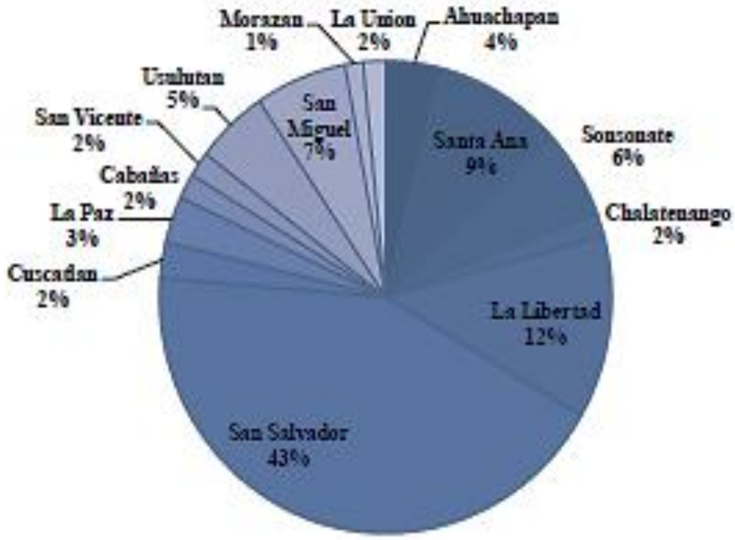
Source: Trademap

The Textile and Apparel Sector in El Salvador

El Salvador's textile and apparel industry has been classified as one of the main economic drivers since the 1950s. Its development was boosted in the 1980s with the increase in exports to the US, as a result of the Caribbean Basin Initiative (CBI), and activities almost exclusively related to assembly, whereby materials were received, transformed, and sent to the US as a finished product. As a result of the Free Trade Agreement (DR-CAFTA) signed by the US, Central America, and the Dominican Republic (2004), textile trade is tariff free.

In the Central American region there is a shortage of fabrics, especially those produced with synthetic fibers (nylon, microfibers, and others). This poses an opportunity because of the country's preferential access to the US, since garments coming from other regions, such as Asia, pay a 32% tariff when entering the US. In the case of garments classified under the "simple transformation" category, their entrance into the US is duty free, allowing garments to be manufactured in El Salvador with fabrics from anywhere in the world. Some of the garments classified in this category are: brassieres, girls' dresses, boxers, pajamas, and suitcases, among others.

CAMTEX has 104 affiliated companies located in the following regions:



Distribution of Textile-Sector Companies by Department. Source: Competitiveness in the Salvadoran Textile Sector with data from the Company Directory (2011)

The following are El Salvador’s strengths in the textile industry: a fully integrated supply chain, innovation and adoption of new technologies, quick delivery to the consumer, and production with social responsibility, as well as access to a skilled labor force and the possibility of setting up operations in Free Trade Zones in the country, regulated by the specific law approved in El Salvador in 1998.

In 2017 CAMTEX launched the 2030 Plan with goals that included increasing the competitiveness and development of the activity in the future. Some of the proposals were to improve the quality of the final product by adding more value, to use the communication tools offered by the Internet, including e-commerce. Another goal is to make short and fashion-oriented runs, thus focusing on quality rather than quantity.

Other Plan 2030 goals are related to increasing exports to the US, consolidating a synthetic-fabric cluster to attract local and foreign investment in new sub-segments, establishing academic institutions with curricula to train human resources in textiles and apparel, design and pattern making; and developing a new textile industry.

The Organismo Promotor de Inversiones y Exportaciones de El Salvador (Exports and Investment Promotion Agency of El Salvador–PROESA in Spanish) promotes El Salvador as the only country that has managed to develop a complete synthetic cluster in the Central American region and uses this fact to promote the industry as a leader in the development, production, and export of high value-added textile products. To achieve this, the industry sector, and the Government work together to create the appropriate business environment with the legal, economic, and technical conditions to install new companies, increase foreign investment and strengthen this industry, which is already established in the country.

The textile and apparel industry is vertically integrated, incorporating productive chain activities that include fiber production; yarn and fabric manufacturing and finishing; garment design, cutting and assembling, and logistics activities. According to data from the Cámara de la Industria Textil, Confección y Zonas Francas de El Salvador (Chamber of the Textile, Clothing and Free Zones Industry of El Salvador–CAMTEX in Spanish-2022), there are 91 companies that make up the cluster: 13 accessories companies, 37 apparel companies, 12 textile companies, 4 spinning companies, 6 logistics companies, 7 chemical companies, and 12 related-service companies.

The four important pillars of this industry in the country are a fully integrated supply chain, innovation and adoption of new technologies, quick delivery to the consumer, and socially responsible production.

According to PROESA, the investment opportunities for this industry in the country are in yarn and fabric manufacturing (natural and synthetic); knitted fabric garments with accessories and embellishments; garments for high-performance athletes; sweaters or garments with high added value or high rotation; garment manufacturing within the category of "Simple Transformation."

Industrial Parks – Free Trade Zones

The Free Trade Zone concept started in the country in the 1970s with the San Bartolo Free Trade Zone, where manufacturing companies were established to assemble products ranging from textiles to electronics. With the internal war, investments in Free Trade Zones declined, and it was not until the end of the war (1992) that the Government implemented actions to attract foreign investment and enacted special laws, among them, the Law on Free Trade Zones and Fiscal Precincts. The new Law of Free Trade Zones was approved in 1998.

The benefits granted by this law are the following:

- Tax exemption on the imports of machinery, equipment, tools, spare parts, accessories, and other equipment to perform the activities authorized by the Free Trade Zone Law.
- Duty-free import of items such as raw materials, spare parts, components, intermediate products, packaging, labels, samples, lubricants, catalysts, reagents, and fuels required by the investing company.
- Income-tax exemption for 15 years if the company is located in the metropolitan area of El Salvador, and for 20 years if it is located in a rural area. Once this period has expired, there is a 60% exemption for the following 10 years and a 40% exemption for the ensuing 10 years.
- Municipal tax exemption for 15 years in the metropolitan area and 20 years if it is established outside the metropolitan area.

This regime also exempts certain real estate transfers from taxation and allows companies to sell goods or services in the domestic market of El Salvador, but they are subject to taxation.

The manufacturing industry, mainly the textile industry, is located in Free Trade Zones and it is mostly clustered in three departments: San Salvador, La Libertad, and Santa Ana. CAMTEX has 7 Free Trade Zones among its members. Below is information on some industrial parks - free trade zones to illustrate El Salvador's offer.

El Salvador

ZONA FRANCA SAN MARCOS

This was the first Free Trade Zone in the country. Its construction began as an industrial park in 1988. In 1990, it began to develop into a Free Trade Zone, a project with private investment.

It is located 9.5 kilometers from the highway that connects directly to the international airport in San Salvador. It has approximately 580,000 square feet of indoor industrial space. It employs over 8,000 people from eleven foreign companies, mostly engaged in textile production. Available for rent or purchase. Custom construction available, according to customer requirements.

In specializes in textile companies, although it houses other industries.

ZONA FRANCA INTERNACIONAL

This is a private project strategically located a few minutes from the international airport, near the road to Comalapa, department of La Paz.

The Free Trade Zone operates under a build-to-suit agreement for lease or purchase and has a 40-acre expansion area for construction. The Industrial Park has more than 91,000 square meters of industrial indoor space built on a 119-block site.

It houses more than 25 national and international companies, regional distribution centers, logistics operators, freight consolidators and de-consolidators, as well as screen-printing, lighting-assembly, and textile-industry operators with capital from the USA, Singapore, Korea, etc.
www.internationalfreezone.com

AMERICAN INDUSTRIAL PARK, S.A. DE C.V.

It has 200,000 square meters of industrial indoor space housing more than 26 international companies that generate over 12,000 direct jobs.
It offers energy-supply services, potable water, construction of customized spaces, 24-hour security, a Child Development Center, corporate health and pediatric clinics, and a customs office within the park. It uses 100% renewable energy, solar panels and 14.5 MW of installed power. Private construction by Grupo Aristos Inmobiliaria.
www.americanpark.com.sv

ZONA FRANCA DE EXPORTACIÓN EL PEDREGAL, S.A.

Located in El Rosario, La Paz, 12 km from the international airport. It houses 10 companies engaged in sectors such as manufacturing, distribution centers and logistics services. More than

6,000 direct jobs and 5,000 indirect jobs have been created by the companies located there. It covers an area of more than 114,000 square meters. It provides services such as a corporate health clinic affiliated to the social security system, an on-site customs office, potable water service, garbage collection, 24-hour security, consulting on Free Trade Zone legislation and on import and export processes. Roof maintenance is provided in rented buildings. There is parking for containers, maintenance, and an international banking agency. It offers broadband internet, telephone and cable services, and optic fiber internet access. www.elpedregalfreezone.com
ZONA FRANCA EXPORTSALVA, S.A. DE C.V.
It is a service and business park located on the Pan-American Highway in La Libertad, 20 km from San Salvador and 55 km from the international airport that has 70 acres of land. Its location allows easy access to professionals from three key areas of the country: San Salvador, Santa Ana, and Sonsonate. It houses manufacturing, logistics and call-center companies. www.exportsalva.com
ZONA FRANCA MIRAMAR
Located 11 kilometers from the international airport and 20 km from San Salvador. It is available for rent or purchase. It focuses on companies in sectors such as logistics and the service industry, software development, business services (BPOs), data processing centers, information technology and telecommunications (ICTs), manufacturing and marketing of products such as plastics, electronics, vehicle parts, medical devices, supply and assembly for the aviation industry, materials and supplies for the textile industry, and full-package manufacturing. It provides support to designing facilities and provides services such as a customs office, a training and multi-purpose center, a cafeteria, 24/7 security, start-up assistance, maintenance, waste collection, and optic fiber telecommunications with a back-up line. Additional support: contact with electrical and mechanical subcontractors and digital networks, contact with government institutions, banks, and business associations. The option of adapting spaces according to customers' requirements is available. www.miramarfreezone.com

Lessons Learned through El Salvador's Experience

- Seeking to position the country in the sector through the 2030 Plan, the country committed to becoming a supplier of value-added products, in terms of quality rather than quantity, and directed its efforts to that end.
- Integrated clusters strengthen the development of the industry in order to make production more efficient and competitive. Such is the case of the complete synthetic cluster, constituted by companies that include those that produce nylon and polyester yarn from plastics; manufacture fabric, and produce finished garments.
- The importance of having a public institution, such as PROESA, promote foreign-investment attraction for the sector on behalf of the Government of El Salvador, including key messages on where the investment opportunities lie in the sector.
- Textile and apparel industries prefer to locate in Special Economic Zones that offer incentives (with an emphasis on tax benefits) to improve their competitiveness.
- Most Special Economic Zones offer tailor-made construction options according to industry requirements and this becomes an additional incentive for companies.
- The consequences and impact of internal conflicts in the country. In the case of El Salvador, the internal war disrupted industrial development and Free Trade Zones for a period of time, interrupting the process of development and consolidation.

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NICARAGUA

Nicaragua's apparel industry employs 80,000 workers out of the total 125,000 that operate in Free Trade Zones (2021). It is the main generator of employment, production, and exports. According to Forbes Central America, with data from the Asociación Nicaragüense de la Industria Textil y Confección (Nicaraguan Textile Association–ANITEC in Spanish), 85% of companies in the sector are of US origin, 90% of exports go to the US, 150 companies in the sector operate in the Free Trade Zone regime, and 75 apparel firms operate in Nicaragua.

The COVID-19 pandemic affected the industry. Two companies in the industry closed and 2,000 jobs were lost. Some companies were able to adapt and change their production to focus on uniforms and personal protective equipment in order to meet the demand from the US. The strategy employed by the marketers was to maintain zero inventory and place orders with suppliers in accordance with demand.

According to ANITEC data, it is expected that 500 jobs will be recovered with the operation of a new knitting textile plant, in addition to the investment of a new plant in Chinandega, which is expected to hire 2,000 workers within two years (in 2023 according to projections).

Comparative Data Nicaragua – Guatemala

According to World Bank data, Nicaragua's exports amounted to US$6 billion, while Guatemala's exports amounted to US$11.6 billion, twice those of Nicaragua's. Furthermore, Guatemala's economic indicators are more favorable; in the year 2020, its GDP will be approximately 500% higher than that of Nicaragua.

Foreign direct investment income for Guatemala amounted to US$853 million in 2020, as compared to US$182.3 million for Nicaragua. Guatemala's GDP per capita grew by 61.38% in 2020, while Nicaragua's growth was 26.69%. The difference in this indicator between the two countries is significant, with Guatemala's GDP per capita amounting to US$4,603.3 and Nicaragua's to US$1,905.2.

FDI INFLOWS (US$ millions)		
Year	Nicaragua	Guatemala
1970	15.00	29.40
1980	12.53	110.70
1990	0.67	47.70
2000	266.50	-788.60
2010	489.90	1,102.46
2020	182.30	853.45
Growth 2010 - 2020	-62.79%	-22.59%
Source: Worldbank		

EXPORTS (US$ millions)		
Year	Nicaragua	Guatemala
1970	207.60	353.60
1980	530.50	1,748.00
1990	251.80	1,608.60
2000	1,027.00	3,895.40
2010	3,544.30	10,667.60
2020*	6,016.37	11,654.89
Growth 2010 - 2020	69.75%	9.26%
Source: Worldbank y *Trademap (mirror data)		

GDP (US$ millions)		
Year	Nicaragua	Guatemala
1970	776.60	1,904.00
1980	2,189.30	7,878.70
1990	1,009.50	7,650.10
2000	5,107.30	19,288.80
2010	8,758.60	40,676.40
2020	12,621.50	77,604.60
Growth 2010 - 2020	44.10%	90.79%
Source: Worldbank		

GDP per cápita (US$)		
Year	Nicaragua	Guatemala
1970	322.70	349.02
1980	670.44	1,143.44
1990	241.88	845.31
2000	1,007.50	1,664.30
2010	1,503.86	2,852.55
2020	1,905.26	4,603.34
Growth 2010 - 2020	26.69%	61.38%
Source: Worldbank		

Comparative Table of Nicaraguan and Guatemalan Textile and Apparel Exports and Market Share

2020	Nicaragua			Guatemala		
GDP (US$ millions)	12,621.50			77,604.60		
GDP per cápita (US$)	1,905.26			4,603.34		
FDI (US$ millions)	182.3			853.45		
POPULATION	6.6 millions			16.8 millions		
TOTAL EXPORTS (US$ 000,000)	6,016.37			11,654.89		
APPAREL EXPORTS (US$ 000,000)	1,571.72	26.12%		1,384.90	11.88%	
TEXTILE EXPORTS (US$ 000,000)	14.98	0.25%		146.58	1.26%	
KNITTED APPAREL (61)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	1,188,833	United States	90.48%	1,268,961	United States	89.84%
2017	1,214,521	Mexico	2.92%	1,254,422	Canada	2.65%
2018	1,326,197	Canada	2.43%	1,356,334	Mexico	2.15%
2019	1,452,289	Reino Unido	0.69%	1,332,631	Japan	0.56%
2020	1,166,585	Belgium	0.66%	1,204,986	France	0.46%
		Top five markets	97.19%		Top five markets	95.67%
NON KNITTED APPAREL (62)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	437,594	United States	93.62%	320,299	United States	89.52%
2017	435,416	Canada	3.05%	301,123	Canada	1.51%

2020	Nicaragua			Guatemala		
2018	516,173	Japan	0.58%	325,437	Germany	0.88%
2019	560,245	Mexico	0.54%	293,049	France	0.31%
2020	405,135	El Salvador	0.36%	179,917	Switzerland	0.15%
		Top five markets	98.15%		Top five Markets	92.38%
COTTON YARN (52)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	10,570	El Salvador	56.40%	24,940	El Salvador	38.59%
2017	3,065	Guatemala	39.70%	28,525	Mexico	23.63%
2018	6,446	Dominican Republic	2.90%	33,018	Nicaragua	17.31%
2019	9,117	United States	0.70%	25,074	Dominican Republic	8.76%
2020	11,585	Peru	0.20%	12,160	United States	3.77%
		Top five Markets	99.84%		Top five markets	92.06%
WOVEN FABRICS (58)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	134	United States	28.67%	7,355	El Salvador	46.73%
2017	171	Guatemala	22.67%	6,839	Nicaragua	24.55%
2018	476	Mexico	16.00%	9,946	Mexico	18.25%
2019	261	India	10.00%	10,095	Costa Rica	5.22%
2020	150	El Salvador	8.67%	7,916	United States	3.12%
		Top five Markets	86.00%		Top five markets	97.87%
KNITTED FABRICS (60)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	1,837	Guatemala	69.70%	81,638	Nicaragua	66.65%
2017	1,210	El Salvador	26.32%	82,738	El Salvador	32.80%
2018	5,504	Peru	1.54%	103,386	United States	0.14%
2019	3,625	Costa Rica	1.51%	109,565	Costa Rica	0.10%
2020	3,241	United States	0.74%	126,502	South Korea	0.10%
		Top five Markets	99.81%		Top five Markets	99.79%

Source: TradeMap.
Mirror data were used for this table, data reported by El Salvador's and Guatemala's trade partners.

Nicaragua's exports of articles of apparel (Chapter 61 and 62) account for approximately 26.1% and textiles for 0.26% of the country's total exports, according to 2020 data. The main destination markets for chapters 61 and 62 are the US, with a share of over 90%, followed by Canada and Mexico. Nicaragua's exports under Chapter 61 in 2020 registered a decrease of 19.7%, while the decline in exports under Chapter 62 was 27.6%. Likewise, the pandemic also affected Guatemala's exports and they registered a significant decrease of 9.6% for chapter 61 and 38.6% for chapter 62.

Raw Material Imports for the Nicaraguan Apparel Industry

he following analysis shows the countries supplying cotton fiber, cotton yarn, synthetic fiber yarn,

and knit and woven fabrics from 2015 to 2020 (year 2021 was not available in TradeMap), with the aim of understanding the share of the main suppliers of these inputs in the value chain of the finished garment industry. This indicates a significant dependence on inputs for the garment- manufacturing industry in the country, especially knitted fabrics sourced mainly from China.

Nicaragua Cotton Carded and Combed, Cotton Yarn & cotton woven fabrics HS 52 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**2,465**	**189,035**	**170,137**	**207,984**	**222,205**	**140,850**
United States of America	525	48,853	46,824	74,106	93,949	54,749
Mexico	3	64,387	57,010	69,491	82,548	51,991
China	189	42,977	47,143	46,528	27,120	19,359
Portugal	0	2	64	1,284	5,374	6,573
Pakistan	0	5,719	7,978	3,622	1,858	2,154
Guatemala	203	5,081	5,799	7,521	5,409	2,105
Honduras	762	746	1,301	1,138	794	954
Hong Kong, China	0	5,480	293	1,037	950	563
Vietnam	0	205	237	302	855	531
Korea, Republic of	5	4,752	0	682	0	406
El Salvador	632	1,261	628	298	399	393
Costa Rica	10	0	806	454	1,363	320

Nicaragua Cotton Carded and Combed, Cotton Yarn & cotton woven fabrics HS 52 (USD Thousands) - Major Suppliers						
Indonesia	0	0	95	219	122	249

Synthetic Yarn HS 54 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**14,356**	**39,212**	**45,042**	**46,525**	**49,767**	**53,483**
United States of America	250	8,106	8,120	9,426	14,280	21,299
China	7950	13,815	11,026	7,050	6,357	8,285
Honduras	155	8,010	9,882	12,212	12,101	8,095
Guatemala	2458	3,825	3,987	3,668	3,059	5,011
Vietnam	0	5	3,158	2,821	3,716	3,769
Taipei, Chinese	69	491	2,121	3,406	3,667	2,816
India	997	1,234	1,668	3,382	1,095	1,904
El Salvador	388	634	1,311	1,504	986	730
Korea, Republic of	4	1,434	0	649	0	490
Costa Rica	36	358	747	503	1,984	482
Mexico	175	310	287	760	1,343	308
Israel	41	45	0	65	66	105
Peru	2	11	440	50	300	103

Synthetic Woven Fabrics HS 55 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**3,628**	**79,746**	**81,299**	**110,283**	**104,986**	**77,946**
United States of America	1,043	60,791	64,523	92,361	84,945	59,252

Synthetic Woven Fabrics HS 55 (USD Thousands) - Major Suppliers						
China	75	5,928	5,565	4,237	3,991	5,950
Mexico	5	2,490	3,280	4,892	6,625	4,956
Taipei, Chinese	419	6,656	3,110	3,522	2,086	2,966
El Salvador	1,913	1,565	1,990	1,657	1,617	1,408
Korea, Republic of	0	588	0	1,450	0	1,284
Guatemala	8	91	1,130	1,366	2,440	1,004
Thailand	13	755	116	34	501	650
Pakistan	0	11	26	147	835	250
Japan	0	0	0	1	0	100
Costa Rica	7	8	38	66	197	46
Honduras	8	165	192	10	24	19
Vietnam	0	44	31	90	44	16

Knitted Fabric HS 60 (USD Thousands) - Major Suppliers						
Exporters	2015	2016	2017	2018	2019	2020
World	**3,353**	**372,574**	**424,920**	**491,188**	**466,901**	**424,894**
China	139	157,176	210,707	238,568	205,602	163,607
Guatemala	217	31,628	24,138	44,043	49,257	84,310
United States of America	23	68,138	82,990	111,070	102,525	58,781
Honduras	4	11,158	18,714	24,614	30,446	38,140
Korea, Republic of	0	50,303	0	31,620	0	30,281
El Salvador	2,947	13,446	21,857	21,930	25,771	18,277

India	0	23,843	24,143	288	48	12,681
Vietnam	0	5,065	1,397	11,247	11,119	10,640
Taipei, Chinese	0	619	1,006	801	2,773	4,737
Pakistan	0	0	103	0	102	967
Mexico	0	616	301	90	232	881
Hong Kong, China	0	10,084	3,039	6,596	7,564	659
Costa Rica	6	90	4	9	659	504

Source: TradeMap

The Textile and Apparel Sector in Nicaragua

Textile and apparel production started in Nicaragua in the 1990s with the deregulation of the economy and the promotion of foreign direct investment, which turned the country into a destination for garment *maquilas* and added momentum to exports. According to data from the International Center for Trade and Sustainable Development (ICTSD) for the year 2010, 19% of companies in the sector operated under the Free Trade Zone regime and produced 99.4% of the sector's exports, 72 large companies manufactured "full package" exports, and 337 formal microenterprises produced goods for the domestic market.

The textile industry became even more dynamic in the 1990s with the incentives granted to the sector, including the opening of the Free Trade Zone regime to attract foreign direct investment (FDI) focused on increasing exports, and the signing of trade agreements to access important markets such as the United States. This dynamism came to a halt when the Sandinista National Liberation Front (represented by President Daniel Ortega) came to power. This government changed public policy, placing less emphasis on attracting FDI and supporting the textile and apparel sector.

The evolution of the country's industry can be divided into two main stages. The first one consisted of import substitution, promoted by the Central American Common Market from the 1950s to the 1980s, and the second one involved export promotion, mainly *maquila* exports, from the early 1990s to the present.

The Central American Common Market led Nicaragua to become industrialized between 1950 and 1977, to take advantage of the opportunity to strengthen trade relations among the economies of the region. In 1960, the General Treaty of Economic Integration was signed. It granted tax incentives to emerging industries, created a common foreign tariff, and established regional organizations to support the treaty. Nicaragua saw an increase in FDI in the late 1960s, but not to the levels achieved by Guatemala and El Salvador, which received foreign investment that helped to develop the manufacturing sector.

Maquila development continued at a slow pace in the 1970s, associated with factors such as unequal land distribution and growing dependence on imported inputs and machinery, which led to a currency crisis and high indebtedness as the price of the country's exports (coffee, cotton, bananas) fell, and industrial growth lagged behind that of other countries in the region.

The country experienced a civil war that led to a revolution in which Daniel Ortega took overpower. This impacted the country's economy, directly damaging the national industry by opening the door for government participation through public companies, which took over a quarter of the industrial production. In addition, there were interventions that centralized state service companies related to inputs and machinery; controlled foreign exchange and had a monopoly on financing for companies. During this period, national consumers were protected, and companies were confiscated, which led to a considerable drain of industrial investment.

In the 1980s, industrial policy changed, migrating from the production of basic consumer goods to export-oriented production and foreign-exchange generation. This policy did not achieve the expected results and the industry reduced its share in the GDP from 29% in the mid-1980s to 20% in 1990, when a series of adjustments by international financial institutions such as the International Monetary Fund began. A new administration in power (President Chamorro) allowed actions that changed the economic model from state intervention to deregulation and trade liberalization.

This marked the beginning of a period of privatization and FDI attraction in Nicaragua, seeking to promote investment in the country. However, due to corruption in the privatization process and other factors, the measures had an impact on the increase in unemployment and the growth of the informal sector. At this time, weaknesses in the textile sector persisted in terms of its dependence on imported inputs, few credit options, high operating costs, a shortage of qualified human talent and a disconnection with academia. During this stage, trade agreements started to be promoted.

Policies promoted by the governments of Presidents Chamorro and Alemán in the 1990s again fostered outsourcing with foreign companies, mainly in regard to manufacturing garments for export. *Maquilas* took on a leading role and their number increased from 18 in 1995 to 40 in 2001. In addition to the Free Trade Zone legislation, there were other incentives such as the Expansion of the Benefits under the Caribbean Basin Initiative (CBI), which included textiles as part of the products that could be exported free of tariffs to the United States, as long as the yarn was sourced in the US.

The country showed progress in industrial policy with government support to promote trade liberalization through bilateral and multilateral commitments, including the free trade agreements between Mexico, the US and Taiwan, as well as the streamlining of procedures and support for SMEs.

The sector was impacted in 2008 by the lifting of restrictions on textile and apparel imports from Asian countries to the US market, which meant that Central America faced China as a major competitor for exports to the main export destination, the US. China has major advantages such as the low cost of labor, and the supply of fabrics and accessories from Asia.

Maquilas and Free Trade Zones accounted for 97.1% of Nicaragua's total exports (2008). This had some negative impacts such as the disintegration of some national companies due to competition, problems of non-compliance with labor and environmental codes, little technological spillover to the country, and poor linkage of the industrial export sector to the country's economy.

In 2011, O'Rourke Group Partners (an international consulting firm with experience in the retail market, specializing in textiles and apparel in general) conducted a study called “Comparison of the Competitiveness of Nicaragua's Apparel Industry”. This study mentions that “Labor productivity in the country is highly profitable, averaging 65 percent of international standards, although some factories reach from 75 to 85 percent. The domestic industry has an excellent track record of quick delivery to markets; the time from order to shelf is between 52 and 60 days. However, some apparel manufacturers can deliver production runs in as little as two weeks, when the fabric is on site."

The textile industry acknowledges that it faces some disadvantages when it comes to competing in the global market, among them: the lack of productive linkages, the lack of an established cluster that incorporates small and medium-sized companies, the lack of infrastructure such as a port in the Atlantic coast, and the complexity of supplying inputs for the industry in country. Its advantages include the country's geographical position and its proximity to the US, low labor costs, and the tax and commercial incentives offered by Free Trade Zones.

In Nicaragua, the textile and apparel sector is not homogeneous. There are marked differences in the number and size of companies, their production and export volumes, and whether or not they belong to the Free Trade Zone regime, which is closely linked to the source of investment and the production destinations (domestic or foreign market). Most of the companies engage in apparel manufacturing. Textile companies are almost nonexistent; one of them is a Nicaraguan-owned company and its production is for its own consumption aimed at apparel manufacturing. It is not located in a Free Trade Zone.

There are two textile companies that are established in Free Trade Zones, both of them foreign (Cone Denim-US and Alpha Textil-Taiwan). Their production is used for self-consumption and commercialization. The establishment of Cone-Denim encouraged cotton production in the country, until the company suspended operations indefinitely in 2009. The plant that was closed down had been opened a year earlier at an investment of US$100 million. The company claimed that the shutdown was due to a drop in sales and requested the Nicaraguan authorities to sanction its closure for a period of 14 months. The action resulted in the dismissal of 850 workers.

The suspension lasted more than 14 months. Conen-Denim reopened the factory in early 2014 with an investment of 35 million USD and under the name Pride Denim Mills, after Grupo Karim's of Honduras acquired it. To resume production, 600 employees were hired with a goal of producing 28 million yards of denim fabric per year. Grupo Karim's has operations in Mexico, Guatemala, El Salvador, the Dominican Republic, the US, and Nicaragua. Pride Denim Mills is still operating in Nicaragua, according to Panjiva 2022 records.

The apparel and textile sector in Nicaragua has been impacted by the country's economic and political situation, which has forced the closure of small and medium-sized companies in the sector. According to the Cámara de Industrias de Nicaragua (Chamber of Industries of Nicaragua–CADIN in Spanish–2019),"...30% of the small and medium textile firms in the apparel textile industry that are still in operation, are producing at 25% of their capacity." They state that there is a better outlook for the companies in the sector that operate in Free Trade Zones in the country and acknowledge that one of the drivers of growth in the sector are the investments made in these Free Trade Zones, which were estimated to be between 300 to 400 million USD in 2019.

The textile and apparel industry projected a 7% growth for 2021, after the impacts of the COVID-19 pandemic and the Eta-Iota hurricanes, which affected the figures for 2020. This growth was projected by companies under the Free Trade Zone regime. According to ANITEC, the companies expect the sector to continue recovering to pre-pandemic export levels and to safeguard their commercial relationship with their main export destination: the US.

Free Trade Zones in Nicaragua

Most Free Trade Zones and Industrial Parks are located in the departments of Managua, Masaya, Carazo, Matagalpa, and Chinandega. According to estimates of the Comisión Nacional de Zonas Francas (National Commission of Free Trade Zones–CNZF in Spanish), almost 60% of *maquila* companies are located in Free Trade Zones and engage in apparel and fabric manufacturing. The growth of exports from Free Trade Zones rose from 28% to 51% in 7 years (2000-2007). Then, with the world crisis, it contracted to the point that, according to ANITEC, 19,000 jobs were lost in the textile sector in 2008.

The country's first Free Trade Zone was established in 1990 and had an area of 37,730 square meters of industrial indoor space, out of which 29,440 were occupied by five state-owned companies with 900 employees and 8,290 square meters were occupied by the National Penitentiary System and the Nicaraguan Air Force. In 1992, with Decrees 46-91 and 31-92 and their regulations, the legal framework of the Zona Franca Industrial de Exportación (Export Processing Zones–ZFIE in Spanish) was established, which allowed the development of free trade zones as a strategy to generate employment and foreign exchange in the country.

This was followed by the establishment of the Corporación Nacional de Zonas Francas (Free Trade Zone Corporation–CZF in Spanish), which is the administrator and owner of the state-owned Free Trade Zones, and the Comisión Nacional de Zonas Francas (National Commission of Free Trade Zones–CNZF in Spanish), which is the body governing the export processing zone regime for private and state-owned companies. It grants operating permits, and also controls, sanctions, and legislates in accordance with the changes taking place in Central America.

In 1998 the Zonas Francas Administrativas (Administrative Free Trade Zones–ZOFAS in Spanish) were created under Decree 18-98. These are areas of a Free Trade Zone in which an operator expands its services to other geographic areas with prior approval of the CNZF. The limits, location, extension, and boundaries of these areas must be indicated in the approval.

The legal investment framework is established by the Foreign Investment Promotion Law No. 344; the Nicaraguan Free Trade Zones Law No. 46-91, and the Export Free Zones Law No. 917:

- 100% income tax exemption for the first 10 years, and 60% from the eleventh year onwards.
- Total exemption from taxes on the sale of real estate
- Exemption from payment of capital gain taxes
- Total exemption from municipal taxes
- Total exemption from taxes on machinery, equipment and raw materials, and transportation and support services for Free Trade Zones
- Full exemption from value-added taxes
- Tax exemption on transportation equipment

Following is a table with information on the Free Trade Zones established in Nicaragua. Some of them are members of the Nicaraguan Chamber of Industrial Parks and Free Trade Zones.

Nicaragua

ZONA FRANCA INTERNACIONAL DE CHINANDEGA

It is located in the department of Chinandega, 123.5 km from Managua, 72 km from the Honduran border (El Guasaule), and 15 km from Puerto Corinto (Pacific Ocean).
Known as ZOFRIC, it is part of the Coen Group of Companies. It is a Private Operator under the Free Trade Zone regime. It offers construction of industrial facilities in accordance with clients' designs and specifications.
It has a production area, administrative offices, a cafeteria, warehouses, unloading docks, and automobile and container parking.

ZONA FRANCA LAS PALMERAS

It provides support to establish operations in the Free Trade Zone, located in Masatepeque, at km 45.5 of the San Marcos Highway.
It has a customs office, perimetral security, a firefighting system with a water reserve of up to 92,000 gallons, a pre-treated water system for human consumption, and garbage removal. It also provides support to pre-select human talent.

INDEX DE NICARAGUA, S.A.

It is located at km 2 Carretera Norte, 300 meters north of the former Pepsi, in Managua.
It was the first Free Trade Zone approved (1995). It offers 3600 square meters of industrial buildings with offices, customs service on site, electricity purchased directly from generators with preferential prices, and drinking-water service with its own well.

ZONA FRANCA NIQUINOHOMO

It is located in the department of Masaya, east of Managua, in the municipality of Niquinohomo, at km 52 of the Catarina-Mastepeque Highway, west of the new Niquinohomo cemetery.
A South Korean company, Hansae International, S.A., (which also works out of Guatemala) operates in the Free Trade Zone, using four industrial buildings and secondary buildings in an area of 53,752 square meters, and the company Sharoon de Nicaragua, S.A., which operates in an area of 1,326 square meters. Both companies generate 4,500 direct jobs.
It has a 35,460 square-meter area available for construction (five blocks). It offers its own drinking water service, a household wastewater treatment plant with a biofilter lagoon system, a dam for receiving and infiltrating rainwater, power supply from the electricity distribution company, with its own medium voltage network and telephone lines with the Claro company.

SARATOGA ZONA FRANCA INDUSTRIAL

Located at km 14.5 of the Nuevo León Highway, Managua. Its area covers 50 hectares of land, with 90,000 square meters of industrial buildings and a goal to develop 200,000 square meters of industrial indoor space in the next few years. The current available space is 167,400 square meters. It offers access to the country's main highways, road design for heavy transport maneuvering, support for personnel recruitment, electricity, telephone lines and internet service, abundant water for industrial use, sanitation treatment of sewage and industrial water, customs agencies and customs regulatory agency office within the Free Trade Zone, a medical clinic, 24-hour

security service, garbage collection, and bank services. It is authorized to rent warehouses to the local market.
ZONA FRANCA SAN GABRIEL
It is located in the department of Masaya, owned by the Casa Pellas consortium, founded more than nine decades ago. In 2003 it built warehouses to lease to national and international *maquila* companies, with a goal of building 100,000 square meters of facilities for this industry. It is a 30,000-square-meter project, of which the first 10,000-square-meter industrial building has been completed. It provides employment for more than 1,000 people. The buildings are designed with imported metal structures, high ceilings and thermal insulation in walls and ceilings. It offers administrative offices, concrete floors, restrooms, exhaust fans, a dining room, loading docks (8), telephone service, internet access and data packages, extensive power supply, perimetral security, garbage collection, lighting of public areas, interior maintenance of buildings and green area spaces. It offers the option of constructing buildings according to clients' specifications and details. The rental price will depend on the size of the building, expansion options and specifications. The lease period is five years, with renewable terms and a two months' rent guarantee deposit.
ZONA FRANCA SAN RAFAEL
Located at km 2.5 Carretera Norte, two blocks north of the former Pepsi, department of Granada. Property of the Casa Pellas Consortium. It is a 94,000 square meter project, of which 35,000 meters have already been completed. It provides employment for 3,000 people. It offers administrative offices, concrete floor, restrooms, exhaust fans, a dining room, loading docks, telephone service, internet access and data package, perimeter security, garbage collection, lighting of public areas, exterior maintenance of buildings and green areas.
ZONA FRANCA SIGLO XXI
Located in the department of Masaya, east of the city of Managua, it has two industrial parks. One is located in the departmental capital of Masaya, 35 km from Managua, and the other in the municipality of Nandasmo, 54 km from Managua. The Masaya park is home to the Korean-owned Istmo Textil, S.A., which uses four industrial buildings and secondary buildings with an area of 40,455 square meters, and SAM KWANG, S.A., with an industrial building area of 7,077 square meters. Both companies generate 4,200 direct jobs. The Korean company Hansae International operates in the municipality of Nandasmo with an industrial-building area of 11,296 square meters. It generates 900 direct jobs. It provides its own drinking water systems, household wastewater treatment plants, rainwater infiltration wells, power supply from the electricity distribution company with its own medium-voltage network, and telephone lines provided by Claro.
PARQUE LAS MERCEDES
It is managed by the Free Trade Zone Corporation (CZF), a company that manages and owns the State Free Trade Zones. Its line of business is the construction of industrial buildings and the infrastructure required to rent buildings for industrial plants to investors. It was the first

infrastructure built for use as an Industrial Free Trade Zone, when the State was the only operator of this activity. Diverse users engaged in different economic activities operate in this zone[7].
It has 187,500 square meters of industrial indoor space available in an area of 50 blocks. 40% of the labor force in Free Trade Zones works in this zone. It manufactures 50% of all the pants produced in the country. It mobilizes the highest percentage of containers with import and export products per month and it has the highest percentage of exports in Free Trade Zones.

It provides a professional engineering team that adapts the spaces according to customer requirements, electric power security, proximity to the area of human talent, access to major road networks in the country. It is the only industrial park adjacent to the main international airport in Nicaragua.

It offers various models of industrial buildings, with modules measuring 20 meters wide by 60 meters long, with a minimum height of 6 meters on the sides and a maximum height of 7 meters, office area, warehouses, restrooms, unloading docks, and parking. There is access and availability of communications, industrial water-treatment plants and an oxidation lagoon, water service, and an integral fire protection system.

Lessons Learned from the Nicaraguan Experience

- The economic model and the public policies promoted by the government in power have direct effects on the consolidation and/or limitation of foreign direct investment, export promotion and development of Free Trade Zones.
- Changes in public policies and legislation reduces legal certainty for investment, resulting in the withdrawal or decrease of investments in the country, as investor seek destinations that offer, "maintain" and/or improve the initial conditions.
- A model of Free Trade Zones in which the Government is part of the development and management is a possibility. This entails meeting the competitive conditions demanded by the market, by other national private investments and by other countries.
- Despite political difficulties and the lack of an integrated cluster, Nicaragua has an important apparel export sector. This is directly related to the lower labor costs for apparel manufacturing, with a minimum wage of $178 to $210 per month, the lowest in the region after Haiti.
- Establishing a sectoral cluster based on the apparel industry provides an opportunity to incorporate local SMEs into the industry's value chain, thus strengthening the sector and opening up growth opportunities for labor-intensive national firms.

[7] Users of Zona Franca Las Mercedes and other Free Trade Zones.

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HAITI

The textile industry has played a significant role in employment generation and the industrial development of the country. According to the Association des Industries d'Haiti (ADIH in French), 59,060 jobs in the apparel and textile manufacturing have been reported for the year 2021. 35% of industrial associations are in the apparel and textile sector. In 2020, exports from this industry accounted for 80% of the country's total exports. The socio-economic context of Haiti shows indicators that place it below many countries in the region, with a high impact caused by poverty and unemployment. In this context, this industry, and its capacity to generate employment takes on special relevance for the country.

Comparative Data Haiti - Guatemala

According to World Bank data, Haiti's exports amounted to US$1.0 billion, and Guatemala's exports amounted to US$11.6 billion. We can see that, compared to Haiti, Guatemala's exports are significantly higher. On the other hand, Guatemala's economic indicators are more favorable, its GDP was five times higher than Haiti's in 2020, and Haiti's foreign direct investment income is the lowest in the region. Guatemala's GDP per capita experienced a growth of 61.38% in 2020, compared to 2010 and amounted to US$4,603.34, while Haiti's growth in the same period was 6.74% and amounted to US$1,272.37.

FDI INFLOWS (US$ millions)		
Year	Haití	Guatemala
1970	2.80	29.40
1980	13.00	110.70
1990	8.00	47.70
2000	13.25	-788.60
2010	178.00	1,102.46
2020	30.00	853.45
Growth 2010 - 2020	-83.15%	-22.59%
Source: Worldbank		

EXPORTS (US$ millions)		
Year	Haití	Guatemala
1970	No disponible	353.60
1980	No disponible	1,748.00
1990	368.80	1,608.60
2000	500.60	3,895.40
2010	1,016.40	10,667.60
2020*	1,048.88	11,654.89
Growth 2010 - 2020	3.20%	9.26%
Source: Worldbank y *Trademap (datos espejo)		

GDP (US$ millions)		
Year	Haití	Guatemala
1970	331.20	1,904.00
1980	1,383.80	7,878.70
1990	3,096.30	7,650.10
2000	6,813.60	19,288.80
2010	11,859.30	40,676.40
2020	14,508.20	77,604.60
Growth 2010 - 2020	22.34%	90.79%
Source: Worldbank		

GDP per cápita (US$)		
Year	Haití	Guatemala
1970	70.83	349.02
1980	245.22	1,143.44
1990	439.94	845.31
2000	805.03	1,664.30
2010	1,191.97	2,852.55
2020	1,272.37	4,603.34
Growth 2010 - 2020	6.74%	61.38%
Source: Worldbank		

Comparative Table of Haitian and Guatemalan Textile and Apparel Exports and Market Share

2020	Haití			Guatemala		
GDP (US$ millions)	14,508.20			77,604.60		
GDP per cápita (US$)	1,272.37			4,603.34		
FDI (US$ millions)	30			853.45		
POPULATION	11.4 millions			16.8 millions		
TOTAL EXPORTS (US$ 000,000)	1,048.88			11,654.89		
APPAREL EXPORTS (US$ 000,000)	839.12	80.00%		1,384.90	11.88%	
TEXTILE EXPORTS (US$ 000,000)	0.47	0.05%		146.58	1.26%	
KNITTED APPAREL (61)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	777,147	United States	88.99%	1,268,961	United States	89.84%
2017	786,272	Canada	4.33%	1,254,422	Canada	2.65%
2018	855,956	Mexico	3.33%	1,356,334	Mexico	2.15%
2019	946,456	United Kingdom	0.83%	1,332,631	Japan	0.56%
2020	719,177	Belgium	0.53%	1,204,986	France	0.46%
		Top five markets	98.02%		Top five markets	95.67%
NON KNITTED APPAREL (62)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	215,321	United States	96.06%	320,299	United States	89.52%
2017	206,024	Canada	1.85%	301,123	Canada	1.51%
2018	175,699	Dominican Republic	0.65%	325,437	Germany	0.88%
2019	137,210	Mexico	0.21%	293,049	France	0.31%
2020	119,942	United Kingdom	0.19%	179,917	Switzerland	0.15%
		Top five markets	98.97%		Top five markets	92.38%
COTTON YARN (52)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	446	Dominican Republic	92.30%	24,940	El Salvador	38.59%
2017	1,244	Nicaragua	2.60%	28,525	Mexico	23.63%
2018	1,698	South Korea	2.60%	33,018	Nicaragua	17.31%

2020	Haití			Guatemala		
2019	415	United States	1.70%	25,074	Dominican Republic	8.76%
2020	117	Slovakia	0.90%	12,160	United States	3.77%
		Top five Markets	100.00%		Top five markets	92.06%
WOVEN FABRICS (58)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	177	Guatemala	40.43%	7,355	El Salvador	46.73%
2017	140	Dominican Republic	31.91%	6,839	Nicaragua	24.55%
2018	200	Nicaragua	23.40%	9,946	Mexico	18.25%
2019	162	El Salvador	2.13%	10,095	Costa Rica	5.22%
2020	47	United States	2.13%	7,916	United States	3.12%
		Top five markets	100.00%		Top five markets	97.87%
KNITTED FABRICS (60)	**US$ 000**	**MARKETS 2020**	**SHARE 2020**	**US$ 000**	**MARKETS 2020**	**SHARE 2020**
2016	483	Sri Lanka	61.29%	81,638	Nicaragua	66.65%
2017	305	Nicaragua	29.68%	82,738	El Salvador	32.80%
2018	1,073	Singapore	1.61%	103,386	United States	0.14%
2019	2,181	Guatemala	1.29%	109,565	Costa Rica	0.10%
2020	310	Ireland	1.29%	126,502	South Korea	0.10%
		Top five markets	95.16%		Top five markets	99.79%

Source: TradeMap.
Mirror data were used for this table, the data reported by Haiti's and Guatemala's trade partners.

Haiti's exports of articles of apparel (Chapter 61 and 62) account for approximately 80% of the country's total exports, according to 2020 data. There is no production and export of textiles in Haiti, so its industry is dependent on fabric imports to manufacture garments. TradeMap does not have any statistical data on these imports by country of origin. Due to the situation caused by the pandemic this year, exports under Chapter 61 fell by 24%, while exports under Chapter 62 fell by 12.5%. The main destination for articles of apparel was the US, with a share of more than 90%.

Raw Material Imports for the Apparel Industry in Haiti

The following analysis shows the countries supplying cotton fiber, cotton yarn, synthetic fiber yarn, and knit and woven fabrics from 2017 to 2021 (mirror data was used since those reported by Haiti are up to 2017), with the aim of understanding the share of the main suppliers of these inputs in the value chain of the finished garment industry. The knitted fabric (HS 60), which is component of the largest segment of garment exports, comes in 87% from Asian countries, showing a high dependency of material imports for their manufacturing industry.

Haiti Cotton Carded and Combed, Cotton Yarn & Cotton woven fabrics HS 52 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	**2017**	**2018**	**2019**	**2020**	**2021**
World	**177,312**	**119,047**	**120,723**	**120,722**	**176,237**
Dominican Republic	162,436	107,964	114,886	115,288	165,537
China	8,422	10,414	5,373	4,230	9,773
United States of America	368	206	220	842	593
Korea, Republic of	102	48	50	20	145
Taipei, Chinese	14	7	11	25	103
Nicaragua	1,867	-	-	-	45
Germany	3	-	-	33	32
Sri Lanka	-		1	-	5
France	-	-	-	15	2
Netherlands	-	-	-	4	2
Others	4,100	408	182	265	-

Haiti Synthetic Yarn HS 54 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	**2017**	**2018**	**2019**	**2020**	**2021**
Total	**37,743**	**25,376**	**22,532**	**23,146**	**28,720**
Panama	13,415	13,786	12,452	7,318	13,277
Dominican Republic	19,087	5,803	5,384	5,512	6,424
China	2,856	3,353	3,012	7,084	4,838
United States of America	421	501	457	638	1,558
Korea, Republic of	300	219	74	998	1,309
Taipei, Chinese	804	769	456	971	854
Colombia	127	160	226	323	166
Turkey	-	-	-	84	143
India	152	266	48	40	68
Japan	135	-	-	-	40

Haiti Synthetic Yarn HS 54 (USD Thousands - Mirror data) - Major Suppliers					
Brazil	-	-	25	-	29
Sri Lanka	5		1	13	13
Nicaragua	3	2	-	-	1
Others	438	517	397	165	-

Haiti Synthetic Woven Fabrics HS 55 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	2017	2018	2019	2020	2021
Total	**42,397**	**53,890**	**38,661**	**48,632**	**54,715**
China	30,640	42,425	29,488	30,223	39,519
United States of Ameria	3,167	1,372	693	7,141	4,723
Korea, Republic of	1,738	6,080	4,327	4,471	3,228
Nicaragua	-	-	-	1,703	2,691
Taipei Chinese	2,799	804	1,404	1,462	1,244
Sri Lanka	11		697	905	940
Malaysia	1,485	1,573	1,033	437	883
Brazil	-	266	301	560	698
Dominican Republic	1,655	611	373	1,536	625
El Salvador	107	135	119	23	77
Japan	666	529	197	73	39
France	4	6	9	14	22
United Kingdom	44	27	8	45	20
Others	81	62	12	39	6

Haiti Knitted Fabrics HS 60 (USD Thousands - Mirror data) - Major Suppliers					
Exporters	**2017**	**2018**	**2019**	**2020**	**2021**
Total	**165,408**	**195,628**	**185,908**	**163,160**	**226,401**
China	65,059	90,434	95,189	80,474	94,029
Korea, Republic of	44,880	55,145	35,918	41,973	58,924
Hong Kong, China	21,262	14,148	12,827	6,993	33,328
United States of America	4,904	3,578	862	8,757	16,931
Taipei Chinese	15,814	9,393	6,181	3,406	10,304
Sri Lanka	83		3,305	3,127	6,866
Guatemala	1,731	2,034	5,230	2,281	1,900
Pakistan	521	1,198	565	787	1,671
Indonesia	3,044	10,154	8,798	9,471	1,013
Italy	-	-	-	10	549
Dominican Republic	6,879	937	396	190	508
Thailand	118	87	3	-	292
Peru	-	272	978	-	58
Others	1,113	8,248	15,656	5,691	28

Source: Trademap

The Textile and Apparel Sector in Haiti

The textile and apparel sector has developed with support from legislation such as the Caribbean Basin Trade Partnership Act (CBTPA) and the HOPE, HOPE II, and HELP[8] Acts, relating to

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[8] In 2006, the United States Congress approved the HOPE (Haiti Hemispheric Opportunity through Partnership Encouragement Act) legislation, which exempts Haitian textile exports made with raw materials from other developing countries from taxes on entry into the United States. The application of the law was extended with a broader scope of application (various textile products) in 2008 for an additional ten years, becoming HOPE II. After the 2010 earthquake, the U.S. Congress amended the HOPE II Act with the Haiti Economic Lift Program of 2010, HELP, extending it to 2020, and making it easier for textile companies to export to the United States. The Haitian government and the Association of Haitian Manufacturers (ADIH) are negotiating its extension until 2030. (Andujar, 2016).

preferential trade access for Haitian products to the US market, an opportunity that continues to exist as the current volume of exports is only a fraction of the available quota. Another opportunity is the preferential export of apparel and non-apparel items to the US, which is quota-free.

During the Duvalier government (dictatorship) from 1957 to 1971, the textile industry was a spearhead for economic growth. The model lost strength with the political instability of the country in the 1990s, as well as the negative expectation introduced by the expiration of the Multilateral Agreement (MFA) scheduled for 2005, which enabled low tariff rates for textile products coming from developing countries, which reduced employment from 190,000 jobs (1991) to 28,000 (2000). The industry was revitalized with the aforementioned HOPE and HELP preference programs.

As early as 2001, Willbes & Amp Co., Ltd. –a subsidiary of a leading South Korean producer operating in the Metropolitan Industrial Park and producing and exporting knitted products to U.S. retailers such as Gap, Walmart, Sears Holdings, Children's Place and JC Penney– offered attractive prices for synthetic packages and reactive strip, by taking advantage of the HOPE II and HELP Agreements.

The apparel and textile industry has played a key role in the country's economy. In 2010 it already employed 28,000 workers, produced 80% of exports and constituted 10% of GDP, according to a report by the American Congressional Research Office. In 2016, according to ADIH figures, the industry employed 41,000 workers; by 2018 there were 52,000 people working in the sector, and by 2021 the industry reported 59,060 jobs in the textile sector.

In 2010 Haiti sustained the impact of an earthquake that seriously affected the country. The textile sector incurred reconstruction costs of around US$38 million and focused on high-volume and low-end production, with low wages and poor working conditions. After the earthquake, the South Korean textile company Sae-A Trading announced an investment of US$78 million to open a factory with up to 20,000 jobs, located in the North Industrial Park, a textile complex in the north of the island, developed by the governments of Haiti and the US. The Inter-American Development Bank (IDB) contributed US$50 million and the US government US$120 million to build productive infrastructure; there is no information on the Haitian government's contribution. Sae-A produces for American firms such as WalMart, Target, and Gap; Spanish companies such as Mango and Zara and the Japanese brand Uniqlo. It has factories in Nicaragua, Indonesia, and Vietnam.

In 2013, the industry also received support from the World Bank (WB) for the Haitian government, which arranged for representatives from the Ministry of Commerce, Labor and Social Affairs, Customs, and the WB Hope Commission to visit Brazil and Korea to learn how to improve trade agreements, increase competitiveness and exports, and to introduce Haitian apparel into international supply chains.

During these visits to Brazil and Korea, there were also meetings with investors, buyers, and manufacturers, which gave the Haitian government access to promote the country as an investment destination and access to information on the business community's strategies and interests. As a result of these visits, five Korean companies invested in apparel manufacturing facilities in Haiti. As a result, the government, through the Tripartite Presidential Commission, used part of the Korean funding to create a training center for workers and managers in the apparel industry, according to information from World Bank (2013).

Following these visits, Korean financiers supported the Government of Haiti to establish an industrial park in the northeastern region with potential to create an estimated 20,000 jobs, thereby becoming the largest private employer in the country and generating more than US$500 million in wages and benefits over the next 10 years. It was expected that when the park was fully operational, it would generate 65,000 permanent jobs.

In 2013 three business leaders, Joey Adler, CEO of Diesel Canada and founder of OnexOne Foundation; Richard Coles, owner of Multiwear, one of the most important manufacturers in Haiti; and Rob Broggi, former investment-fund executive, created a company –Industrial Revolution II (IRII)– to produce high-level and quality clothing, thus breaking the paradigm that the country only manufactured low-cost clothing. One of the innovations of the company was to invest 50% of the profits in its workers and their families.

IRII was established in the Sonapi Industrial Park, near the Port-au-Prince airport, where most of the country's garment industry production is located. The opportunities for the Majority (OMJ) organization supported the initiative with a loan to refurbish and equip the facilities. Initially, 70% of the workers hired were women. They had no sewing experience, but they were trained for three months with support from Filipinos who had years of experience in the industry. One of the challenges they faced was finding human talent for managerial areas.

The characteristics of the factory included bathrooms with US standards, fans that allow a spacious and comfortable environment, lights to have optimal conditions in the work areas, an employee dining room and space for breaks, sewing machines with the latest technology, and a digital printer. The use of technology allows the factory to produce short runs, with frequent changes and multiple products, which is one of the requirements of the industry.

The industry has faced challenges in the country, such as the demonstrations by workers of the sector in 2011. They demanded an increase in wages, which at that time amounted to 4.7 USD/day, demanding increases to 12.7 USD/day. The textile companies asked the government to control the protests and maintain the competitive-wage benefit, as this was one of the factors that had led them to establish operations in the country, and to notify them if these conditions would not be maintained in order to make strategic changes and move from Haiti to other locations. The request was signed by MGA Haiti, Astro Carton d'Haiti, Haiti Cheung Won, Textile Youm Kwan, Pacific Sports Haiti and Wilbes Haitian, according to Reuters.

In 2020, tensions continued in the industry. GOSTTRA, a union affiliated with IndustriaALL, reported that the industry was not paying social-security contributions. This came to a head during the COVID-19 crisis, when consequences included the death of workers when they were denied medical attention, as well as the dismissal of union members and leaders following protests. A third of the 57,000 workers in the apparel industry are reportedly suspended or were dismissed without compensation.

According to the General Secretary of IndustriALL Global Union, “Haiti is among the twenty poorest countries in the world. Boosting the garment industry through preferential access to US markets should have jump-started a buckling economy. Instead, the country has pursued a course of deregulation and suppression of labor costs in order to remain attractive in precarious global supply chains.”

Among Haiti's main competitive advantages is its proximity to the US with three-day transit times from Port-au-Prince and Cap-Haitien to Port Everglades in Florida. Another such advantage is the speed of customs procedures in Miami due to Haiti's participation in the US Customs and Border Protection's Electronic Visa Information System (ELVIS), which makes fast shipments to retail distribution centers within the US possible.

Another advantage Haiti offers is its abundant labor force with competitive salaries, low turnover and absenteeism rates, government support through the IFC, tax incentives of up to 15 years of tax exemption, access to credit with local banks, investment funds and international institutions, as well as the offer of Industrial Parks and Free Trade Zones.

Despite the financial support that Haiti has received from international cooperation agencies to rebuild after the earthquake (2010), the infrastructure remains insufficient in areas such as telecommunications and electricity.

Free Trade Zones

Haiti's Free Trade Zones Law (2002) defines Free Trade Zones as geographic areas to which a special regime applies with regard to tariffs and customs controls, taxes, immigration, capital investments and foreign trade. In these areas, companies can provide services and import, store, produce, export, and re-export goods. Free Trade Zones may be private or mixed, with state investors. Private companies in Free Trade Zones operate under state concessions with private management, and mixed-capital companies operate under public-private partnership management.

There is a National Commission of Free Zones (CNZF) that authorizes and monitors compliance with the approval agreements during the operation of the Free Trade Zones. In the case of industrial parks, they are managed by the Societé Nationale des Parcs Industriels, known as SONAPI.

Some of the benefits granted by Free Trade Zones in Haiti include the following: a total income-tax exemption for a period not to exceed 15 consecutive years, and a partial exemption applied for another 5 years as follows: 15%, 30%, 45%, 60%, 80% of net income; a 10-year total exemption from tax on income generated by investments in Free Trade Zones; exemption from taxes and tariff rates, which is 0% in most cases. They benefit producers, for example, by not paying customs duties on equipment and materials needed to develop special resources, in addition to an exemption from local taxes, except for fixed patent rights for more than 15 years. Municipal incentives in the Free Trade Zone regime include a total reduction of local taxes and fees for periods of over 10 years.

Haiti
PARQUE INDUSTRIAL METROPOLITANO
It is located in Port-au-Prince, 4 km from the port and 1 km from the international airport. It covers an area of 66 hectares, which are completely enclosed. There are 53 indivisible spaces ranging from 1,700 to 3,200 square meters, and two buildings measuring 13,125 and 11,692 square meters. It has an on-site customs office, banks, and medical care. 24 companies operate there and employ 12,000 people (2019). The companies are mainly engaged in manufacturing textiles, electric components, electronics, and packaging materials. Digicel occupies 8 industrial buildings. This park received 20 million USD for its expansion as support from the Mexican government (2016). It is state-owned.
PARQUE INDUSTRIAL DE CARACOL (PIC)
It is located in the northern part of Haiti, near Cap Haitien, 28 km (40 mins) from the port of Cap Haitien and 26 km (30 mins) from the international airport. It was officially opened in 2012 with funding from IDB (170 million USD) and USAID (198 million USD) and other international cooperation organizations, with a contribution of 424 million USD in the first stage. It covers 252 enclosed hectares; it began construction in 2011; it has 14 industrial buildings from 5,000 m2 to 11,800 m2, and it includes dormitories for foreign personnel. 5 national and international companies are operating there with 14,000 employees (2018), from the apparel manufacturing, chemical products (paint, perfumes), and construction sectors. 96% of its production is destined for export, with several weekly shipments to the US. The park's development has had an impact on the establishment of nearly 700 micro and small businesses, 750 housing solutions for employees, and several education centers. Its facilities include a power plant to distribute electricity to more than 8,000 homes and a water purification system, both (the plant and the water system) were funded by IDB and USAID. It offers transportation services with 72 buses with the capability of transporting more than 12,000 employees per day; water for production with a well producing 2,400 m^3 per day with a reserve well with a similar flow; 3,000 m^3 of industrial water storage and 500 m^3 of potable water. It also has a wastewater treatment plant, a biological treatment plant with a 3,600 m^3 per day capacity, a Customs office, banks, 24/7 security, and health care. It is state-owned.
SHODECOSA
It is located in Port-au-Prince, a short distance from the international airport. It is privately owned and operated by textile and other industrial, warehousing and energy (French companies EDF and Total) and construction (Cemex) companies. It has a 2 million square foot facility, offering ready-to-use facilities, flexible warehouse space options, maintenance, security, convenient access to the airport and public and private ports, as well as proximity to downtown Port-au-Prince and hubs for DHL, Fedex and Ups. In recent times the facilities have been used for food storage by international agencies (USAID, CIDA, Red Cross, World Food Program, European Community, among others). They offer to adapt the spaces to the requirements of companies.

SIDSA (Sociedad Inmobiliaria de Desarrollo S.A.)
It is located in the Tabarre sector to the West. It is a US$8.5 million project financed by the Haitian government, located in Tabarre (Port-au-Prince), which generates close to 3,500 jobs. It covers three hectares and generates 3,500 direct jobs and 15,000 indirect jobs.
WEST INDIES INDUSTRIAL MILLS
It is located in Varreux, in the Cité Soleil, and has the potential to generate up to 20,000 textile jobs. The initial US$45.5 million investment was made with a contribution from the Soros Economic Development Fund (SEDF). This investment was doubled through an agreement with the Haitian government and now stands at US$87.4 million.
CODEVI
This Dominican-owned Free Trade Zone, owned by businessman Fernando Capellan (Grupo M), is located in the border town of Ouanaminthe. The project received funds from the Clinton Bush Haiti Fund, the IDB's Multilateral Investment Fund, the Soros Economic Development Fund, and the World Bank, the latter of which provided $10 million in financing for the expansion process. It employs close to 14,000 Dominican and Haitian nationals for the textile, footwear, and agribusiness industries. Salaries are higher than the minimum wage in Haiti, and personnel have access to training. The operations of this industrial park are highly efficient since, due to its border location, it uses Dominican ports. Some companies manufacture textiles with pieces that come from factories in Free Trade Zones located in Bonao in the Dominican Republic and are received as imports. Once the pieces are assembled in Haiti, they are re-exported to the Dominican Republic as transit merchandise to be exported from the port of Manzanillo to the USA and other destinations. In 2021 this Park was expanded to include a new project, “Paseo del Chachá”, with a nutritional center where 15,000 food rations will be produced daily and sold at affordable prices to the inhabitants of both border cities (Dajabón/Dominican Republic and Ouanaminthé/Haiti).
HINSA (Hispagnola Investmente S.A.)
It is both a Free Trade Zone and an Industrial Park, located in the Port-au-Prince metropolitan area. It has a 30 MW power plant that can supply energy to industries with high energy requirements for their operation.
LAFITO
It is the newest privately-owned Industrial Free Trade Zone, located in Port Lafito and owned by the GB Group. It is positioned as a manufacturing and logistics platform committed to offering long-term competitive access to regional markets, providing a secure and autonomous environment. It offers manufacturing space, optic fiber networks, database warehouses, and a 25 MW power plant.

Lessons Learned through Haiti's Experience

- Understanding and using cooperation mechanisms with multilateral organizations such as the Inter-American Development Bank and the World Bank provides opportunities for technical assistance to the sector, as well as financing options such as reimbursable and non-reimbursable loans.
- Natural events, when poorly managed, become disasters, as was the case of the earthquake in Haiti in 2010. They cause direct impacts on the productivity and competitiveness of the country and companies, which range from material losses in terms of damage to infrastructure, facilities, equipment, and products to interruptions in operations due to loss of electrical infrastructure and connectivity, among others. Therefore, having national, sectoral, and business contingency plans in place prevents losses and interruptions in production.
- Promoting industry establishment by attracting foreign investment with incentives based mainly on low-cost labor and other tax incentives that benefit companies is not sustainable over time and does not lead to solid and sustained development for countries. It even causes a loss of competitiveness in the sector and the country by increasing social conflict and the precarious living conditions of the industry's workers. Therefore, such a strategy can be used in the short term to attract intensive investments in apparel, but other incentives and strategies are still needed to allow the growth and development of the technology- and investment-intensive textile industrial sector by creating certainty for investors.

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SUMMARY TABLES OF COMPARATIVE INDICATORS BY COUNTRY

FDI INFLOWS (US$ millions)					
Year	Guatemala	El Salvador	Honduras	Nicaragua	Haití
1970	29.40	3.70	8.40	15.00	2.80
1980	110.70	5.88	5.80	12.53	13.00
1990	47.70	1.90	43.50	0.67	8.00
2000	- 788.60	173.40	349.98	266.50	13.25
2010	1,102.46	- 113.16	607.38	489.90	178.00
2020	853.45	298.50	236.02	182.30	30.00
Growth 2010 - 2020	-22.59%	-363.79%	-61.14%	-62.79%	-83.15%
Source: Worldbank					

EXPORTS (US$ millions)					
Year	Guatemala	El Salvador	Honduras	Nicaragua	Haití
1970	353.60	281.40	201.80	207.60	No disponible
1980	1,748.00	1,220.90	1,315.30	530.50	No disponible
1990	1,608.60	891.10	1,561.40	251.80	368.80
2000	3,895.40	3,161.60	3,834.10	1,027.00	500.60
2010	10,667.60	4,971.10	7,197.70	3,544.30	1,016.40
2020*	11,654.89	5,052.63	8,511.74	6,016.37	1,048.88
Growth 2010 - 2020	9.26%	1.64%	18.26%	69.75%	3.20%
Source: Worldbank y *Trademap (mirror data)					

GDP (US$ millions)					
Year	Guatemala	El Salvador	Honduras	Nicaragua	Haití
1970	1,904.00	1,132.90	723.00	776.60	331.20
1980	7,878.70	3,574.00	3,968.20	2,189.30	1,383.80
1990	7,650.10	4,817.50	4,923.00	1,009.50	3,096.30
2000	19,288.80	11,784.90	7,103.80	5,107.30	6,813.60
2010	40,676.40	18,447.90	15,729.60	8,758.60	11,859.30
2020	77,604.60	24,638.70	23,662.20	12,621.50	14,508.20
Growth 2010 - 2020	90.79%	33.56%	50.43%	44.10%	22.34%
Source: Worldbank					

GDP per cápita (US$)					
Year	Guatemala	El Salvador	Honduras	Nicaragua	Haití
1970	349.02	308.44	266.14	322.70	70.83
1980	1,143.44	778.45	1,078.81	670.44	245.22
1990	845.31	914.13	993.48	241.88	439.94
2000	1,664.30	2,001.54	1,080.51	1,007.50	805.03
2010	2,852.55	2,983.23	1,891.16	1,503.86	1,191.97
2020	4,603.34	3,798.64	2,389.01	1,905.26	1,272.37
Growth 2010 - 2020	61.38%	27.33%	26.33%	26.69%	6.74%
Source: Worldbank					

Comparative Table of Industrial Costs in Each Country

Costos Industriales	Guatemala	El Salvador	Honduras	Nicaragua	Haití
Minimum Salary* US$	US$400 – US$435 (US$400 maquila)	US$359.16 (maquila)	US$405.81 - US$570.53 (Manufacturing Industries)	US$177.58 (Manufacturing Industries) US$209.63 (Free Trade Zones)	US$5.00- US$6.85 per day (Textile Industries). Estimated monthly $120 a $164.40
Christmas Bonus	The bonus is a thirteenth salary. 100% must be paid in the first fortnight of December of each year or 50% in the first fortnight of December and 50% in the first fortnight of January of the following year.	The bonus is a thirteenth salary. It must be paid between December 12 and 20 of each year.	The bonus is a thirteenth salary. It must be paid in the month of December of each year, no later than the 20th.	The bonus is a thirteenth salary. It must be paid the first 10 days of December.	The bonus is a thirteenth salary. It must be paid between December 24 and 31 of each year.
14th Bonus	Fourteenth salary. It must be paid the first fortnight of July of each year.	Does not apply	Fourteenth salary. It must be paid no later than June 20.	Does not apply	Does not apply
Average Price US$ - Square Meter Equivalent - SME (2021)[1]	US$ 4.17	US$ 2.73	US$ 3.05	US$ 3.26	US$ 2.4
Cost of electricity B14(US$ kwh)	US$0.12 (large consumers US$0.085)	US$0.14- US$0.17[3]	US$0.17 - US$0.19[5]	US$0.16 - US$0.17[7]	US$0.12

Costos Industriales	Guatemala	El Salvador	Honduras	Nicaragua	Haití
Cost of water (US$ per cubic meter)	US$0.29 - US$1.45[2]	US$0.9- US$4.5[4] Sewerage US$5.0 - US$20.0[4]	US$0.71 - US$1.42[6]	**MANAGUA** US$0.18 - US$0.38[8] Sewerage US$0.04 - US$0.11[8] **REST OF THE COUNTRY** US$0.20 - US$0.38[8] Sewerage US$0.06 - US$0.10[8]	US$0.90 - US$1.20 (Caracol Industrial Park)
Cost of Liquefied Petroleum Gas (US$ per gallon)[9]	US$3.10	US$1.88	US$1.64	US$2.36 - US$2.76[10]	Not Available
Factory rentals (US$/square meter/monthly)	US$4.50 - US$5.00	US$3.16- US$4.80	US$3.50 - US$4.50	US$3.5	Not Available
Corporate tax	25%	30%	25%	30%	30%
US Import tariff	0%	0%	0%	0%	0%
Sea transit time to US ports (days)	2 a 4	2 a 4	2 a 4	2 a 4	7 a 16
Income tax exemption[11]	10 years	5 o 20 years (depending on sector or zones)	10, 12, 15 o 20 years (certain sectors)	7, 10, 15 years (depending on sectors)	Total income tax exemption 0% for a period not exceeding 15 consecutive years.

[1] The volume of imported garments can be measured in dollars but comparing it in pieces or dozens is not a valid comparison because there are significant differences in the sizes of the different garments. Thus, each type of garment is converted into a standard Square Meter Equivalent (SME) by means of a fixed factor. The use of such a standard measure shows that Guatemala adds the highest value to its exports ($4.17 average price per garment), which is higher than China and countries in Asia and also in Central America. This also shows that the type of garments with the highest unit value require operators with better tailoring skills and abilities for tailoring.

[2] The price depends on usage and there is a fixed charge of US$2.07. The rate is for the Municipality of Guatemala. Source: Municipal Agreement COM-036-06.

[3] The price is for high demand, medium-voltage with hourly meter, peak energy. The price depends on the distributors.
[4] The cost depends on usage range.
[5] Average monthly cost (composed of commercial service cost and energy and power costs).
[6] The cost depends on usage range.
[7] Rates authorized for Disnorte and Dissur and the cost depends on whether it is medium industrial or large industrial usage.
[8] The cost depends on usage range.
[9] Source: Guatemala: Ministry of Energy and Mines, El Salvador: Ministry of Economy, Honduras: Secretary of Energy, Nicaragua: Nicaraguan Institute of Energy. Haití: information not available.
[10] The Price depends on the city.
[11] The source use for Guatemala is Decree 29-89 "Ley de Fomento y Desarrollo de la Actividad Exportadora y de Maquila" and for the rest of the countries "Los incentivo fiscales a las empresas en América Latina y El Caribe" CEPAL 2019

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[9] Industrial costs include reference tariffs taken from secondary sources as shown. It is suggested that the tariffs be validated for use in further analyses.

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Summary Table of Economic and Export Indicators by Country (Source: TradeMap. Own elaboration)

2020	Guatemala			El Salvador			Honduras			Nicaragua			Haiti		
GDP (US$ millions)	77,604.60			24,638.70			23,662.20			12,621.50			14,508.20		
GDP per cápita (US$)	4,603.34			3,798.64			2,389.01			1,905.26			1,272.37		
FDI (US$ millions)	853.45			3,798.64			236.02			182.3			30		
POPULATION	16.8 millions			6.4 millions			9.9 millions			6.6 millions			11.4 millions		
TOTAL EXPORTS (US$ 000,000)	11,654.89			5,052.63			8,511.74			6,016.37			1,048.88		
APPAREL EXPORTS (US$ 000,000)	1,384.90	11.88%		1,550.20	30.68%		2,702.26	31.75%		1,571.72	26.12%		839.12	80.00%	
TEXTILE EXPORTS (US$ 000,000)	146.58	1.26%		80.58	1.59%		150.64	1.77%		14.98	0.25%		0.47	0.05%	
KNITTED APPAREL (61)	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020
2016	1,268,961	United States	89.84%	1,870,228	United States	87.44%	2,742,100	United States	72.70%	1,188,833	United States	90.48%	777,147	United States	88.99%
2017	1,254,422	Canada	2.65%	1,892,451	Mexico	4.92%	2,790,874	Nicaragua	9.21%	1,214,521	Mexico	2.92%	786,272	Canada	4.33%
2018	1,356,334	Mexico	2.15%	1,922,773	Canada	2.79%	2,945,811	Mexico	4.70%	1,326,197	Canada	2.43%	855,956	Mexico	3.33%
2019	1,332,631	Japan	0.56%	1,894,633	Guatemala	0.92%	3,280,488	Canada	3.94%	1,452,289	United Kingdom	0.69%	946,456	United Kingdom	0.83%
2020	1,204,986	France	0.46%	1,378,653	Nicaragua	0.50%	2,212,576	Germany	1.21%	1,166,585	Belgium	0.66%	719,177	Belgium	0.53%
		Top five markets	95.67%		Top five markets	96.56%		Top five markets	91.77%		Top five markets	97.19%		Top five markets	98.02%
NON KNITTED APPAREL (62)	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020
2016	320,299	United States	89.52%	291,237	United States	82.65%	595,737	United States	78.14%	437,594	United States	93.62%	215,321	United States	96.06%
2017	301,123	Canada	1.51%	291,091	Mexico	8.10%	581,284	El Salvador	6.83%	435,416	Canada	3.05%	206,024	Canada	1.85%
2018	325,437	Germany	0.88%	283,459	Guatemala	3.54%	623,218	Mexico	5.67%	516,173	Japan	0.58%	175,699	Dominican Republic	0.65%
2019	293,049	France	0.31%	259,399	Canada	1.63%	619,241	Canada	2.45%	560,245	Mexico	0.54%	137,210	Mexico	0.21%
2020	179,917	Switzerland	0.15%	171,547	Costa Rica	0.87%	489,682	Belgium	1.53%	405,135	El Salvador	0.36%	119,942	United Kingdom	0.19%
		Top five markets	92.38%		Top five markets	96.81%		Top five markets	94.62%		Top five markets	98.15%		Top five markets	98.97%

2020	Guatemala			El Salvador			Honduras			Nicaragua			Haiti		
COTTON YARN (52)	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020
2016	24,940	El Salvador	38.59%	24,388	Guatemala	79.10%	61,272	Guatemala	65.70%	10,570	El Salvador	56.40%	446	Dominican Republic	92.30%
2017	28,525	Mexico	23.63%	30,996	United States	8.40%	52,003	Dominican Republic	13.90%	3,065	Guatemala	39.70%	1,244	Nicaragua	2.60%
2018	33,018	Nicaragua	17.31%	39,133	Dominican Republic	3.70%	21,693	El Salvador	12.10%	6,446	Dominican Republic	2.90%	1,698	South Korea	2.60%
2019	25,074	Dominican Republic	8.76%	32,251	Mexico	2.50%	21,362	Nicaragua	3.40%	9,117	United States	0.70%	415	United States	1.70%
2020	12,160	United States	3.77%	24,945	Nicaragua	1.60%	28,397	United States	2.50%	11,585	Peru	0.20%	117	Slovakia	0.90%
		Top five markets	92.06%		Top five markets	95.33%		Top five markets	97.59%		Top five markets	99.84%		Top five markets	100.00%
WOVEN FABRICS (58)	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020
2016	7,355	El Salvador	46.73%	18,681	Guatemala	30.74%	32,578	El Salvador	36.79%	134	United States	28.67%	177	Guatemala	40.43%
2017	6,839	Nicaragua	24.55%	19,130	Mexico	23.04%	41,690	Nicaragua	27.19%	171	Guatemala	22.67%	140	Dominican Republic	31.91%
2018	9,946	Mexico	18.25%	19,298	Nicaragua	22.88%	36,253	Guatemala	16.12%	476	Mexico	16.00%	200	Nicaragua	23.40%
2019	10,095	Costa Rica	5.22%	17,266	United States	16.34%	32,483	United States	7.73%	261	India	10.00%	162	El Salvador	2.13%
2020	7,916	United States	3.12%	13,119	Dominican Republic	3.93%	25,665	Dominican Republic	7.59%	150	El Salvador	8.67%	47	United States	2.13%
		Top five markets	97.87%		Top five markets	96.94%		Top five markets	95.43%		Top five markets	86.00%		Top five markets	100.00%
KNITTED FABRICS (60)	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020	US$ 000	MARKETS 2020	SHARE 2020
2016	81,638	Nicaragua	66.65%	36,259	Guatemala	48.68%	51,610	Nicaragua	39.49%	1,837	Guatemala	69.70%	483	Sri Lanka	61.29%
2017	82,738	El Salvador	32.80%	38,635	Nicaragua	42.99%	72,162	Guatemala	26.53%	1,210	El Salvador	26.32%	305	Nicaragua	29.68%
2018	103,386	United States	0.14%	44,072	Mexico	3.62%	82,524	Mexico	20.88%	5,504	Peru	1.54%	1,073	Singapore	1.61%
2019	109,565	Costa Rica	0.10%	53,329	United States	2.66%	93,210	El Salvador	11.02%	3,625	Costa Rica	1.51%	2,181	Guatemala	1.29%
2020	126,502	South Korea	0.10%	42,514	Dominican Republic	0.59%	96,578	Dominican Republic	0.54%	3,241	United States	0.74%	310	Ireland	1.29%
		Top five markets	99.79%		Top five markets	98.53%		Top five markets	98.46%		Top five markets	99.81%		Top five markets	95.16%