

**Tourism in El Salvador:**  
The Competitiveness Challenge

Chris Inman, Gustavo Segura, Javier Moreno  
and Andrea Prado

March, 2002

**CEN 621**

**Working Paper.** Written by **Chris Inman, Gustavo Segura, Javier Moreno and Andrea Prado**, Researcher-Consultant of the Latin American Center for Competitiveness and Sustainable Development –CLACDS-. This work seeks to stimulate thought about: new conceptual frameworks; possible alternatives to framing problems; suggestions to implement public policies; regional, national, and sectorial investment projects; and business strategies. It does not intend to prescribe models or policies. Neither does it make the authors or CLACDS responsible for incorrect interpretation of its content, nor for good or bad management or public policy practice. The objective is to elevate the level of discussion regarding competitiveness and sustainable development in the Central American region. Under the prior stated conditions, CLACDS, and not necessarily its contributing partners, is responsible for its content. March 2002.

## TABLE OF CONTENTS

<b>1. INTRODUCTION.....</b>	<b>3</b>
1.1 CONCEPTUAL FRAMEWORK: THE COMPETITIVENESS DIAMOND.....	4
1.1.1 Factor conditions.....	5
1.1.2 Demand conditions.....	6
1.1.3 Related and support industries.....	7
1.1.4 Business strategy, structure, and competition.....	7
1.1.5 Dynamics within the diamond.....	8
1.2 THE DIAMOND AND THE CLUSTERS.....	8
1.3 CHANCE AND THE ROLE OF GOVERNMENT.....	9
1.4 TOURISM AND POSITIONING.....	11
1.4.1 Central America is a bridge between nations and regions.....	11
1.4.2 Ecological diversity and unique environmental resources.....	11
1.4.3 Year-round agricultural and forestry potential.....	12
<b>2. WORLD TOURISM TRENDS.....</b>	<b>14</b>
2.1 WORLD TOURISM.....	14
2.2 TOURISM ON THE AMERICAN CONTINENT.....	18
2.3 TOURISM IN CENTRAL AMERICA.....	19
2.4 TOURISM IN EL SALVADOR.....	19
2.4.1 History of tourism in El Salvador.....	19
2.4.2 Economic importance of tourism in El Salvador.....	23
2.4.3 Tourist demand in El Salvador.....	25
2.4.4 Seasonal nature of demand.....	30
<b>3. THE TOURISM CLUSTER IN EL SALVADOR.....</b>	<b>31</b>
3.1 CLUSTER DESCRIPTION.....	31
3.2 DIRECTLY RELATED SECTORS.....	32
3.2.1 Accommodations.....	32
3.2.2 Tour Operators.....	41
3.2.3 Transportation.....	45
3.2.4 Food services.....	54
3.3 SECTORS OF SUPPORT AND OTHER RELATED SECTORS.....	68
3.3.1 Support organizations.....	68
3.3.2 Training.....	82
3.3.3 Infrastructure.....	83
3.3.4 Support Services.....	87
3.3.5 Other Services.....	90
<b>4. EVALUATION OF THE CLIMATE FOR COMPETITIVENESS.....</b>	<b>95</b>
4.1 THE DIAMOND AS A FRAME OF REFERENCE.....	95
4.1.1 Factor conditions.....	95
4.1.2 Demand conditions.....	97
4.1.3 Company strategy, structure, and rivalry.....	99
4.1.4 Related and support industries.....	101
4.1.5 The role of the government.....	103
4.1.6 The importance of providence or chance.....	103
<b>5. CLOSING COMMENTS.....</b>	<b>104</b>

## 1. INTRODUCTION

A nation's prosperity is not the inevitable consequence of its natural resource abundance. In contrast, natural resource abundance has prevented many countries in the past from feeling the need for developing relevant competitive skills. A nation's prosperity relies on the level of productivity and competitiveness of its businesses. In a globalized world, comparative advantages are easily reproduced and improved upon by competitors; therefore, competitive advantage is determined by the ability of a business or a business group to **continuously innovate and improve its products and services**.

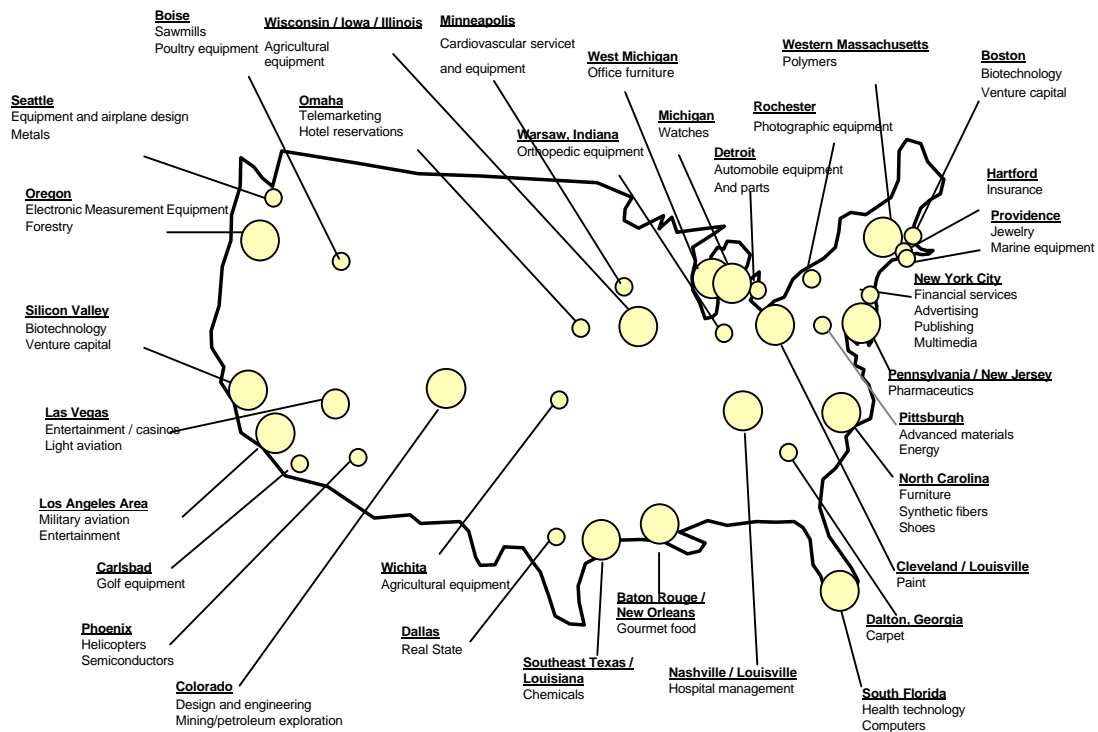
No country is competitive in all industries. Japan, for instance, is not competitive in the software industry, in mass consumer products, such as detergents and cereals, nor in chemicals. Conversely, it is highly competitive in fax machines, photographic cameras, and other household electronic products. Competitiveness is not an attribute of countries, but rather of businesses. A prosperous country is that with a significant mass of world-class competitive companies in one or several productive sectors.

Michael Porter's<sup>1</sup> empirical research on the competitive advantage of different nations evidenced that leading companies, in any field, tend to group in relatively small geographic areas. These groupings have been called competitive "clusters." Thus, within a country or region, whole groups of highly efficient related industries or clusters begin to emerge, creating a sustainable competitive advantage. As an illustration of this phenomenon, Fig. 1.1 shows major competitive clusters in the United States.

---

<sup>1</sup> Michael E. Porter is professor at Harvard University's Business School and author of numerous publications in the area of strategy. His well-known book, "The Competitive Advantage of Nations" is the theoretical foundation of this study.

**Figure 1.1**  
**Competitive Clusters in the United States**



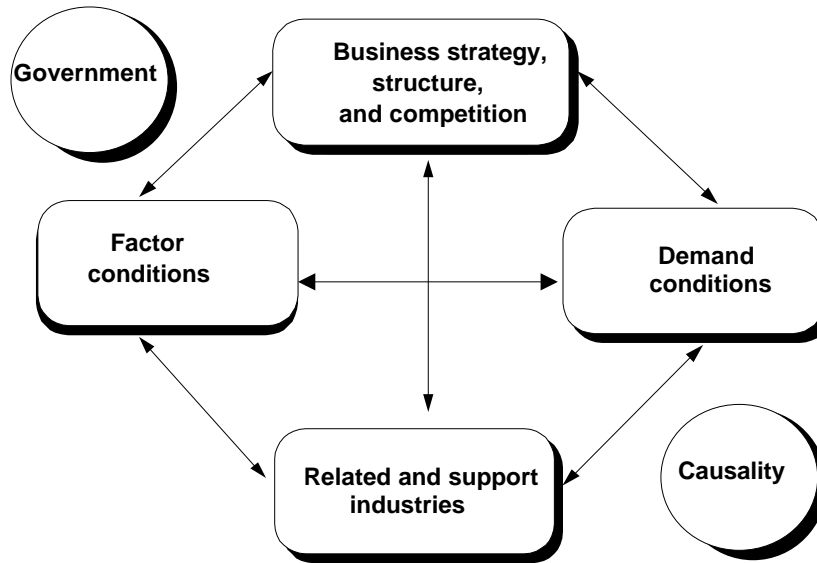
The competitive cluster phenomenon is found throughout the world: Denmark in insulin, the Netherlands in flowers, Portugal in cork products, England in racing cars, Northern Italy in footwear and high-fashion garments, etc. In tourism, competitiveness is also created in focused places. Hawaii, Spain, Cancun in Mexico, Jamaica and the Dominican Republic in the Caribbean are examples of highly competitive tourism clusters.

Nevertheless, how does one explain this? What are a country's or region's attributes promoting the capacity of its businesses **to continuously innovate and improve** in an industry, and in tourism, in particular?

## 1.1 Conceptual Framework: The Competitiveness Diamond

According to the conceptual framework proposed by Michael Porter, a company's or company group's competitiveness is determined by four fundamental attributes of its local base. These four attributes and their interaction explain why companies located at particular regions innovate and remain competitive. These attributes or elements are graphically shown in Figure 1.2.

**Figure 1.2**  
**Diamond of Competitive Advantage Determinants**



### **1.1.1 Factor conditions**

Classic economic theory on comparative advantages says a nation or region is competitive, in a particular industry, because of its plentiful endowment of required basic production factors: land, labor, and capital. But, then, how does one explain Holland's competitiveness in the flower industry with such an approach? Holland accounts for two thirds of the world's fresh flower exports; however, it is clearly poor in its endowment of basic factors critical to this activity: It suffers from a remarkable scarcity of land, it has a short production season, its climate is ill-suited to flower growing and labor is expensive, compared to competing countries.

The answer to this apparent paradox is that basic factors are not the means to reach competitive advantages, but rather the so-called specialized factors. These specialized factors are not inherited, but created by each country; they come from specific skills derived from its educational system, exclusive technological know-how legacy, specialized infrastructure, etc; and respond to a particular industry's specific needs. Considerable and continuous investments by businesses and governments are required to maintain them and improve on them. Specialized factors foster a country's competitive advantages, because they are unique and hard to replicate or access by competitors from other regions.

Dutch leadership in the fresh flower world market is an interesting example of specialized factor creation. The Netherlands invests a major amount of resources in flower-related research. A large number of public and public-private institutions are

involved in this research, allowing them to quickly introduce technologies for creating new flower types, extending cut-flower life, improving crop techniques, etc. Compensating for their notorious land scarcity and weather rigors, the Dutch have developed enclosed artificial farming systems, using state-of-the-art technology. They have also created an impressive infrastructure to handle and distribute flowers, including warehouses, transport companies, and the largest flower auction system in the world. This and other specialized factors have provided Holland with a formidable advantage in the flower industry.

In tourism, basic factors enabling a country's development are its natural, archaeological, and cultural resource endowment. A country's or region's competitiveness, however, lies rather in the quality of specialized factors valuing its inheritance above countries with a similar legacy. Human resources trained in tourism, infrastructure designed to provide access to natural resources, suitable capital markets to finance long-term tourism projects, adequate citizens' safety level, and wide coverage of public support services are an example of this type of specialized factors.

### **1.1.2 Demand conditions**

In a globalized world it might seem local demand is less important; evidence, however, proves otherwise. The more competitive companies invariably face one of the most exacting and developed local demands.

Demanding customers let firms discern and meet emerging needs, and become one more incentive to innovate. By having these customers nearby, companies are more responsive, due to shorter communication channels, greater visibility, and the likelihood of entering joint projects. When local customers anticipate or shape other country needs, advantages to local companies become even greater.

US fast-food corporations are the industry's unquestionable leaders. A great deal of their success comes from satisfying very demanding local customers, who value convenience, standardized quality, and fast service, since they do not have much time available to eat. Now that these attributes are increasingly valued in other markets, US chains have been able to apply what they have learned in conquering these new markets.

In the tourism industry, local demand is made up of both domestic tourists and foreigners visiting the country. In this industry, instead of exporting products, consumers themselves travel to tourism attractions. In the proposed conceptual model, what is relevant to demand quality is the level of requirements imposed on an industry by its direct customers. Therefore, demand growth trends, volume, source, and extent of segmentation must be analyzed, particularly tastes, requirements, and degree of sophistication of tourists visiting a destination.

### **1.1.3 Related and support industries**

The presence of efficient specialized support industries creates competitive advantages to a country. Related and support industries provide companies in the cluster with custom-made high-quality inputs, components, and services, at lower prices and supplied in a quick and preferred fashion. This is the result of closer collaboration linkages, better communication, mutual pressures, and constant learning, which promote continuous innovation and improvement within the cluster.

Italy, the world leader in high-fashion footwear production, accounts for two thirds of this sector's world exports. Italian leadership has been made possible by the existence of a very efficient network of related and support industries: some specialize in high quality skin tanning; others are leading manufacturers of shoemaking molds and equipment; additionally, world-renowned Italian designers favorably position their country in the field of fashion.

For a tourism cluster to be competitive having a vigorous and innovating support sector is indispensable. This means having good providers of hotel and restaurant food and supplies; good personnel training schools, at the operating, technical, and managerial level; engineers and architects specialized in designing tourism projects, and other service companies related to this activity.

### **1.1.4 Business strategy, structure, and competition**

Creating competitive advantages requires an environment conducive to innovation. A vigorous and intensive local competition is one of the most effective pressures for a company to improve continuously. This situation forces companies to look for ways of reducing costs, enhancing quality, seeking new markets or customers, etc. In Japan, the most successful industries have several world-class players fiercely competing for Japanese market attention. Such is the case of Sony, Matsushita, Casio, and Sharp, in electronics, as well as Toyota, Nissan, and Honda, in automobiles. Intense competition, instead of being a problem, as perceived by some businesspeople, is a blessing to long-term competitiveness.

In tourism, the level of competition and rivalry should be analyzed from two perspectives: local and international competition. In local markets, companies compete in each industry sector, typically not just for market share, but also for employees, excellence in service, and prestige. The higher the degree of rivalry in a sector (i.e., hotels, car rentals, or tour operators), the greater the pressure and incentives for improved standards and new product introduction.

In the international arena, an analysis should be made of rivalry among countries competing as destinations, with various positioning and promotional campaigns meant to attract tourists. It must be stressed, however, that the source of competitive advantage is found at the company and cluster level, since a country cannot market a product its industry has not been able to produce.



### **1.1.5 Dynamics within the diamond**

Interaction or mutual reinforcement of the four national advantage attributes is often more important than the attributes themselves. The degree of impact an attribute has on competitive advantages largely depends on the status of the other determinants. For instance, if companies do not have enough human resources available, the mere presence of demanding local buyers will not insure the emergence of better products.

The dynamics of relationships among attributes in the diamond can take place in various ways. For example, the presence of numerous hotel businesses strongly competing in a tourism market justifies new investments to create and develop better infrastructure in their zone of influence. It also creates an attractive market fostering the emergence of support industries. Tourism customers become more demanding; therefor companies are forced to offer better products and services to gain consumer preference in face of competition.

On the other hand, a strong tourism demand may influence government and public opinion, concerning resource allocation to enhance specialized factors (tourism training institutes, improving roads to major attraction areas) and stimulates the emergence of such related industries as tour operators and car rentals, meant to serve customers directly. Factors created to serve the main industry may be used by related and support industries. These specialized factors can have much appeal in attracting demanding tourists, which in turn will help create more demanding local customers. Lastly, related and support industries can integrate and become new entrants to increase rivalry within the main industry.

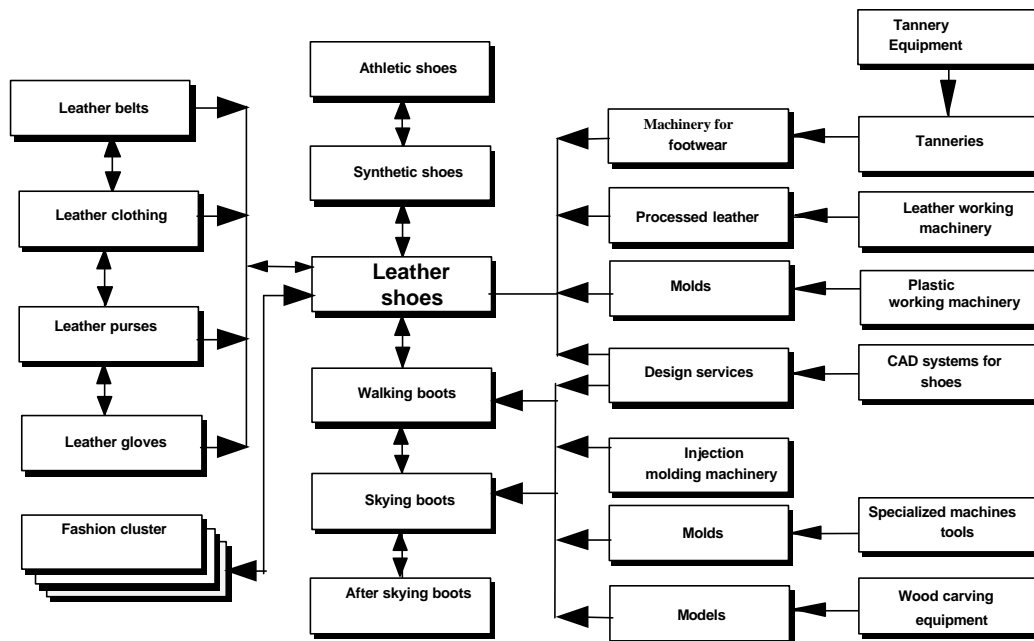
Competitive advantage determinants make up a complex system. Their elements are self-reinforcing and multiply with time. Thus, advantages grow and expand to other related industries. This way, an environment begins to appear, with intricate relationships and interactions, hard to imitate by other potentially competing tourism-destination countries or clusters.

## **1.2 The diamond and the clusters**

A business develops its ability to continuously improve and innovate because of its proximity to diamond attribute advantages. Nearness to developed markets, intense company rivalry, access to specialized factors and efficient related industries and suppliers enable companies to continuously innovate and succeed. This dynamics favors the creation of the above-mentioned competitive groups of related industries: the clusters in relatively focused geographic regions.

Once the cluster is formed, the entire group of industries becomes self-reinforcing. Benefits flow from customers to suppliers and among competing companies. Clusters grow in the direction of new industries emerging as a result of vertical or horizontal business integration. Figure 1.3 illustrates, as an example, the footwear cluster organization in Italy.

**Figure 1.3**  
**Example of a world-class cluster footwear industry in northern Italy**



### 1.3 Chance and the role of government

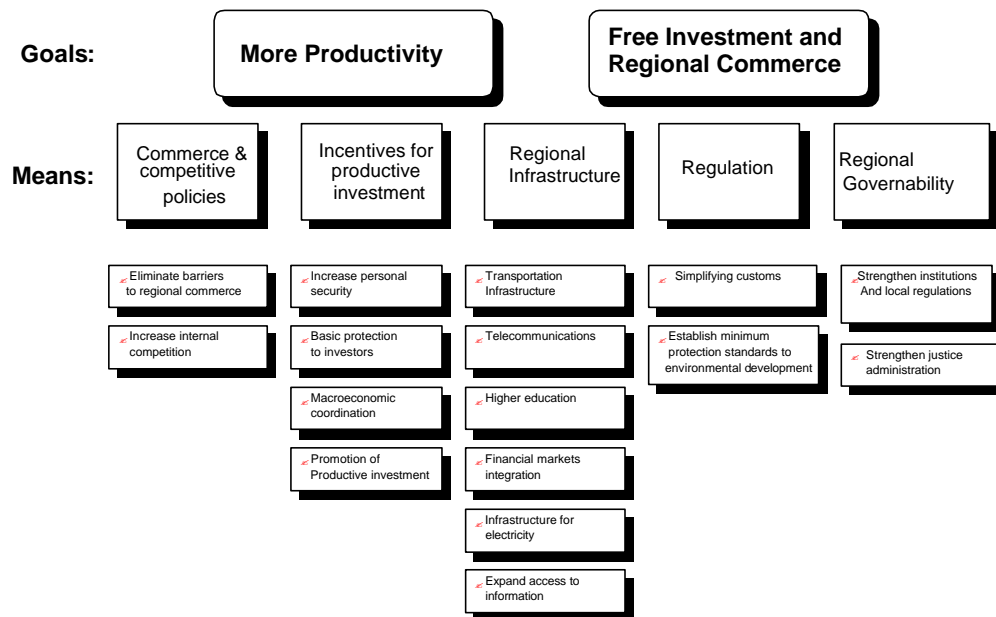
The four attributes in the diamond are in turn, influenced by other variables: chance and the role of government. Chance comes from sudden events influencing the competitive position of some companies that know how to respond to changes. These events may be new technological breakthroughs, changes in market trends, political decisions, wars, natural events, etc.

Government can influence and be influenced by any of the elements in the diamond, both positively and negatively. For instance, government defines policies on infrastructure and education, and allocates resources to them. By setting regulations and standards, governments have an impact on the profitability of different economic activities. Clearly, tax policies can motivate or keep away investing in tourism industries or developing related industries in a country.

Government can also be influenced by elements in the diamond. Such is the case when it decides investing in education, in specific areas needed to improve a cluster, prompted by the rate of tourism demand growth and its relevance as foreign-exchange earner.

Within the context of the “Central American Alliance for Sustainable Development,” Central American governments have agreed on the convenience of working towards a common agenda to make the climate conducive to region's competitiveness and economic development. In this agenda, priority action areas have been defined, namely, attracting productive investments, promoting international competition and trade, improving infrastructure, streamlining customs, strengthening environmental protection mechanisms, among other things (see Figure 1.4).

**Figure 1.4**  
**Action Areas to improve climate for the development of productivity and competitiveness**



Countries are taking the first concrete steps in improving their performance in the different action areas. Particularly, priority has been given to such areas as transportation infrastructure, customs modernization, and improving citizens' safety climate, which will favor the national development of tourism industry as a cluster.

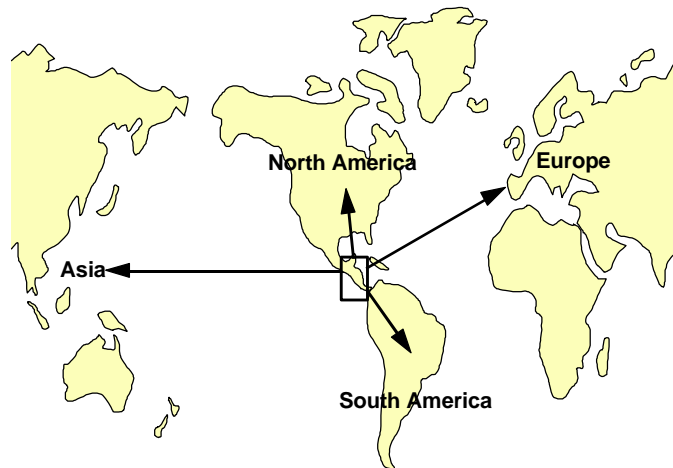
## 1.4 Tourism and positioning

When analyzing Costa Rica's competitive possibilities in the tourism industry, at the international level, the positioning of both the country and the region must be considered. There is a high degree of consensus on a Central American positioning proposal based on three elements:<sup>2</sup>

### 1.4.1 Central America is a bridge between nations and regions

Central America is a geographic, logistic, economic, and cultural bridge between major countries and regions. Because of its geographic position, Central America is a natural bridge between North and South America, and between Pacific and Atlantic Oceans. It is also an important logistic base in freight and passenger transportation. On the economic side, it also acts as a direct manufacturer, offshore assembly, and support service base to the Caribbean islands and other neighboring countries. As to culture, it is a link between the different cultural heritages and languages of Latin America, North America, and Europe (see Figure 1.5).

**Figure 1.5**  
**Central America is a natural bridge between countries and regions**



### 1.4.2 Ecological diversity and unique environmental resources

<sup>2</sup> This positioning was proposed by Michael Porter to Central American Presidents at the October 1995 Summit, in Harvard, as a part of "Central American Alliance for Sustainable Development" activities.

Central America possesses a privileged biodiversity. Its ecological endowment accounts for a large percentage of species existing in our planet. Its tropical climate favors the development of scientific research on natural resources. As a benefit from this favorable natural legacy, the region could become a major destination for visitors from South and North America.

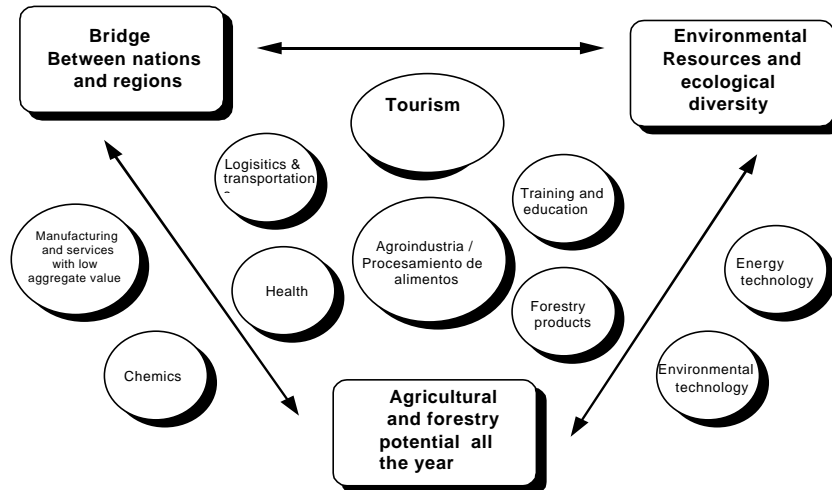
### 1.4.3 Year-round agricultural and forestry potential

Central America's location and tropical climate turn into high potential for agricultural and forestry production throughout the year in a wide range of crops, allowing larger production with relatively less seasonality, in a great variety of products that can be targeted to different markets. All these favorable conditions also make the region an attractive destination for agribusiness investment, research, and development.

Using the positioning just described, we can conclude that Central America has natural competitive advantages in particular economic activities. Some very promising examples could be agribusiness and food processing, forestry products, transportation services and international freight logistics, education and health services, energy and environmental services, and tourism based on our natural, archeological, and cultural attractions.

The figure below shows some of the sectors, which, based on this positioning, are identified as potential clusters at the international level.

**Figure 1.6**  
**Regional positioning and potentially competitive clusters**



Given the unique and unrivaled natural resources and characteristics shown by Costa Rica and Central America, tourism, whose ultimate goal is offering visitors all the attractions in a destination, perfectly fits in this positioning and arises as an activity with

clear possibilities for creating a competitive and sustainable cluster. This study analyzes the current condition of the tourism cluster in Costa Rica, identifying its strengths and weaknesses. The main goal is to create a world-class tourism sector, an engine for development in the region. The analysis is developed in the next two chapters. Finally, the last chapter concludes with a brief relation of efforts being made by the tourism sector in reinforcing its international position.

## 2. WORLD TOURISM TRENDS

### 2.1 World tourism

In order to put tourism into both practical and economic perspective, the global growth rates of visitation and revenue as well as the economic significance to selected countries will be reviewed.

Generally, a tourist is defined as a resident of one country that spends at least one overnight stay in a foreign country. Since the 1950's, tourism in the world has grown dramatically, and has evolved into an industry of significant international economic importance as the amount of revenues it generates annually surpasses petroleum, automobiles, and electronic equipment sales. Table 2.1 summarizes the global progression of both tourism visitation and income from tourism.

**Table 2.1**  
**Worldwide tourism growth**  
**(1950-2000)**

Period	Number of tourists (Average annual growth)	Income from tourism (Average annual growth)
1950-1959	10.6%	12.6%
1960-1969	9.1%	10.1%
1970-1979	5.7%	19.2%
1980-1989	4.8%	9.6%
1990-2000	4.3%	5.4%

Source: World Tourism Organization

As evidenced in the above chart, tourism activity and the revenue associated with tourism have increased steadily over the last 50 years. According to the World Tourism Organization, the tourism industry is responsible for approximately 12 percent of the world's Gross Economic Product and in 2000; 699 million foreign visitors generated US\$475 billion in annual gross revenue.

For 2001, growth in the tourism sector ground to a halt and international arrivals slipped by 1.3% compared with 2000, due to the terrorist attacks of September 11 in New York and Washington D.C. and the weakening economies of major tourism generating markets such as United States, Germany and Japan. The World Tourism Organization predicts that the tourism industry will pick up its habitual rhythm of growth by the second half of 2002 as business travel resumes and consumer confidence returns. It is considered that the tourism activity for 2002 will depend mainly on the evolution of the world economy rather than on the events of September 11.

Both 2000 and 2001 were exceptional years. The first one because it had special millennium events boosting international arrivals by 7% and, in some cases, causing travelers to advance trips that would have been taken in 2001. For 2001, tourism industry performance was influenced by the terrorist attacks of September 11. WTO estimates that from January to August of 2001, tourist arrivals worldwide grew by 3% - more than one point lower than the average annual gain of 4.3% in tourist arrivals over the past ten years. However, for the last four months of 2001 suffered a drop of 11% in

arrivals worldwide and substantial decrease in every region: Africa (-3.5%); Americas (-24%); East Asia/ Pacific (-10%); Europe (-6%); Middle East (-30%); and South Asia (-24%).

Tourism can be cyclical and regional with respect to patterns of popularity and development. Therefore, below is an overview of the most prominent regional tourist destinations in the world with brief commentary on tourism conditions for the last two years.

**Middle East:** Middle East tourism was set for its best year ever during 2000. Tourists massively visited the historic sites associated with the life of Jesus Christ on the 2000th anniversary of his birth. In the first nine months of the year, arrivals were up by as much as 20%, but the region ended the year with a lower (but still significant) estimated growth rate of 12% due to the renewed violence in the last quarter of the year.

Before September 11 2001, the Middle East showed a small 0.3% growth rate. However, the region plunged 30% in the last four months of the year to end with a drop in international arrivals for 2001 of 9%-the worst result of all the regions. Egypt, which accounts for a quarter of all arrivals to the Middle East, decreased by 15.6%, while Jordan managed to recuperate positive growth by December to end the year with an increase of nearly 4% in international arrivals.

**Europe:** This continent was the start performer of world tourism in 2000, with tourists attracted to Germany for Expo 2000 and to Italy for the Vatican Jubilee. Eastern European countries recovered following the Kosovo conflict and Turkey recuperated after two years of declining tourism due to instability and natural disasters. Despite their cooler temperatures, northern countries emerged as the year's "hot" destinations.

International arrivals were off by 0.7% in Europe in 2001. Big losses in the United Kingdom were offset by gains in the Eastern Mediterranean and in Southern Europe. Spain gained a firm place as the world's number two destination in 2001, despite a change in statistical methodology in 2000 that caused it to drop temporarily to third place behind the United States. In Europe, it is also worth noting that several emerging destinations showed strong growth in 2001, particularly Bulgaria (+14%), Estonia (+9%) and Slovakia (+13%).

**Africa:** Africa increased its international arrivals by an estimated 4.4% in 2000. While Zambia, Mauritius, Morocco, and Algeria all enjoyed strong growth, two of Africa's biggest destinations stagnated or suffered - South Africa and Zimbabwe.

International arrivals to Africa increased by 3% in 2001 with most of that gain coming from the North African countries of Tunisia and Morocco which showed strong growth for the period January to August and a slowed down at the end of the year. South Africa, which suffered from its dependence on the long-haul markets of Germany, UK, and USA, showed a decline of nearly 2% for the first 11 months of the year.

**South Asia:** This region is another of the success stories of 2000, with tourist arrivals growing by 11% -more than twice the world average for the past 10 years. Although it did not host any world-renowned events, tourists are increasingly seeking out its exotic destinations -especially Iran and India.



International arrivals fell by 6% in 2001, due mainly to the proximity of fighting in Afghanistan. The period September through December resulted in a drop of 24% in tourism to the region. Countries such as Nepal (-22%) and Sri Lanka (-16%) were also affected by civil unrest throughout the year. A bright spot in the region was the Maldives, which achieved strong growth of 9% in the first half of the year, but expects to end the period with a loss of just over 1%.

**East Asia and the Pacific Rim:** Australia enjoyed its own tourism boom due to the Sydney Olympics and surrounding publicity in 2000. The region saw growth in tourist arrivals that was driven by big increases in China and its special administrative regions of Hong Kong and Macao. Southeast Asia, specially Malaysia, Thailand, Indonesia, Viet Nam and Cambodia, is becoming one of the world's favorite tourism destination with demand outstripping tourist facilities.

For 2001, international arrivals to East Asia and Pacific grew by 4%, although the pre-September 11, growth rate was more than twice that much. Several destinations were affected by economic problems in Japan, which accounts for 17% of the region's tourism. Japanese outbound tourism fell by an estimated 4-6% in 2001.

**The Americas:** The Americas recorded its fastest growth in the Caribbean (7.5%), while Central and North America also showed solid increases of 7.0 % and 5.7% respectively. Despite the strength of the US dollar, international arrivals to the United States were up by 4.9% due to continuing growth from major overseas markets, especially the UK and Japan, as well as recuperation of leisure and business tourism from Canada and Mexico.

For 2001, international arrivals dropped by 7%, reflecting a trend that began well before September 11 due to economic problems in Brazil, Argentina, and Japan, as well as decreasing levels of consumer confidence in the United States. Inbound and outbound tourism to the United States suffered because of the attacks, arrivals for 2001 fell by almost 13% and countries dependent on US tourists also suffered, including Mexico (-5%), Jamaica (-4%), Bahamas (-4%), Dominican Republic (-5%) and Canada (0.1%). Economic instability plagued Southern Cone countries causing decreases in Brazil (-8%), Argentina (-9%), and Uruguay (-4%).

Provided in the chart below is a summary of tourist arrivals and receipts for the ten most visited countries in the world. As evidenced by the statistics below, tourism is a multi-billion US\$ dollar industry in many countries. Table 2.2 provides comparative statistics for El Salvador and its relative standing.

**Table 2.2**  
**Top ten tourist destination markets in the world**  
**2000**

No.	Country	No. of tourists	Variation 1999-2000	Income (US\$M)	Variation 1999-2000	Per income (US\$)	arrival
1	France	75 600 000	+3.4	29 900	13.7		396
2	USA	50 900 000	+4.9	85 200	-5.1		1 673
2	Spain	47 900 000	+3.0	31 000	-4.3		643
4	Italy	41 200 000	+12.8	27 400	-3.2		665
5	China	31 200 000	+15.5	16 200	+15.1		519
6	England	25 200 000	-0.8	19 500	-3.4		773
7	Russian Fed <sup>1</sup>	21 200 000	+14.5	7 500	+15.4		353
7	Mexico	20 600 000	+8.4	8 300	+8.3		402
9	Canada	20 400 000	+4.9	10 800	+5.9		529
10	Germany	19 000 000	+10.9	17 800	+6.5		936
	<b>El Salvador</b>	<b>794 678</b>	<b>+20.7</b>	<b>254</b>	<b>20.7</b>		<b>310</b>

<sup>1</sup> Income information is updated to 1999 and variation data is from 1998 - 1999

Source: World Tourism Organization

France is the world's leading country in the number of tourists attracted with nearly 76 million visitors in 2000, representing over 10 percent of the world's tourism arrivals. With respect to tourism receipts during the same year, the United States lead the world, earning US\$85 billion in tourism receipts, representing 17,9 percent of tourism receipts worldwide.

In 2000, El Salvador received 0.11 percent of the world's tourist arrivals and close to 0.61% of the tourists went to the Americas. These figures indicate the enormous size of the world market, as well as El Salvador's growth potential, provided it adequately develops its industry and product offering.

September, October, and November 2001 were a disaster for international travel according to the WTO. However, there have been indications that December was not as bad and these statistics do not reflect the dramatic changes in travel habits in the fourth quarter of 2001, as many tourists substituted domestic trips for international travel.<sup>3</sup> Holidaymakers also chose to travel by car or rail rather than by air. Consequently, tourists visited destinations that were closer to home rather than long-haul destinations; furthermore they chose more familiar places that were perceived as being safer. In France, for example, passengers on domestic flights declined by 15% in November, while rail passenger numbers increased by 9% during the same period. These shifts in travel habits benefited rural tourism accommodations, ski resorts, campgrounds, and bed & breakfast inns.

Other events that had a negative impact on the tourism industry last year included the outbreak of foot and mouth disease in the United Kingdom, Ireland and the Netherlands, the strength of the US dollar; the year-long Israeli-Palestinian conflict, that depressed travel throughout the Middle East; and the economic crisis in Argentina.

<sup>3</sup> WTO Secretary-General Francesco Frangialli, January 2002.

Tourist spending per trip averaged US\$680 in the world for 2000. Comparatively, each foreign tourist who visited El Salvador in the same year spent an average of US\$310. The income per tourist in El Salvador is much lower than global standards. For example, the participation of El Salvador in the world tourism in terms of dollars was only 0.05% in 2000, which is smaller than the participation of the country in terms of tourist arrivals with respect to the world. There is no data available for 2001.

The outlook for Eastern holiday travel and the 2002 summer season is positive and will, rather than on the events of September 11, mainly depend on the evolution of the world economy. World tourism is expected to grow at an annual rate of 4.2 percent over the next decade. Although this growth rate is lower than that during the past 45 years, it is significant in real terms as the absolute number of travelers and tourism related revenue would steadily increase.

According to World Tourism Organization estimates, approximately 1 560 million international tourists are expected to visit foreign countries in the year 2020. The tourism to the Americas is expected to be 282 million for the end of 2020.

## 2.2 Tourism on the American Continent

In 2000, tourism destinations on the American continent recorded a growth rate increase of 5,5 percent in tourist arrivals from the previous year, totaling 129 million. Of greater significance, was that during the same year tourism receipts increased at a rate two times greater than that of visitation, 11.5 percent, accounting for a total of US\$136.4 billion.

The estimated number of tourist that visited the Americas for 2001 is 119 million, 7.75% less than 2000. There is not receipt data available for 2001. The following table summarizes the tourism visitation and receipt statistics for the 10 leading countries of the Americas, and Costa Rica's comparative figures.

**Table 2.3**  
**Main tourism destination markets in the Americas**  
**2000**

Nº	Country	N. of tourists	Variation 1999-2000	Income (US\$M)	Variation 1999-2000	Per arrival income (US\$)
1	USA	50 891 000	+4.9	85 153	+13.7	1 673
2	Mexico	20 643 000	+8.4	8 295	+14.8	401
3	Canada	20 423 000	+4.9	10 768	+5.9	527
4	Brazil	5 313 000	+4.0	4 228	+5.9	795
5	Puerto Rico	3 341 000	+10.5	2 541	+18.8	760
6	Argentina	2 991 000	+3.2	2 903	+3.2	970
7	Dominican R.	2 977 000	+12.4	2 918	+15.6	980
8	Uruguay	1 968 000	-5.1	652	-0.2	331
9	Chile	1 742 000	+7.4	827	-7.9	474
10	Cuba	1 700 000	+8.9	1 756	+2.5	1 032
<b>El Salvador</b>		<b>794 678</b>	<b>+20.7</b>	<b>254</b>	<b>+20.7</b>	<b>310</b>

Source: World Tourism Organization

The statistics in the above table indicate El Salvador's current position in relation to the 10 leading tourism destinations in the Americas and the Caribbean. With respect to all

of the Americas, in 2000, El Salvador accounted for 0.61 percent of the number of arrivals and 0.18 percent of tourism receipts of all the Americas.

## 2.3 Tourism in Central America

As the United States, Canada and Mexico are large countries and attract such large numbers of tourists, the visitation statistics to Central America are somewhat distorted. Although Central America is attracting a smaller number of visitors, the growth rates for both tourist arrival and receipts are substantial. In fact, the number of arrivals to Central America increased at a rate of 6.8 percent in 2000 while receipts increased at a rate of 12 percent. For 2001, the estimated number of tourists in the region was 4,5 million, which means that the flow of tourist increased during this difficult year. There is still not receipt information available for 2001

**Table 2.4**  
**Major destination markets in the Central American region**  
**2000**

No.	Country	No. of tourists	Variation 1999-2000	Income (US\$M)	Variation 1999-2000	Per arrival income US\$
1	Costa Rica	1 088 075	+5.5	1 229	+18.6	1 130
2	Guatemala	826 000	+0.4	535	-6.1	647
3	Panama	479 000	+4.8	576	+7.1	1 202
4	Nicaragua	486 000	+3.8	116	+8.4	238
5	El Salvador	795 000	+20.7	254	+20.7	319
6	Honduras	408 000	+10.0	240	+23.1	588
7	Belize <sup>1</sup>	181 000	+2.3	112	+3.7	618
<b>Total</b>		<b>4 263 075</b>	<b>+6.8</b>	<b>3 062</b>	<b>+12.0</b>	<b>685</b>

<sup>1</sup> Data for Belize is from 1999, and its variation rate is for 1998-1999

Source: World Tourism Organization and ICT Statistical Bulletin

With respect to El Salvador's tourism statistics in relation to the Central American region, the country accounted for nearly 18 percent of the region's tourist arrivals and 8.3 percent of all tourism receipts.

## 2.4 Tourism in El Salvador

### 2.4.1 History of tourism in El Salvador

#### 2.4.1.1 The 1960s

This decade is deemed the point of departure for analysis, because it was at this time that tourism was more systematically organized, and when official entities were created to promote it.

The tourist industry debuted in the midst of relative economic prosperity. The Central American Economic Integration Program, which was strengthened at the beginning of

the 1960s, contributed to making the economy more dynamic, expanding exports and bringing with it a degree of modernization. Adding to the prosperity were favorable coffee prices on the international markets, induced by the international coffee treaty going into effect

Several factors explain the increased importance of tourism in El Salvador starting in the 1960s. On the one hand, the modernization of transportation (expansion of the roads infrastructure, more flights with the new Ilopango International Airport), and on the other hand, the rise of massive tourism, whose effects also had an impact on Central America.

In 1961, the Salvadoran Institute of Tourism (ISTU, Spanish acronym) was created as an official governing body. Its main responsibilities included the creation of projects to promote the development of the sector, the regulation of tourist enterprises, the management of the national resources and the presentation of regular reports on the progress of the sector. Starting in 1968, monitoring of the sector was facilitated by ISTU's publishing of detailed statistical bulletins on the influx of tourists to El Salvador.

The institutional framework for tourism was strengthened by the Tourist Industry Development Law of 1967, which provided fiscal incentives to companies affiliated with the national tourism system.

The financial scene was also improved by the industry, with the opening up of lines of credit to promote investment in tourism. The Economic Development Fund of the Central Reserve Bank, created in 1966, envisaged loans for tourist infrastructure construction projects. Nonetheless, the impact of those projects does not seem to have been very significant: For 1969, there were only 320 tourist accommodation establishments available (Hotel El Salvador Intercontinental, 210; Gran Hotel San Salvador, 90; Parker House, 20).

In short, the 1960s marked the beginning of the development of organized tourism. It was envisioned, however, merely as a marginal activity complementing the agro-export economy the emerging manufacturing industry, and not as a business important in its own right. Moreover, it lacked specific strategic guidelines for development. Strategic tourism development programs began to appear in the next decade.

#### *2.4.1.2 The 1970s*

Those years were considered the golden years of tourism in El Salvador, in a relatively stable economic and political environment.

Although tourism was not considered a strategic area for decision-making at the onset of the decade, some key policies were implemented, resulting, for example, in the construction of four hotels in San Salvador: Camino Real, Ritz, Alameda and Terraza. Another hotel was also opened on Cerro Verde mountain.

Two circumstances served to stimulate the development of hotel infrastructure: the private sector's identification of the profitability of this kind of investment; and fiscal incentives and loan facilities made available to his sector.

The style of government introduced when Colonel Arturo Armando Molino came to power in 1973, was one of careful planning that included systematic arguments for prioritizing certain sectors of the economy. It was then that tourism began to be viewed as an activity capable of generating substantial foreign exchange and employment, which led to a boom in the tourist industry. Indicative of that dramatic growth is the fact that the number of foreign visitors that year rose by 35%, and that trend was maintained until the number climbed to 293 000 in 1978 (most of whom came from the Central American region). Some key causes for that boom are listed below:

- ✍ A strategy was fashioned to position El Salvador as a tourist destination of sun, sand, and beaches, and the necessary tactics were devised to make it stand out prominently on the international tourist map, especially in the US market.
- ✍ A master plan was deployed to promote the development of the coastal regions, placing priority on the area of the Jaltepeque Estuary, in Costa del Sol. In keeping with that plan, it was decided to build several luxury hotels: Pacific Paradise, Izalco Cabañas Club and Tesoro Beach.

During that same period, more infrastructure was built that directly benefited tourism: Some highways were revamped and the Comalapa International Airport was built. At the same time, other hotels were built in the capital city, such as the Siesta and the Presidente.

The political crisis and the climate of violence that began in 1979 ignited the civil war a year later. At that time, there were more and more missing persons and murders, and some businessmen were abducted by the leftist military organizations (as happened to ISTU president Roberto Poma). The international press spread the image of war, and the country was declared dangerous for tourists. Thus, the influx of tourists diminished to the levels of seven years before, and in 1980, the number of visitors dropped to a 15-year low.

#### *2.4.1.3 Tourism during the armed conflict (1980-1992)*

Violence essentially wiped El Salvador off the international tourism map. In the US market, for example, in addition to travel warnings against entering the country, entrance visa requests were submitted to stringent investigation to avoid the entrance of leftist movement sympathizers. Hence, the possibilities for tourism development were nil, while tourism infrastructure construction had come to a halt. The only foreign visitors were tied to the armed conflict: military advisors, leftist collaborators, officials from international organizations, journalists or people curious about the evolution of the war.

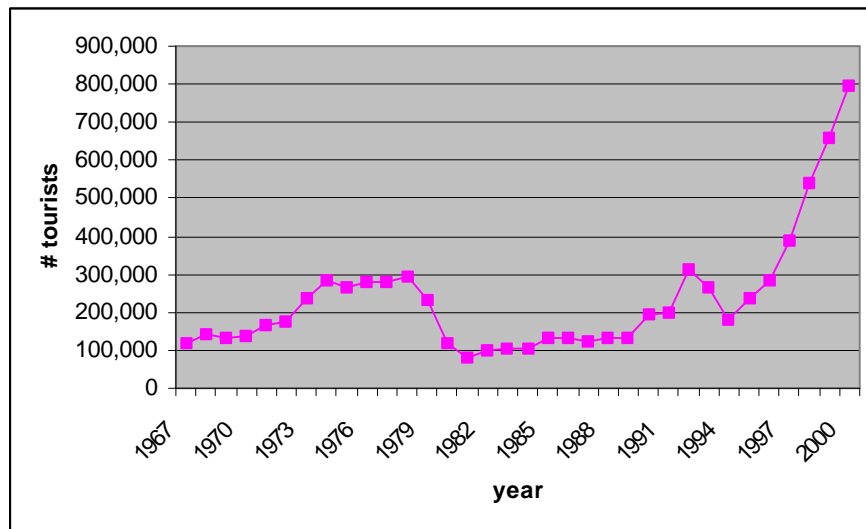
The hotel industry, in particular, was affected during the early years of the war, but subsequently, its situation improved, with acceptable occupancy levels returning because of the scarcity of rooms in the capital city to lodge the mentioned visitors. One particular case was that of the Hotel Camino Real, which was considered a safer hotel, and which greatly benefited from being selected by the international press as its operations base. The establishments that suffered most from the situation were those located along the coast, because of the recreational orientation.

#### 2.4.1.4 Peace in El Salvador and the tourism sector (1992)

The peace accords between the government and the opposition forces (under the FMLN umbrella) were signed in January 1992. Numerous international observers entered the country to witness this monumental event. The visitor boom was of such magnitude and the expectations concerning the future possibilities of El Salvador so high that once again the gates of hope were opened to the tourism sector.

The following graph clearly shows the evolution of the sector. It is important to note how the war hindered the development of the tourist industry: The vertical lines mark that period. According to CORTASUR, the 1992 peak was produced by the movement of international observers who came because of the peace accords, while the drop experienced in the two subsequent years is explained by the exit of all those people related to the armed conflict and its final outcome, which involved an adjustment period for tourism covering 1993 and 1994. By 1996, the tourist industry had begun to regain the levels it had reached toward the end of the 1970s.

**Figure 2.1**  
**Historical progression of revenues from tourist visiting el salvador**  
**1967-1996**



Source: ISTU Statistics

Ten years after the peace agreement signatures, international hotel chains have started operations in the country such as Holiday Inn, Princess, Marriott, Choices, Ramada Inn, Radisson and Barceló among others. The establishment of Corporación Salvadoreña de Turismo (CORSATUR) in 1996 has brought new energy and generated the necessary incentives in the right direction of establishing a tourism cluster of world class.

There are still things to do with respect to incentives to the tourism industry to develop. Due to the government priorities related to strengthen the democracy, the political structures and the social development, tourism was left behind in these priorities. For 2001, El Salvador did not have an incentive law for the tourism sector. However, this has not stopped the private sector, with companies such as Taca and Grupo Real, from developing the industry. A law that will provide the tourism activity with a juridical framework is to be approved in 2002 by the Congress.

The country was affected in the last years by important natural disasters. Hurricane Mitch in October 1998. The most affected areas were Ahuachapán, Sonsonate, La Paz, Usulután, San Miguel, San Vicente and La Unión. All the territory was declared disaster zone. Recently, two earthquakes devastated the country at the beginning of 2001. The tourist visits decreased because of these events.

After the earthquakes, CORSATUR proceeded to establish the hotel infrastructure, which overall did not suffer further damage and was in perfect condition. To counteract negative effects on the tourism sector, a very aggressive initiative was launched in Guatemala, with the purpose of bringing in tourists during the Easter Week after the earthquake, stressing the fact that tourist infrastructure had not suffered any damages. As showed in the previous graph, by 2001, the sector has experiencing a significant recovery.

#### 2.4.2 Economic importance of tourism in El Salvador

32Table 2.5 compares the contribution of income from the tourism sector in El Salvador with that of other economic activities as a percentage of the GNP, and of exports for 2000.

**Table 2.5**  
**Foreign exchange income according to economic activity**  
**as a percentage of the GNP**

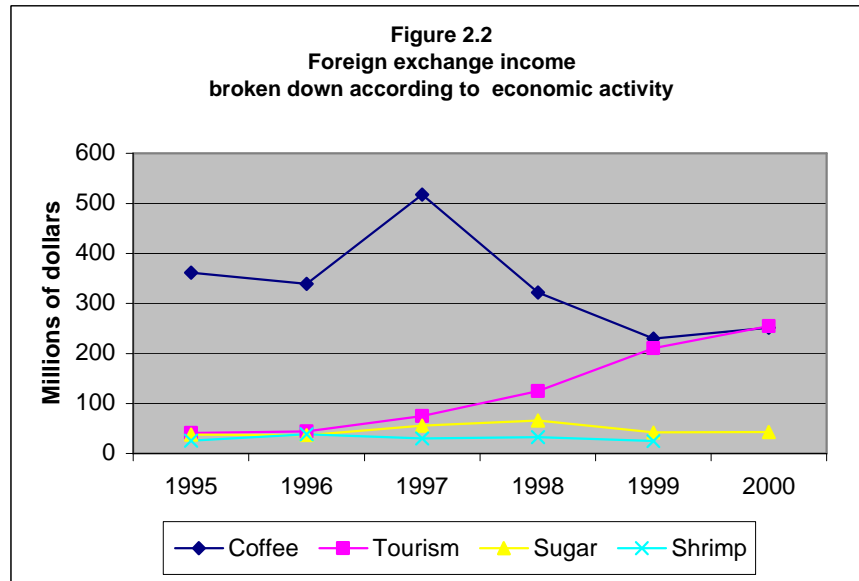
Year	Coffee	Tourism	Drawback	Family transfers
1995	3.80	0.40	1.60	11.20
1996	3.30	0.40	1.70	10.30
1997	4.70	0.70	2.20	10.80
1998	2.70	1.00	2.40	11.20
1999	1.90	1.70	2.40	11.00
2000	2.00	2.00	3.20	13.80

Source: CORSATUR

Income from tourism in El Salvador represents 2.0% of the GNP in 2000, which shows a growth trend since 1995. Likewise, the market share of traditional export products, such as coffee has diminished compared to the GNP, influenced in part by falling international coffee prices.



The following graph compares foreign exchange income from tourism with other business categories. One can conclude that the tourism sector has been rising in relative importance with the Salvadoran economy since the end of the armed conflict and the creation of CORSATUR, to the point where it is now comparable with other traditional export products such as coffee.



Source: ISTU Statistics

#### 2.4.2.1 Positive economic signs

Prospects for El Salvador's economy are relatively positive. Due to stability and economic initiatives as ascribed below a positive growth is expected. These changes might positively influence the image of El Salvador and thereby become a more attractive tourist location.

After a close encounter in 1995, El Salvador has now truly introduced the American dollar as its second official currency. The introduction of the dollar started the first of January 2001, since then it rapidly found its way into the world of financial transactions. El Salvador has good prospects on gaining from the dollar because the introduction was not based on instability or crises. It has not been used as a cure but rather as a tool for growth. El Salvador has a relatively stable price level and political situation. It is therefore expected that the dollar will bring even more stability to El Salvador and support for its economy. Though the colon remains an official currency, it is expected that by the end of 2001 over 50% of the transactions will occur in dollars. Especially investors gain from the introduction of the dollar, with the strong dollar came lower interest rates. Making money cheaper and investing more attractive.

At the end of June 2000 a free trade agreement has been introduced between Mexico El Salvador, Guatemala and Honduras. Giving free market access among members. El Salvador expects that, mainly through the opening of the huge market of Mexico, the agreement will generate new jobs and investments of around US\$100 million during the next three to four years. These optimistic prospects however, are not shared by all people involved, local businesses fear the arrival of Mexican imports.

Another agreement was enacted the 15<sup>th</sup> of March 2001. As from this date there are no more restrictions on the trade of domestically produced goods between El Salvador and the Dominican Republic.

Also before these specific agreements had been enacted; El Salvador was on the right track. In just one-year time El Salvador became the Latin-American country performing best on the ranking of free economies. Over the year 1999 It was placed as number 13 on the world ranking; surpassing countries as Japan (14) and Germany (20). With this relatively open economy, direct investment is attractive and offers opportunities for the tourism sector

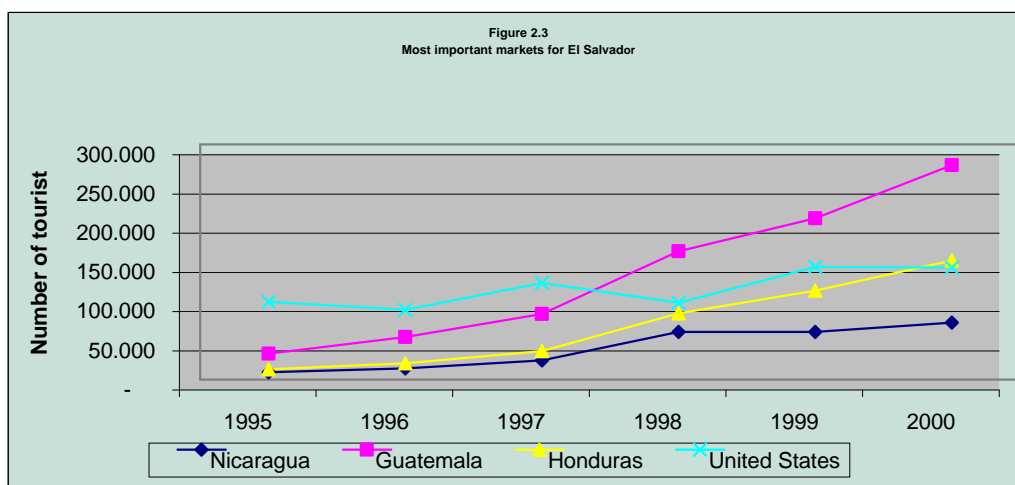
### **2.4.3 Tourist demand in El Salvador**

#### *2.4.3.1 International tourism*

The evolution of tourist arrivals to the country shows that starting in 1994, the number has significantly risen (an average of 15% year since 1985).

For year 2000, most of the tourists that visited the country came from other countries in Central America (59%) and North America (22%). The highest numbers of tourists came from the countries of Guatemala (34%), Honduras (19%) and the US (18%).

Although the highest number of tourist to El Salvador has traditionally come from Guatemala, the number was surpassed by US tourists from 1993 to 1997. Nevertheless, after 1997, Guatemala has once again continued to be the most important tourist generator for El Salvador. The following graph shows the evolution of the origin of tourists visiting El Salvador.



Source: ISTU statistics

Of the total number of tourists entering the country from Europe (approximately 3.5% of the total in 2000), Spain and Germany contributed the most (1.24% and 0.72%, respectively). More than half the Europeans visiting El Salvador come from these two countries.

The following statistics will provide a more detailed look on the kind and the reasons, of tourists visiting El Salvador

**Table 2.6**  
**Characteristics of El Salvador's Tourists**  
**(2000)**

Reason for trip	#	%	Age	#	%
Business/Conferences	334 877	42.14	18 – 35	306 587	38.6
Visit to friends/family	329 235	41.43	36 – 45	206 219	26
Leisure/Recreation/ Vacation	105 931	13.33	36 – 55	164 578	20.7
Other	24 635	3.10	56 & over	117 294	14.8
<b>Total</b>	<b>794 678</b>	<b>100</b>	<b>Total</b>	<b>794 678</b>	<b>100</b>

Gender	#	%	Amount of visits	%
Male	455 986	57.4	For the first time	30.6
Female	338 692	42.6	For the second or more times	69.4
<b>Total</b>	<b>794 678</b>			

Influence for visiting El Salvador	%	Way of traveling to El Salvador	%
Business	43.6	Independent	64.8
Family	39.0	Independent with a tour	19.2
For the Christian faith	4.0	With a group	16
Internet	1.2		
Agencia de viajes	1.2		
Others	11.0		

<b>With who did they travel</b>	<b>%</b>
Alone	64.2
With family	20.2
With friends	9.4
Others	6.2

Source: CORSATUR 2001 and study by BIMSA September 2000

<b>Where did they stay*</b>	<b>%</b>
City	73.3
Midland	14.5
Beach	6.7
Mountains	5.5

\* Based on the amount of visitors, not on the duration of stays

<b>By professional activity</b>	<b>%</b>
Housewife	10.95
Professional/Office Worker	39.05
Labor/Peasant	10.24
Dependant technician	17.38
Salesman/Merchant	11.43
Student	6.67
Other	4.29

The tourists' reasons for traveling have changed over the years, shifting from leisure to business visits. Because of the different kind of tourists visiting the country it is very important to provide this segment with the appropriate service. Due to investments of multinational companies, development of the banking system and successful economic performance of the country, El Salvador has indeed given this sector much of the attention it requires. The tourism industry now focuses much more on business people. In order to satisfy and to keep attracting these tourists, the country does need to improve special infrastructure required like conference and convention facilities. Demand for these services is especially high in San Salvador.

Another significant portion of the tourists travel to visit family or friends. Like the business travelers, this type of tourist has different needs than those who travel for leisure. It is necessary to consider that most of these tourists do not need a place to stay as they spend the night with their relatives or friends.

The attraction of business tourists appears to be a long-term trend. A good representation is a study held by The Arthur Consulting Group in 1994. The study analyzed the demand distribution for 5 major hotels in San Salvador. It showed that occupation rates were divided as follows: individual businessmen 70%, businessmen in groups 11%, international organizations 12%. Traditional tourists counted for no more than 7 % in these hotels

The main characteristics of these groups are:

?? Individual business travelers segment

It are usually the companies related to these travelers whom make lodging reservations, either directly or through travel agencies. Demand from this segment is mainly concentrated on business days and shows a relatively consistent trend during the year, with hotel occupancy stable during weekdays and slacking off appreciably on the weekends.

#### ?? Business traveler groups segment

This segment includes executives and sales people, lecturers, training instructors, members of professional associations (doctors, secretaries and other professionals), as well as government officials.

#### ?? International organizations segment

This segment includes the USDA, the World Health Organization, the World Bank, the Inter-American Development Bank, and others.

#### ?? Traditional tourist segment

This segment includes independent tourists, traveler groups, sports teams (especially soccer), and people traveling within Central America. Demand for this segment is more important on weekends. It is both covered by hotels in the capital city as well as elsewhere in the country.

#### ?? Ethnic tourism

A separate analysis must be made of Salvadoran travelers who legally reside in the US and return to their country every year to visit relatives and friends. Because of their characteristics, these visits should be classified as international tourism, since the stay is temporary (although, currently these arrivals are registered as nationals, except those who have US citizenship). The peak months for this segment are December and January.

It is interesting to contrast the characteristics of ethnic tourism with traditional international tourism. First, the ethnic traveler does not normally use hotels. Although there are no statistics to verify this fact, it can be assumed that most stay in the homes of their families. Second, ethnic tourists often bring in consumer goods, especially clothing and appliances.

It would be interesting to investigate the effects (particularly for the tourism sector, as well as for the economy as whole) of the ethnic tourists, but there are no fundamental analyses on this phenomenon. However, one can assume that their consumption level is high during their visits to El Salvador, and that their spending is distributed mainly on services such as restaurants, tourist complexes, and consumer goods in the country. Definitely, these travelers do represent foreign exchange for the economy and they tend to energize the sectors related to tourism. An example is the air transportation industry: TACA's strategy, which focuses on the ethnic market, has been quite effective. Crafts sales and auto rental businesses are also favored by ethnic travelers.

Some estimates help in arriving at conclusions about the importance of this segment. For example, marketing information from TACA airline allows one to estimate that of the total passenger air traffic going between El Salvador and the US in 1996, 55% would be ethnic. TACA bases this estimate on the detailed information regarding the origin of reservations and the issuance of tickets, including the location of the travel agencies where the transactions were made. For the year 2000, we know that 120 910 people

arrived from the US by air; of those people arriving 66 500 would correspond to the 55% Salvadoran ethnic tourists, which is a substantial figure, considering it represents around 8.3% of the total tourists that entered the country in 2000.

#### 2.4.3.2 National tourism

The ISTU is promoting the development of national tourism, with apparently positive results (although there is no official report detailing the income and expenditures). The statistics on travel to the different tourist centers indicate that most of the visitors were nationals. The Salvadoreans prefer Balboa Park, the seaside resorts of Atecozol in the towns of San Vicente and La Toma de Quezaltepeque, located on the outskirts of the capital city. Moreover, ISTU organizes cultural excursions to the turicentros during the weekends.

The Instituto Salvadoreño de Turismo (ISTU) promotes local tourism. Between 1948 and 1979 they have build up a web of 14 "Turicentros" Recreational complexes. In general, offering basic service for a good price. Mainly located near lakes, natural springs and forests, most of them have swimming pools.

A survey held by CORSATUR in September 1999 gives a good overview of the places Salvadorians like to visit within their country. Results are shown in order of preference for different categories.

**Table 2.7**  
**Popular Places for Local Tourism**  
**(CORSATUR sep. 1999)**

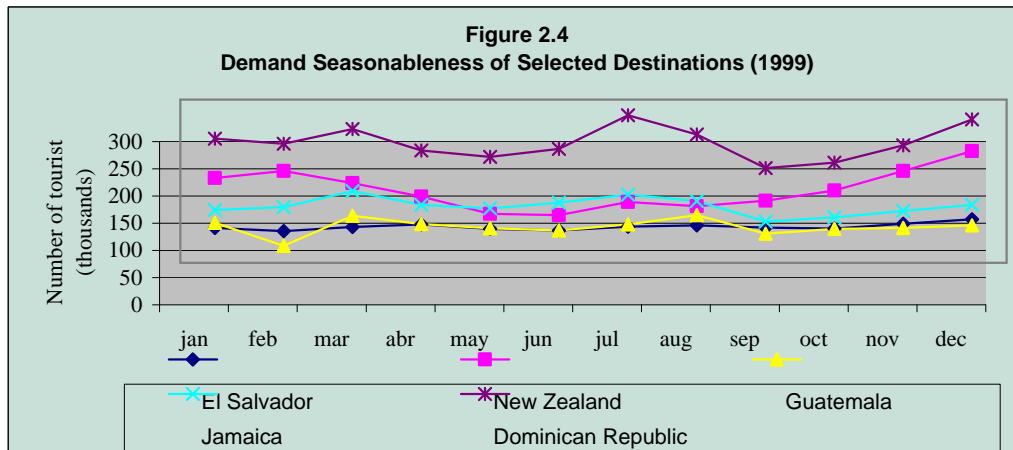
<b>Town</b>	<b>%</b>	<b>Beach</b>	<b>%</b>	<b>Recreational</b>	<b>%</b>
Apaneca	29.55	Costa del Sol	36.1	Cerro Verde	34.6
La Palma	12.12	La Libertad	11.2	Parque de la Familia	11.3
Suchitoto	11.36	El Cuco	9.3	Los Chorros	10.1
Santa Ana	6.82	San Diego	5.4	Planes de Renderos	8.8
Ilbasco	6.06	El Majahual	4.6	Atecozol	8.8
Panchimalco	3.03	El Tamarindo	4.6	Zoológico	6.9
San Ignacio	3.03	La Barra de Santiago	2.9	Ichanmichen	6.9

Internal business travelers are nationals who must travel to other parts of the country to do business and must stay overnight away from their hometown. The contribution of this segment on the tourism sector is relatively low and could be explained as follows:<sup>4</sup> This activity is subsidized by the employer companies; the employees often save their travel allowances to spend them on their family budget. Thus, a typical national business traveler will spend the night in an inexpensive hotel or rent a small place along with fellow workers in order to save money.

<sup>4</sup> Ricardo Bejarano. Director of medical representatives for Glaxo Wellcome.

#### 2.4.4 Seasonal nature of demand

Figure 2.4 shows that in El Salvador the monthly variations are quite insignificant, except during the month of December when the volume of people entering the country as tourists rises to some 80 000. As previously mentioned, the contribution to the growth of demand is related to the visits of nationals who live abroad. The seasonal nature of demand in El Salvador, as in the rest of Central America, is less than that recorded for France and New Zealand and similar to that of Jamaica.



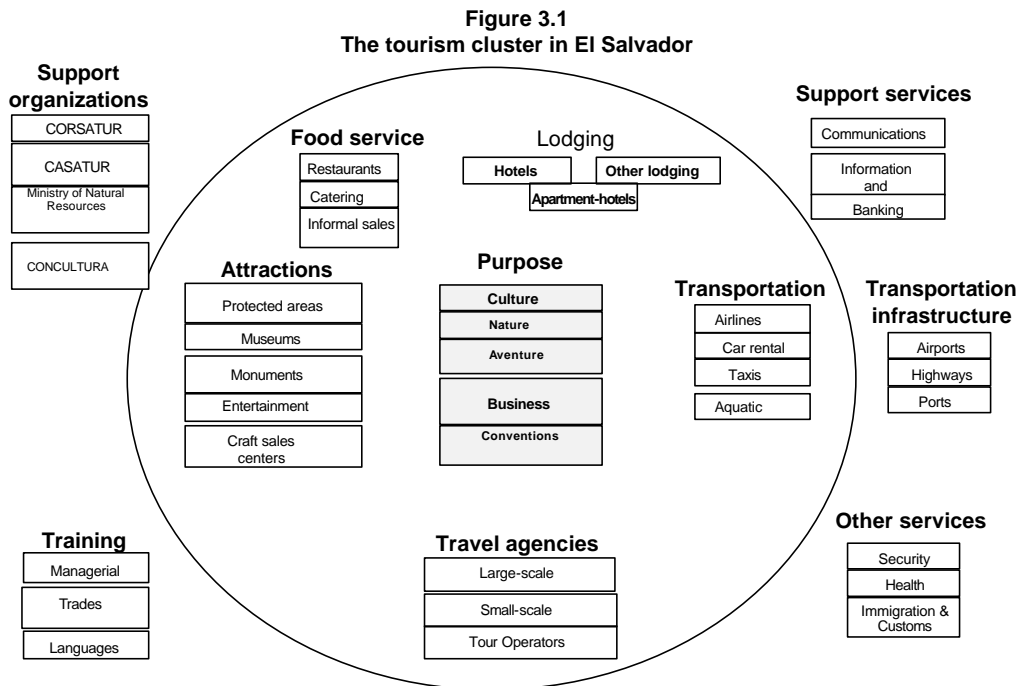
Source: Several years of ISTU tourism statistics, and WTO compendium of tourism statistics

### 3. THE TOURISM CLUSTER IN EL SALVADOR

#### 3.1 Cluster description

When speaking of an industry, one frequently makes the mistake of reducing the analysis to the most visible parts. In the case of tourism, the hotel business is often studied. However, other related tourism industries, such as transportation, meals, attractions, tour operators, support services and training ought to be analyzed in greater depth, if what we are after is to develop the sector as a competitive cluster at the international level.

The following figure schematically shows the main tourism cluster in El Salvador, that is, the one that revolves around tourism and is particularly interested in cultural, nature and adventure activities.



At the center of the cluster are the motivations for tourist visiting El Salvador, which for this study the most notable are those directly related to culture, nature and adventure. In the circle just outside these motivations are the sectors of the industry that directly interact with the tourist, namely lodging, transportation, meals, attractions and tour operators.



In the outer circle are support and related sectors. These are defined as being important to the service ultimately received by the tourists but which in general do not directly interact with them, but rather provide support and supplies to the sectors that directly relate to the visitors.

This chapter will analyze each of these sectors, evaluating their composition, how many participants are involved, the size, the nature of its ownership and management. We will also assess the evolution of the sector and its behavior with respect to the competition of members of the sector, as well as its capacity for innovation and its ability to offer the tourist quality products consistent with positioning the country as a tourist destination.<sup>5</sup>

The study focuses on the tourist preferring activities essentially related to culture, nature and adventure. This focus is justified because the analysis of the situation suggests that the greatest potential for El Salvador revolves around those motivations.

## **3.2 Directly related sectors**

### **3.2.1 Accommodations**

One of the most important sectors of the tourist industry is accommodation. As mentioned in the second chapter of this study, after the country reached an average of 293,080 visitors in 1978, the armed conflict in El Salvador halted the tourism boom of the 1970s. The war brought the hotel industry to a virtual standstill.

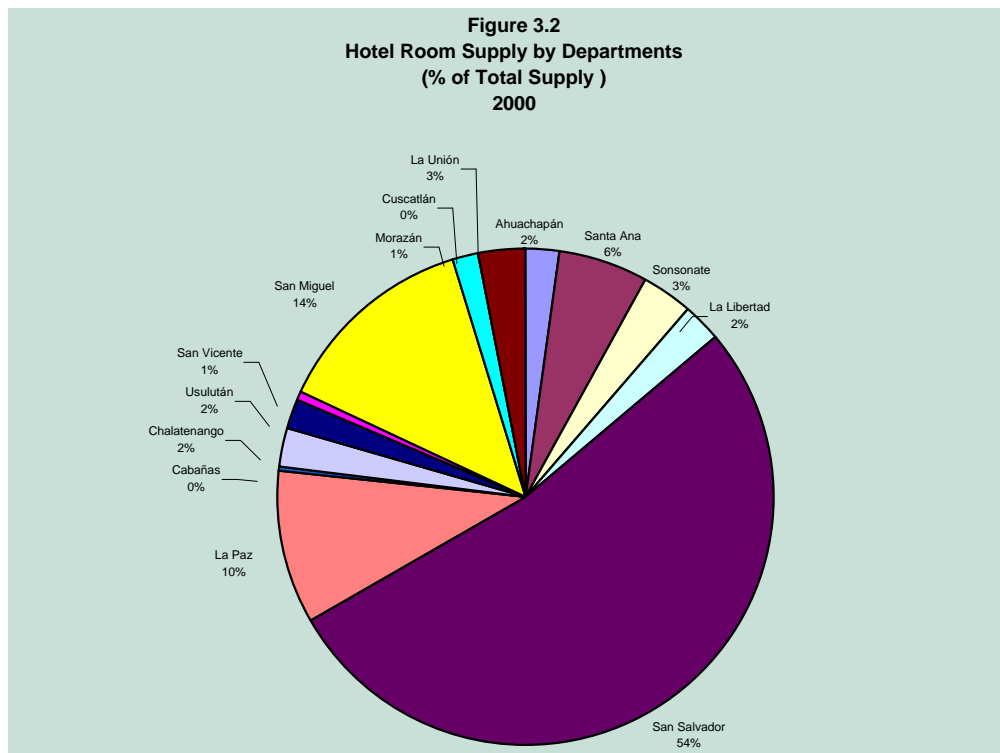
According to the inventory of tourism infrastructure taken by the Organization of American States and ISTU immediately after the peace accords were signed, El Salvador had a total of 1 564 hotel rooms. The same document identifies the limitation of rooms available for tourism as a structural problem that would eventually check the inertia of tourism.

In 2000, tourism in El Salvador seems to have come back to life as the number of tourists rose to more than twice that of 1978. At the same time, the number of rooms available to tourists increased more than 200%. In 2000, tourism infrastructure included 180 establishments offering 4 899 rooms.

Moreover, 53% of the rooms were concentrated in the Department of San Salvador. Although this is a significant figure, the importance of the capital city for the hotel owners is qualitatively better. Though there is no hotel ranking system for the industry, it is estimated that 80% of this segment is located in the capital city. Figure 3.2 shows the hotel distribution by departments in the year 2000.

---

<sup>5</sup> Information presented in this chapter was obtained from official statistics and supplemented with personal interviews with managers of each sector, as well as with articles from the press and technical journals.



Source: ISTU tourism statistics, 2000

The country has a high concentration of accommodation facilities in San Salvador, due to its position as the political and economic center of the country. San Miguel is the second Department with more lodging infrastructure which includes 29 establishments with 654 rooms. The Departments of La Paz and La Libertad, with their beachside hotels, contribute 10% and 2% respectively. La Paz has a total of 10 establishments and 480 rooms, most of which meet the standards of the discriminating tourist. La Libertad has fewer offerings with lesser quality infrastructure. Hotel offerings in the remaining departments, except Santa Ana, do not exceed 4% each, and consist of low-class hotels rented mainly by national business travelers.

Among the hotel facilities in San Salvador in 2001, there were five luxury hotels offering rooms as outlined in Table 3.1.

**Table 3.1**  
**Characteristics of luxury hotels in San Salvador**  
**(2001)**

<b>Hotel</b>	<b>No. of rooms</b>	<b>Occupancy (Percent)</b>	<b>Average rates (in US\$)</b>
Camino Real	228	51	140-160
Marriott Presidente	225	50	90-165
Princess	204	47	140-160
Radisson Plaza	195	52	125-170
Holiday Inn	132	53	75-160

Source: El Salvador Hotel Association, 2001

These four hotels together offer 984 rooms, which represent approximately 20% of the available facilities in the country. Their demand comes mainly from businessmen, so they offer office and conference facilities for their clients. The fact that most of their guests are business people is reflected in a high hotel occupancy during weekdays and a low level during the weekends.

El Salvador has become the target for expansion by international companies attracted by growth expectations in several market niches, which was not the case in the 1970s. Therefore, the business traveler segment has been a rapidly growing market since Central America entered into a process of political stabilization and economic liberalization.

Because of the growth in international trade in the region, the organization of conventions and congresses is seen as a prosperous business. To take advantage of it, it would be necessary to expand the number of quality rooms and the construction of new activity centers capable of accommodating over 500 people, which would mean a significant growth opportunity for the hotel sector. In 2000, 42% of the tourists visiting El Salvador did so for business reasons or to attend conventions or conferences.

The Central American hotel chain Princess, with hotels in Guatemala and Nicaragua, detected these opportunities and expanded its business to El Salvador. In 1997, it opened a luxury hotel with 204 rooms in one of the best residential districts of the capital, investing some US\$26 million. Another hotel chain with expansion projects, though in a smaller scale deluxe hotel, was Holiday Inn.

The advent of these companies has meant a revolution for an industry that had been stagnated for a long time. Several consequences have stemmed from this struggle to adapt to change:

? ? *Hotels have been completely remodeling and modernizing their old facilities.* For example: Hotel El Salvador (now Radisson Plaza) revamped its facilities with great success. It also built a World Trade Center, which is an international business center with a Royal Executive area, commercial stores and offices. Camino Real hotel also remodelled its infrastructure in order to face the arrival of new competitors.

? ? *Some establishments have partnered with hotel chains of international prestige.* The benefits of allying themselves with these companies include better administration

and the assimilation of higher standards, as well as expanding their markets with the incorporation of their hotels into the intricate reservations systems of those international chains, and the strengthening of their brands worldwide. For example: Hotel El Salvador has acquired a franchise from the Radisson firm, and Hotel Presidente is now managed by Marriott. Hotel Camino Real has not made any alliances because it already belongs to a hotel chain with the same name, which also operates in Mexico and Costa Rica, and has sufficient experience and renown to maintain its present position.

? ? *Hotels have raised their quality standards with respect to customer service and attracting new customers.* Attaining higher guest satisfaction rates became an especially important goal. They have emphasized in human resources and international promotion. Even though there are more trained people in the hotel business than some years ago, the hotels continue to provide training to their employees.

According to Hotel Princess Financial Manager, Ricardo Molina, in San Salvador it is not hard to find bilingual personnel and there is many people well trained in fields related with the industry. He reckons this is thanks to the institutions that provide formal training in tourism and the return of many salvadoreans that lived in the USA once the war was over.

Regarding the marketing policies, the hotels are channeling their efforts securing customer loyalty so that every time they visit El Salvador, they will come back to their hotel rather than to one of their competitors. Likewise, more advertising is being done, placing ads in airline magazines and through written announcements to foreign travel agencies. Other resources used in international marketing are: Internet, international reservations systems such as GDS or U-TEL, toll-free numbers and international tourism fairs. Recently, the most important hotels of the capital have organized themselves to promote the city internationally through the Buró de Convenciones y Visitantes de la Ciudad de San Salvador in order to increase the number of conventions and conferences in the city.

In addition to those already described, in San Salvador there are a variety of smaller hotels in the city. Table 3.2 lists the most luxury establishments of this type operating in 2001, indicating the most significant characteristics.

**Table 3.2**  
**Characteristics of luxury hotels in San Salvador**  
**(2001)**

<b>Hotel</b>	<b>No. of rooms</b>	<b>Occupancy (Percent)</b>	<b>Average rate (in US\$)</b>
Alameda	100	45.0	45-100
Terraza	80	70.0	93-99
Novo	49	57.0	75-96
Capital	57	60.0	60-90
Siesta	84	54.0	90
Ramada Inn	23	33.0	59-78

Source: El Salvador Hotel Association, 2001

These six hotels, offering a total of 393 rooms (8% of the total), generally maintain satisfactory occupancy levels. Hotel Siesta has gone on to be managed as a franchise (of the international Barceló chain). Likewise, some of these hotels such as Siesta and Terraza have remodelled with an investments of approximately a US\$8.5 million and (US\$3.5 million).

In addition, the development of Bed and Breakfast establishments (for instance, Kuskat, Escalón Plaza, Villa Antigua, Jerusalén), contributed to greater quality service and variety, by adding more competition to the market.

Listed below are some other important facts about the lodging offered in the city of San Salvador:

- ✍ Most of the clientele are business travelers. Their general profile is as follows: over 30 years of age, usually male, staying on weekdays and using the hotel dining services for breakfast and occasionally for supper. Top executives from multinational companies (mainly US, European and Asian) usually prefer luxury hotels; managers and supervisors for Central America prefer lower-class establishments.
- ✍ Vacation and ethnic tourists use the hotel services in the capital city very little.
- ✍ With a few exceptions, most hotels maintain relatively high occupancy rates during the week, with lower rates on weekends and the vacation periods of Holy Week and Christmas.

Another important segment are the so-called tourist hotels. The absorption level of these hotels is very limited due to the limited number of rooms they offer. The following table shows the most representative offerings of this type of business in 2001.

**Table 3.3**  
**Characteristics of salvadoran tourist-class hotels in 2001**

<b>Hotels</b>	<b>No. Of rooms</b>	<b>% Occupancy</b>
<b>San Salvador</b>		
Hotel Cuscatlán	36	25
Hotel Occidental	10	27
Hotel Panamericano	25	60
Hotel Puerto Bus	35	46
<b>Morazán</b>		
El Gigante	15	88
<b>Usulután</b>		
Hotel Florida	30	50
<b>La Unión</b>		
Hotel San Francisco	36	30
Hotel Portabello	20	40
Hotel Playas Negras	10	55
<b>Chalatenango</b>		
Hotel Entre Pinos	45	75
Posada San Ignacio	10	75
Hotel San José	16	20
<b>San Miguel</b>		
Hotel Caleta	32	40
Hotel Florida	30	45
Hotel Rica Mar	24	50
<b>La Paz</b>		
Hotel Confort	100	60
Suites de Jaltepeque	25	20
Club Costa del Sol	54	70
<b>Santa Ana</b>		
El Viajero	22	40
Hotel Livingston	36	80
<b>San Vicente</b>		
Hotel Central Park	19	40
<b>Cuscatlán</b>		
La Posada de Suchitlán	10	50
<b>Ahuachapán</b>		
El Paraíso	20	40

Source: 2001 ISTU tourism statistics

As pointed out in the second chapter of this study, in 1975, the ISTU produced a plan to begin tourist development in the entire coastal area, giving priority to the Jaltepeque Estuary, in Costa del Sol of the Department of La Paz. It was at that time that it was decided to promote the country as a sun and beach tourist destination.

The hot Salvadoran coasts with gray volcanic sand are pounded by an abundance of heavy waves. Compared to the Caribbean Sea with its clear waters, white surfaces and coral reefs, El Salvador does not have much to offer tourists. Nonetheless, its pleasant climate, extensive coastal areas and their proximity to major towns and cities make them commercially interesting if they are adequately promoted. Moreover, the national coasts offer other attractions that give them added valued. First, one can fish for sailfish,

which are abundant. Second, skin-diving can be rewarding because of the rich fauna. Finally, the powerful waves at some points (El Zuncal, for instance) make El Salvador a good choice for surfers.

The Jaltepeque Estuary development plan was partially deployed: Three first-class hotels were built over 20 years ago, Pacific Paradise, Izalco Cabaña Club and Tesoro Beach. With the signing of the peace accords, several other hotels were built, some of very high quality. Today, Costa del Sol has 10 establishments, with 480 rooms, or 10% of the national total and 80% of the coastal offerings. Nowadays, Costa del Sol is considered the most advanced tourist center in the country. Several advantages explain its growth: proximity to the airport and the capital city, the good conditions of its lodging infrastructure and its clean, calm waters.

Its demand consists of local clientele coming on weekends and during vacations only, and rarely during the rest of the year (except for an occasional seminar and similar event). Salvadorans who live abroad also make up part of the clientele during Holy Week, the month of August and Christmas. Business travelers and traditional tourists have little demand for these services: Business people do not use them because they usually leave El Salvador on Friday, and traditional tourists do not because the destinations have not become sufficiently popular. The area has become very popular among Guatemalan tourists and the trend has been increasing in the last years.

Recently, the lodging industry in Costa del Sol is trying to capture the businessmen market by organizing international conferences and conventions in the area. They have achieved an increase in the level of occupancy during weekdays (which used to be very low) and maintain a high weekend rate. There have been more remodelling works than construction of new ones and the highway from San Salvador to Costa del Sol has been totally rebuilt. However, the absence of international chains in the area and other tourist services (such as restaurants and night clubs) is part of the reason why Costa del Sol is not promoted on the international tourist market.

Many of these hotels have high overhead, since they must purify the water to make it safe for human consumption. Consequently, their rates are high, the service, in some cases, is deficient, and the facilities are not maintained as needed.

At other prominent beaches, located in the Department of La Libertad, there are a greater number of small establishments, which are not well suited to receiving foreign tourists. These beaches are used rather as recreational areas for local low-income bathers.

Finally, the coastal areas of the departments of Usulután, San Miguel and La Unión offer lovely beaches (El Espino, El Cuco, El Tamarindo, and others), which have not been sufficiently exploited. In those areas, there are a few hotels of modest quality.

Some tourist hotels in areas, other than those on the coasts, include those located around Coatepeque Lake and others in the mountains. In other tourist towns, the offerings are slim, except in La Posada de Suchitlán, Suchitoto (a hotel with some unique attractions such as the scenery, good food and colonial atmosphere).

Coatepeque Lake, with an area of 10 square miles and surrounded by steep hills, is located at the base of a large volcanic crater. All the hotels on the shores of the lake are low quality, but the best two are Lago and Torremolinos.

Situated at 1 470 meters (4 823 feet) above sea level, Apaneca, a small village in Ahuachapán and the most elevated population center in the nation, is exemplary of the beauty of western El Salvador. Its quiet streets and cool, fresh air characterize the village. Located at the entrance to the village are Apaneca Cabins, a suitable place for foreign visitors.

In Santa Ana Department, at 2 030 meters (6 660 feet) elevation, is Cerro Verde, which in addition to being a national reserve, is ideal for those who like forests and fresh air. Located there is Hotel de Montaña, from which one can enjoy a beautiful view of the coastal plain and, the nearby Izalco Volcano, whose crater is easily distinguished.

In short, the development of hotels around lakes and in the mountains is just beginning, and so far, very few establishments are particularly appealing. Otherwise, the most notable aspects of their administration are not too different from those of other hotels.

Other noteworthy characteristics about this sector are outlined below:

- ~~///~~ In general, accommodations offered are small and the businesses are run by people with no formal training in the field that have invested in the business expecting to make a handsome profit. Their lack of experience will be corrected over time; meanwhile they get along by trial and error.
- ~~///~~ Most of the working capital is Salvadoran.
- ~~///~~ The hotel owners use well established national suppliers to provide food and beverages, as well as maintenance and cleaning services. With these companies' delivery times regularly met, their products are considered good and credit is granted for 15 to 45 days. Restroom supplies and towels are also locally manufactured. Sheets, mattresses and curtains are usually purchased outside the country.
- ~~///~~ There is no specific legislation to regulate their activity
- ~~///~~ The government provides no fiscal incentives nor tax breaks for the lodging industry.
- ~~///~~ The barriers to entering the hotel industry must be analyzed at the regional level. In San Salvador, the primary barrier is the high investment required to offer a first-rate service. Outside of the capital city, the lack of basic support services is the main obstacle to profitability.

The following table shows the satisfaction level from tourists with respect to the hotels where he stayed in El Salvador, according to a study done by BIMSA for September 2000. The results show a **very good** satisfaction level from the tourists with this industry.



**Table 3.4**  
**Tourist satisfaction level from the hotels where**  
**They stayed in el salvador<sup>6</sup>**  
**2000**

<b>Category</b>	
Kindness of personnel	92.0
Font Dest personnel	90.4
Laundry area	90.2
Room comfort	90.0
Information about the hotel	85.2
Food Quality	85.0
Restaurant Quality	84.8
Price vrs. Hotel	83.0
Price vrs. Quality	80.8
Tours offered	80.6
Room cleanliness	75.6
<b>Total average</b>	<b>85.2</b>

In summary, the advent in San Salvador of new international hotel chains and new hotels offering good value for the price is stimulating competition in the sector and therefore, the services are improving. Nonetheless, the rest of the country benefits little from the progress of the capital city, since the main driving force of this development is not demand for vacation services. The promotion of the destination at the international level is key to improving the situation of the tourist hotels, because local tourism is not enough to raise occupancy levels. Consequently, the joint efforts of CORSATUR along with the private sector are very important in making known the attractions available in the country.

### 3.2.1.1 SWOR Analysis

The SWOR Analysis can be helpful in completing the analysis of the hotel sector.

#### ? ? Strengths

- ~~///~~ Economy now opening up to international markets and attracting foreign investments
- ~~///~~ Development of the hotel business in the capital city
- ~~///~~ Emergence of quality service for reasonable prices in San Salvador
- ~~///~~ Investment from international hotel chains in the country
- ~~///~~ Remodeling of the hotel infrastructure
- ~~///~~ Human resources inclined toward service.
- ~~///~~ Good support from suppliers.
- ~~///~~ Road network in good condition.

<sup>6</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent

### ? ? Weaknesses

- ~~///~~ Slow development of the hotel industry outside of San Salvador.
- ~~///~~ Urban hotels with low weekend occupancy rates.
- ~~///~~ Tourist hotels with low weekday occupancy rates.
- ~~///~~ Lack of development of basic support infrastructure in non-urban areas.
- ~~///~~ Lack of specific legislation regulating the business.
- ~~///~~ Lack of hotel rating system.

### ? ? Opportunities

- ~~///~~ Arrival of internationally prestigious hotel chains
- ~~///~~ Development of basic infrastructure outside the capital city
- ~~///~~ Development of several segments: pleasure tourism and conventions
- ~~///~~ Development of tourist area services
- ~~///~~ Development of quality hotels with local staff

### ? ? Risks

- ~~///~~ Disorderly growth of the hotel industry
- ~~///~~ Failure to develop El Salvador as a tourist destination
- ~~///~~ Natural disasters (floods, earthquakes, etc.)

## 3.2.2 Tour Operators

The war in El Salvador cut short the flourishing boom years of tourism during the 1970s and left most tour operators bankrupt. Only Amor Tour survived and continues to operate a quarter of a century later.

The signing of the peace accords in 1992 marked a new phase in the history of national tourism. El Salvador was front-page news in most of the international news media, and the expectations generated as war's end served as a catalyst in the emergence of new agencies; a year later seven more were in business.

Today, according to CORSATUR's records, 20 companies are serving tourists in El Salvador. If we compare that figure with the statistics from those of the other Central American countries, the tourist operators sector, along with Nicaragua, has the least number in the region. Costa Rica has the highest number, which in the year 2000 received over a million visitors with the support of 285 recipient tourist companies. Guatemala, with 204 operators, has the next highest.

In real terms, most of the volume of tour business in El Salvador is divided among nine companies; the participation of the others is not significant. In any event, the leading companies do not attract that many customers and their invoice levels are quite modest. It is actually not an important segment, and it remains underdeveloped.

The registered operators are Salvadoran owned and operated, and many are the result of the diversification of other businesses, such as Salvador Tours which belongs to the owners of the Fisherman's Beach Club and Set Adven-Tours that was created by Tropic Rent-a-Car, among other. There is only one tour operator that manages an international franchise Turavia, but still the company is owned by Salvadoreans.

There is little specialization among the companies. For example, Salvador Tours specializes in surfing activities; Alligatours offers adventour tours and A Pie specializes in ecological hikes around the country. The packages offered by this sector target a broad customer segment: The beaches, archeological ruins and scenic places are preferred tourist spots. The following table shows the variety of tours available to tourists, along with their approximate rates for 2001.

**Table 3.5**  
**Different tours offered in el salvador and their approximate rates**  
**(prices in us\$)**  
**2001**

Tours	Rates broken down according to No. of participants in tours							
	1	2	3	4	5 - 9	10 - 15	16 - 30	31 - 45
Trips to the Airport	53	30	24	21	18	15	14	13
City Tours								
-Half day tours	46	25	22	20	17	14	11	9
-Full day tours	55	32	26	24	20	17	14	12
-Evening tours	78	44	30	28	24	20	18	15
-Shopping tours	39	33	27	25	22	18	15	13
Archeological tours								
-Including: Joya De Cerén, Ruins of San Andrés & Ruins of Tazumal	96	59	41	34	28	24	21	19
Panoramic								
-Including: Los Chorros, Cerro Verde & Coatepeque Lake	96	59	39	31	26	22	19	17
-Suchitoto	66	38	33	30	27	25	23	21
Crafts								
-Nahuizalco/Apaneca	62	37	30	27	25	23	21	19
-La Palma	80	45	39	33	28	25	21	17
-Ilobasco & San Sebastián	66	38	33	30	27	25	23	21
Ecological								
-El Imposible Forest	NA	NA	89	70	61	54	39	NA
- Montecristo Forest	NA	NA	NA	72	58	45	31	NA
Beaches								
-El Litoral	50	35	30	26	24	22	19	17
-El Tamarindo	105	67	53	48	45	43	41	39
-El Cuco	105	65	50	45	43	41	39	37
-Costa Del Sol	55	37	32	30	28	24	22	19
-Club Fisherman	50	35	30	26	24	22	19	17
-Club Atami	55	37	32	28	26	21	20	18
Peace Tour								
-Includes: War Museum and San Vicente	112	65	50	46	35	30	25	22
-Perkin (1 day)	NA	NA	70	55	50	43	38	32

Note: Prices include transportaion, entrance fees and guide.

Source: Amor Tours

With virtually no differentiation, excellence of service, aggressive marketing through strategic points of sale and availability of transportation infrastructure are key instruments to success.

Excellence of service depends on the quality of the guides and the transportation infrastructure used. The average profile of a tourist guide is a person with broad cultural knowledge of the country and its tourist attractions, who speaks fluently languages other than Spanish; not technical specialists in a particular field (e.g., ecology, geology or archeology) and his/her training in tourism has been empirically acquired. The current number of guides is insufficient to simultaneously attend a large group of tourists. Recently CORSATUR offered a course to credited tour guides. However in order to apply, the person required a university degree, which meant that many interested people were not able to attend the course.

Transportation infrastructure is a valuable resource, but the passenger capacity of the tour companies is limited, and few have large buses (for example, Pullmatur which also runs the Guatemala-San Salvador route). According to the sources contacted, the available national bus seats with air conditioning is big, but tour operators have acquired enough minivans and micro-buses to handle the group size they usually give service to.

Aggressive marketing is key to the success of a receptive tourism business. This type of selling is usually done at international fairs where tour operators participate in conjunction with CORSATUR and the Tour Operators Association. During these activities, wholesalers receive brochures and promotional materials on the country and the offerings of each company, and contacts are established for doing business in the future. Also playing an important role in this are: ads in various publications, invitations for wholesalers to go on familiarization trips ("fam trips"), advertising by mail, personal visits, seminars and presentations

In view of El Salvador's negative image in the world and the poor results from its promotional campaigns, the tour operators completely transformed their marketing strategies. First, they stopped trying to sell the country in isolation in single packages and began to offer a multideestination package closely associated with the Mayan World (e.g.: El Salvador-Guatemala or El Salvador-Honduras) and the Central American region.

Furthermore, they have have started targeting US and European markets but continue focusing many resources in Central America and Mexico, its strongest markets. Tourists from these last markets are not as fussy about the negative characteristics of El Salvador (rubbish on the streets, lack of security, second-rate services), because those things are also found in their own countries.

Other means of promotion and marketing are Websites and email sent to wholesalers. Because the operators recognize that the new technology is an effective tool for promoting services. Many tour operators have created their own Website for this purpose.

Lately, companies in this sector have been some effort to innovate. They have changed the name of the "War Tour" to "Peace Tour". Some of the tour operators, such as Eco Mayan, are promoting the ecotourism activities and climbing tours around the country.

The association of operators went into operation six years ago, under the leadership of president Carmelina de Barranza, manager of Salvador Tour. Thus far, it has nine members. The association coordinates promotional activities and interaction between its members, in order to share the services to provide convention or conference groups.

The tour operators do not enjoy any legal incentives, neither are they controlled by any regulatory standards, or minimum quality standards. Barriers for entering the sector are mainly investment capital and adequate knowledge and international contacts. Relations with other components of the tourist cluster are very weak. For example: the airlines do not offer flights with attractive prices for tourists, not many tour operators maintain offices in prestigious hotels. Only some restaurants allow guides to eat for free and others provide low-cost menus. Neither the crafts shops nor the car rental businesses remain into contact with former customers and the National Parks and Wildlife Areas Service do no more than providing permits to enter the protected areas.

In conclusion, the tour operators sector, an essential piece in the development of a dynamic tourist cluster, is currently a component with many flaws, due to lack of maturity stemming from adverse circumstances. However, as El Salvador changes its international image, the expectations for development are encouraging, since the country does have a variety of attractions and an internal dynamic force to make those attractions interesting to the international community.

### 3.2.2.1 SWOT Analysis

#### ? ? Strengths

- ~~///~~ The country has a variety of cultural and natural resources
- ~~///~~ Enterprising spirit of the people involved in this sector

#### ? ? Weaknesses

- ~~///~~ Minimal development of tour operator companies
- ~~///~~ Little differentiation due to low competition
- ~~///~~ Weak or nonexistent relations with other components of the cluster
- ~~///~~ Too few qualified guides
- ~~///~~ Lack of regulations for sector activities

#### ? ? Opportunities

- ~~///~~ Improvement of the country's image
- ~~///~~ Specialization of services offered
- ~~///~~ Development of new products
- ~~///~~ Strengthening of relations among all components of the cluster
- ~~///~~ Strengthening of internal organization
- ~~///~~ Central America market
- ~~///~~ Mayan civilization market, offering packages combined with other destinations

## ? ? Risks

- ✍ Increased lack of security
- ✍ Negative international news
- ✍ Recession in potential markets

### 3.2.3 Transportation

#### 3.2.3.1 Car rental

Raul, Castañeda, president of the Auto Rental Association (ASRA, Spanish acronym), estimates that there are some 20 companies. However the total number for car rental companies change frequently as some of them are informally created, last a short period of time in the market or change from owners or management. From the total of car rentals, 12 are ASRA members. Most of these companies are concentrated in San Salvador; these companies have no branch offices, except for a few at the airport, in San Miguel and the major hotels in the capital city.

Over the last few years, international companies, such as Dollar and Hertz<sup>7</sup>, have pulled out or cut back on their activities in this market. The reason for this is the low tourist demand. The primary demand for their services comes from business travelers, NGO officials and staff from international organizations visiting the country.

This year there are seven companies, with offices at the airport. However, the authorities are trying to move their offices to a shopping center. Rent a cars reckon this would affect negatively its sales and it would be difficult to obtain the space they need to keep their cars nearby. The competition at the airport is aggressive on the way to approach passengers, which sometimes turns into harassment for the tourist.

It is difficult to estimate the actual number of cars available since some of the local companies temporarily increase their numbers by renting cars from private owners to cover part of their demand. According to ASRA, the total cars available through their associates amounts to roughly 400 units.

Some car renting companies are second truly second hand car selling companies, who rent their stock to generate some extra income. Therefore, many of the cars in the market are old models, which are rented at low prices. Over time the amount of these businesses has declined. The sector certainly also has a professional side. Most of the formally established companies, or the international franchises, have well equipped vehicles to please discriminating tourists: They offer the most recent models, no older than three years old, with air conditioning and cellular telephone.

There are two main market segments: local and foreign business travelers, and ethnic tourists, that is, Salvadorans who reside in the US and return to the country for

---

<sup>7</sup> The company was out of business for approximately four years but now is back in the market.

vacations. Customer attraction strategies range from ads in the yellow pages to classified ads in national newspapers and foreign magazines. Also important is the reservations through Internet and direct marketing to national companies. Alliances with international wholesalers provide some companies with customers who acquire the service abroad as part of a package.

The rental rates range from US\$26 to US\$100 per day depending on the type of vehicle, not including insurance or taxes. Some companies specialize in specific niches, such as business or adventure tourism. In this way, the company provides the tourists with the necessary routes and reservations, renting to them a four-wheel drive vehicle and even provides a driver if needed.

The companies must also cope with the high costs of vehicle maintenance and repair, given the high accident rate, road conditions and lack of adequate driver education, as well as the high tariffs on replacement parts. This situation is exacerbated by the fact that few companies have their vehicles insured due to the high price of car insurance and unwillingness of insurance companies to provide service for car rentals.


The traffic laws provide for preventive arrest in the case of accidents involving personal injury, which means that tourists run the risk of incarceration (and has in fact happened). In these cases, the vehicle is frequently confiscated

The companies do not get much cooperation from the government, either by way of economic incentives or regulations, vehicle registration document. Since vehicles must travel with its original papers, it is necessary to warn the tourist and ask him/her to take good care of the document, sometimes warning that a fine will be charged if it is lost.




Over the last few years, the private financial sector has provided greater collaboration by offering leasing facilities and soft loans, which facilitates investment in the sector. Notwithstanding, since their activity is not related to infrastructure, another drawback is that they do not benefit from the preferred line of credit from the Banco Multisectorial de Inversiones (BMI, Multisector Investment Bank). Finally, there are no incentives for importing rental vehicles, in accordance with the government's policy of not granting fiscal advantages to any sector.

#### a. SWOR Analysis

##### ? ? Strengths

-  Facility to temporarily increase the number of vehicles by renting from third parties

##### ? ? Weaknesses

-  Deficient customer service
-  Lack of interrelations with the hotels and tourist operators
-  Lack of government support (in traffic and fiscal incentives)

- ~~///~~ Lack of loan support from the financial sector
- ~~///~~ The association does not cover the entire sector and acts only as lobbyist

#### ? ? Opportunities

- ~~///~~ Improvement of vehicle quality along with the economic reactivation of the country
- ~~///~~ Integrations of tourist services through alliances with operators and hotels
- ~~///~~ Increased presence of auto rental companies at the airport, hotels and tourist sites (coast, mountains)
- ~~///~~ Possibility of greater specialization of the companies

#### ? ? Risks

- ~~///~~ High overhead because of numerous accidents involving rented vehicles stemming from the poor condition of the roads and the high cost of replacement parts.
- ~~///~~ Unwillingness of the insurance companies to provide their services to auto rental companies
- ~~///~~ Serious crisis in the sector (extremely low employment rates), making it necessary to reduce the number of vehicles

### 3.2.3.2 Buses

Transportation within El Salvador is generally deficient: vehicles in poor condition, frequent crimes, disorganized logistics, violation of operation standards and traffic laws by the bus drivers, and other problems. Intercity buses are old American school buses adorned with vivid multicolored designs. Interurban bus lines originate in San Salvador. They are privately owned companies organized into cooperatives in order to save on supplies, maintenance and profit risk coverage.

The bus service is not adequate for demanding tourists. Bus terminals are chaotic and dirty, and information is never posted. Buses run frequently to points throughout the country and very cheap (U\$0.40 to US\$3). Weekend fares increase up to 25%.

International public land transportation in El Salvador should be analyzed in terms of destination and origin of the service: Guatemala, Honduras or Nicaragua.

There are many transportation options available for travel to Guatemala. For example, the Guatemalan companies Melva, Pezzarosi, Galgos and Vencedora, as well as TACA offer transportation especially designed for non-discriminating people of low economic means. The buses depart frequently (every hour, from 4:30 a.m. to 4:30 p.m.), and have low fares (US\$8 per person). The vehicles, with over 20 years of use, are uncomfortable, dirty, noisy and lack air conditioning. Moreover, the trip can take over seven hours, because of the frequent stops the bus makes along the way, and riders



are often exposed to swindles and theft by other users. This type of transportation is definitely not suitable for traditional international tourism, except for travelers with a very limited budget.

The Confort company, also Guatemalan, offers better conditions for traveling to Guatemala, for a fare of US\$18.25. Its more modern and faster buses have air conditioning, reclining seats, video, and restrooms, which give users a more comfortable ride. The trip takes less than five hours, since riders are not allowed to carry merchandise so as to avoid lengthy inspections at the border. Further, the drivers are forbidden from making arbitrary stops along the way. These buses depart twice a day and tickets can be purchased right at the bus terminal.

King Quality offers even better service to its customers, providing more modern, roomy buses, lunch and the assistance of an attendant, for a fare of US\$23.50. The most luxurious bus service is provided by Pullmantur. This company, the only Salvadoran owned, is intended to provide better comfort for the international traveler. To accomplish this goal, it has bilingual attendants, ticket sales in travel agencies (for \$50 round trip), and transportation services out of prestigious hotels in Guatemala and El Salvador. This represents a far cheaper option than flying.

For budget independent travelers, there is a bus service to El Poy (Honduras border) via La Palma (US\$1.25 for four hours), departing every half hour from San Salvador. To go to El Amatillo, tourists must transfer to San Miguel. There is a bus from San Salvador to San Miguel (US\$1.75, three hours) and another one to the border (US\$0.50, two hours). After crossing the border, tourists can transfer directly on to a bus to Tegucigalpa or Choluteca.

The Cruceros del Golfo Company also offers a choice for traveling by bus to Tegucigalpa, Honduras. Its quality standards, however, do not come up to the level normally demanded by international travelers. Its target market includes low-income travelers willing to travel in old, uncomfortable, dirty buses in order to get the cheapest possible fare (US\$15 in this case). The seven-hour trip is made twice daily. In addition, King Quality buses depart for Tegucigalpa every day at 6 a.m. for a fare of US\$25.50 one way.

Options for traveling to Nicaragua are no better. Tica Bus is the offers the nine-hour trip for US\$25, making only meal stops. Its buses are old but air conditioned and provide television viewing.

In conclusion, one can not overlook the fact that the modern tourist enjoys experiencing the reality of the countries visited in depth and up close; land transportation affords a good opportunity for satisfying those needs in an economical way. Nonetheless, this service is underdeveloped and shows no signs of improving in the short term. The many obstacles to overcome include the lack of security due to the scant presence of the police force on the main access routes; the dreadful experience of crossing the borders; the poor conditions of the roads with respect to signs, paving and lighting; and the lack of competition (regarding the number of companies and the business attitude) in this sector. Collective transportation within the country likewise shows no signs of improvement, especially because of the lack of internal insistence on good services. Possibly, the development of foreign tourism could effectively serve to apply pressure to improve the transportation services.

#### a. SWOR Analysis

##### ? ? Strengths

- ~~///~~ Quality international transportation companies beginning to emerge
- ~~///~~ Diversified collective transportation routes within the country

##### ? ? Weaknesses

- ~~///~~ Slim offerings for international travel to Honduras and Nicaragua
- ~~///~~ Lack of road security
- ~~///~~ Roads in poor condition
- ~~///~~ Border traffic problems
- ~~///~~ Deficient internal public transportation service
- ~~///~~ Little quality control of services on the public routes
- ~~///~~ Lack of discriminating transportation culture on the part of national users

##### ? ? Opportunities

- ~~///~~ Growth of the sector
- ~~///~~ Improvement of user security applying the new transportation law

##### ? ? Risks

- ~~///~~ Proliferation of incidents such as robberies and traffic accidents
- ~~///~~ Failure to enforce the new transportation law

#### 3.2.3.3 Taxis

It is estimated that in San Salvador alone there are more than 5 000 taxis. Many of these are in bad conditions. Nevertheless, due to a new law approved in the last years, some 60% of the vehicles had to be replaced by newer models. Gilberto Tejado of the United Taxi Entrepreneurs Association estimates most of taxis models in the country to be between 1994 and 1996. However, he points out that there are many non-regulated autos (pirates) unaccounted for in those figures.

The Vice-Minister of Transportation, the institution in charge of the sector, has not done a very good job. Many taxi drivers are operating without the required taxi driver identification card and provide the service without due regulation. Therefore, users may have little control on the profesionability of the individual transporting them.

In general, taxis do not use taximeters. Fares are determined according to the distance traveled or the time of service. This makes it inconvenient for tourists, who are easy prey to abuses.

Currently, the cooperative is the most common form of organization for taxi drivers who do not work independently. The cooperative model seeks overcome the problems of expensive replacement parts, the lack of financing for replacing old cars and the high costs of vehicle insurance, which are the primary obstacles that taxi owners face. The most important cooperatives according to the number of units associated are:

- ~~///~~ Acacya, with 80 vehicles, offering exclusive services at the airport and to several luxury hotels in the capital city; it is the most prestigious organization because of the professionalism and discipline of its drivers, who are given training in cooperatives, customer service and English; its cars are quite new and over 50% of them have air conditioning
- ~~///~~ Acontaxis, with 75 units, also has relatively new models and, according to the sources contacted, over 25% have air conditioning; this cooperative provides service to several hotels in the capital city
- ~~///~~ Dos Pinos, with 15 vehicles, has its operations base near the statue of San Salvador del Mundo; it has older vehicles and provides service to the general public
- ~~///~~ The Payes family business, owns 25 taxis, and works exclusively for the Hotel Radisson Plaza

In general, the lack of political sensitivity to public transportation has led to the proliferation of a service that offers no guarantees of security or quality for the user. Some taxi drivers do not even have third-party insurance. Moreover, the government provides no incentive plan for the sector and its members generally have difficult access to loans.

#### a. SWOR Analysis

##### ? ? Strengths

- ~~///~~ Identification of taxis by their yellow color
- ~~///~~ Emergence of quality companies operating in some key tourists spots of the capital city
- ~~///~~ Standard fares for taxi service to and from the airport

##### ? ? Weaknesses

- ~~///~~ Poor condition of most of the vehicles
- ~~///~~ Vehicles operating without insurance
- ~~///~~ Taxis operating without identification
- ~~///~~ Failure to use a taximeter

- ~~///~~ Lack of political will to improve the situation of the sector
- ~~///~~ Abysmal driving habits of the taxi drivers
- ~~///~~ Lack of bilingual drivers
- ~~///~~ Few cars with air conditioning
- ~~///~~ Lack of 24-hours-a-day service

#### ? ? Opportunities

- ~~///~~ New regulations in force for the sector
- ~~///~~ Construction of new high-class hotels in the capital city
- ~~///~~ New companies offering better service in key tourist areas of the capital city

#### ? ? Risks

- ~~///~~ The new regulations are not well enforced due a lack of political will

### 3.2.3.4 Cruises

The cruise business at the worldwide level is comprised of relatively few companies. Because of the high degree of competitiveness among them, they are always looking for new destinations.

El Salvador offers an assortment of attractions (cultural heritage, sun and beaches, ecotourism), which can be enjoyed in just a short time. For this reason, the country has been chosen by several cruise companies as a new destination port for their passengers. These visitors on an average are between the ages of 40 and 60 and have great purchasing power.

The service provide to the tourist once they land is provided by different tour operators, such as Turavia or Amor Tours. However, for those passengers who did not take the land tour, their were no attractions at Port Acajutla for them to get off the boat, since it is basically commercial and not prepared to receive tourists, with little in the surrounding area worth seeing. The following table shows the number of arrivals by port since 1995.

**Table 3.6**  
**Tourist arrivals by port**  
**1995-2000**

<b>Port</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Acajutla	0	0	0	0	3,797	3,089
La Union	305	242	170	376	1,156	1,855
<b>TOTAL</b>	<b>305</b>	<b>242</b>	<b>170</b>	<b>376</b>	<b>4,953</b>	<b>4,944</b>

The cruises presents an opportunity to introduce the country to the passengers. Moreover, it means substantial daily spending by tourists and affords the possibility of attracting tourists through person-to-person recommendations. However, the expansion of this market segment will require major works of infrastructure. Furthermore, the

tourists traveling on the cruise liners are very exacting of the services they receive and they must be handled with great care.

#### a. SWOR Analysis

##### ? ? Strengths

~~///~~ A variety of nearby attractions, which can be visited in one day

##### ? ? Weaknesses

~~///~~ Normally the demurrage is short

~~///~~ Tourist spending is mainly on excursion services

~~///~~ Lack of tourist infrastructure at the ports

##### ? ? Opportunities

~~///~~ Development of the ports and creation of new ones

~~///~~ Arrivals of more cruise liners.

~~///~~ Increase the number of days of the demurrage.

~~///~~ Development of nearby communities.

##### ? ? Risks

~~///~~ Cruise companies loss of interest in the country

#### 3.2.3.5 Airlines

There are well established routes from El Salvador to the main markets (North and Central America). These routes are basically used by businessmen and salvadoreans who live in the USA. El Salvador's international airport is at Comalapa, 44km south of San Salvador. It has been re-built in order to provide a better service for both, airlines and passengers and it is the best infrastructure in the

Grupo TACA a salvadorean company is the leader airline in Central America. It is focused basically on three different markets: business men that travel within Central America, the centralamericans that fly to and from the USA and the leisure tourist. Most of the ethnic tourists come from the west coast of the USA, therefore New York and Washington are important destinations for Taca.

To satisfy its demand, the company renews its airplanes by airbuses with a capacity for 125-150 passengers. These planes also have the capacity to fly for longer periods of time without a stop (high fly range) and have a high frequency range.

The company has three operation centers, El Salvador, Costa Rica and Lima. Due to its low competition for intra-regional flights, it is able to charge relatively high fares that according to some people in the industry, had affected negatively the tourism sector. However, the company has seasonal promotional packages for centralamerican tourists.

US carriers operating in El Salvador are United, American, Continental and Delta. The following table shows the satisfaction level from tourists with respect to the the airline used to fly to El Salvador, according to a study done by BMSA for September 2000. The results show a **good** satisfaction level from the tourists with this industry.

**Table 3.7**  
**Tourist satisfaction level from the airline used to fly to el salvador<sup>8</sup>**  
**2000**

<b>Category</b>	
Kindness of personnel	84.4
Flight reservations	83.6
Flight connections	81.4
Flight punctuality	81.0
Plane comfort	79.8
Plane food	73.8
Ticket price	69.4
<b>Total average</b>	<b>79.1</b>

a. SWOR Analysis

? ? Strengths

- ~~///~~ A national airline leader in the region with many destinations.
- ~~///~~ Airport facilities which allow a higher traffic to the country.
- ~~///~~ Increase in the number of promotions to fly within the region.

? ? Weaknesses

- ~~///~~ High airfares.
- ~~///~~ Generalized perception of a deficient service from Centralamerican airlines.

? ? Opportunities

- ~~///~~ "Open air" agreements

---

<sup>8</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent

### **3.2.4 Food services**

Salvadoran cuisine in general is nutritious and acceptably tasty. Although it is world famous (as Mexican, Spanish or French cuisine are), its dishes are appetizing to tourists. One of the standard dishes of typical Salvadoran cooking is the pupusa. It is a kind of hollow double corn tortilla filled with beans, cheese and smoked pork bits, accompanied with a salad (ingredients vary from place to place). Pupusas are served in many places, from home-style restaurants to fine international gourmet restaurants.

The restaurants in the country have a good image for several reasons: appropriate atmosphere, variety, quality, abundance of dishes and relatively low prices compared with similar restaurants in other countries. This has caused many people to consider the national restaurants as important tourist attractions.

The food industry in the capital has expanded substantially since the end of the war. According to Alfonso Ramirez, Pizza Hut operations manager, the number of seats offered more than doubled in the five year following the armed conflict. Pizza Hut went from 10 restaurants in 1992 to 22 in 1997, and became the second largest chain, after Pollo Campero. For 2001, there were 600 establishments of various categories in the city of San Salvador, which represents a growth rate of around 20% in five years. Growth has been highest in seafood and fast-food restaurants.

Due to greater competition in the sector, promotions are now more aggressive to win over customers, who now have more choices. For this reason, restaurant owners have striven to improve the quality. Despite this growth, controls by health authorities with respect to the sanitary conditions of these businesses have been practically nonexistent.

Restaurant owners view local customers as very particular. This characteristic stems from the prevailing habit in San Salvador of eating out regularly, and not just because of work.

The requirements for getting into the restaurant business in San Salvador are high. Many businesses have had to invest a lot of money in advertising and promotion to be able to achieve success among customers, who are demanding at the same time business is slow, which constitutes a significant hurdle to entering the business.

In another vein, one can identify the most frequented places by certain types of travelers. For the most part, business travelers prefer to meet in hotel restaurants, or they are taken by their sponsors to places such as Paradise, El Bodegón, Chela's, LeMar, Basilea, and others specializing in international cuisines. Tourists that visit El Salvador through tourist operators' offices (representing a minimal percentage of the total demand), receive recommendations to visit certain places specializing in typical foods, decorated with motifs characteristic of the country, such as Pueblo Viejo, El Patio or La Cocina de la Abuela. These restaurants have no explicit agreements with tourist operators for receiving tourists groups.

In other tourist areas away from the capital, the situation in the last few years has been similar. There has been significant growth in the number of prepared food businesses. Many of these businesses have developed to satisfy the clientele in their own geographical location rather than tourists. The better restaurants in general are found in the hotels. In Suchitoto, for instance, one of the best restaurants is La Posada de

Suchitlán, which also offers lodging for tourists, and Apaneca (La Cocina de la Abuela). In addition, several so-so restaurants with dubious sanitary conditions can be found, both in the areas mentioned and in other tourist spots (La Palma, Puerto La Libertad, La Unión, Lago de Coatepeque, and others).

The supply of trained human resources has significantly improved, according to the director of the El Salvador Chamber of Commerce Tourism Committee, Graciela de Hollman. Therefore it is not hard to find well trained people in the field, in the Salvadorean labor market. Actively participating in this training process have been the Salvadoran Institute of Professional Training (INSAFORP, Spanish acronym), CORSATUR. ITCA also contributes to that process.

Many companies in the industry prefer foot the bill themselves for the instruction and training of their personnel. To this end, they recruit very young people, with no prior experience to be trained by the most experienced workers in the restaurant. Although the needs of the different types of restaurants are very diverse, the training institutions should continue to be strengthened.

In September of each year the Chamber of Commerce and Industry holds a Gastronomic Festival, in which some 60 chefs participate. They compete in 12 different categories and the winners are awarded cash prizes. This event contributes to the demand for high-quality chefs in the country. The following table shows the satisfaction level from tourists with respect to the restaurants visited in El Salvador, according to a study done by BMSA for September 2000. The results show a **very good** satisfaction level from the tourists with this industry.

**Table 3.8**  
**Tourist satisfaction level from the restaurants visited in El Salvador<sup>9</sup>**  
**2000**

<b>Category</b>	
Kindness of personnel	90.2
Quality typical food	89.4
Variety of dishes	84.2
Quality international dishes	82.0
Quality of service	81.8
Price vrs. Quality	81.8
<b>Total average</b>	<b>84.9</b>

Below is a SWOR Analysis of the restaurant sector:

---

<sup>9</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent



### 3.2.4.1 SWOR Analysis

#### ? ? Strengths

- ~~///~~ Diversity in restaurant offerings in the capital city with respect to quality, quantity and specialties
- ~~///~~ Capital city dwellers widespread habit of regularly eating out
- ~~///~~ Exacting local demand demands continuous improvement

#### ? ? Weaknesses

- ~~///~~ Little variety in typical dishes, and limited international recognition
- ~~///~~ Excessive supply in the capital city, and too little in other tourist sites
- ~~///~~ Inadequate control of sanitary conditions
- ~~///~~ Lack of trained personnel

#### ? ? Opportunities

- ~~///~~ Absence of recreational choices
- ~~///~~ Possibility of making arrangements with tour operators to receive groups
- ~~///~~ Growth of the sector in tourist areas
- ~~///~~ Promotion and utilization of traditional dishes leading to new quality typical food restaurants

#### ? ? Risks

- ~~///~~ Loss of identity of Salvadoran cuisine
- ~~///~~ Lack of safe sanitary conditions in eating establishments

### 3.2.4.2 Tourist attractions

This section includes the description of the tourist attractions from El Salvador according to a and is divided a and are visited by the tourists. The following table shows the satisfaction level from tourists with respect to the tourist attractions to El Salvador, according to a study done by BMSA for September 2000. The results show a **good** satisfaction level from the tourists attractions visited in the country.

**Table 3.9**  
**Tourist satisfaction level from the tourism attractions visited in El Salvador<sup>10</sup>**  
**2000**

<b>Category</b>	
Kindness of personnel	84.8
Restaurants areas	75.3
Quality of the tours	72.4
Infrastructure	70.8
Organization of the place	70.0
Security of the place	69.0
Service, water, cleanness	62.8
Information and guides	61.5
<b>Total average</b>	<b>70.8</b>

#### 3.2.4.3 *Sand and sun*

The Salvadoran coastal regions are hot, with heavy waves and gray sands. Comparing them with those of the Caribbean, with their clear waters, coral reefs and white surfaces, El Salvador does not have much to offer tourists. Nonetheless, its pleasant climate, its extensive coasts and their proximity to the major towns and cities make them an interesting commodity. The national coasts offer other attractions that give them added value: fishing for sail fish, which are abundant in the region; skin diving because of the rich fauna; strong waves in some parts (El Zunzal, for instance), making El Salvador a good place to go for surfing

The Jaltepeque Estuary, known as Costa del Sol, is considered the most advanced tourist center in the country, because of its proximity to the airport and the capital city, the good conditions of its infrastructure and its clear, calm waters. Other prominent beaches the ones in La Libertad Department, which is a recreational area for low-income local bathers.

Finally, the coastal areas of the departments of Usulután, San Miguel and La Unión have beautiful, unspoiled beaches (El Espino, El Cuco, El Tamarindo, and others).

#### 3.2.4.4 *Lakes and villages*

The most important tourist attraction in the country is Coatepeque Lake, covering an area of some 10 square miles, surrounded by steep hills, and located at the base of a volcano crater.

Situated at 1 470 meters (4 822 feet) above sea level, Apaneca, a small village in Ahuachapán, is the most elevated population center in the nation, and an excellent example of the beauty of the western El Salvador. It is characterized by its quiet streets and its cool, fresh atmosphere.

---

<sup>10</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent

In Santa Ana Department, at 2 030 meters (6 660 feet) elevation, is Cerro Verde, which in addition to being a national reserve, is ideal for those who like forests and fresh air.

#### 3.2.4.5 *Archeological ruins*

Traditionally, the value of the country's archeological heritage lay in its antiquity, its rarity, and its high prices on the international market. However, the archeological heritage has definite value in terms of the economic development of a country. In addition to being a source of national identity, it can and ought to be a source of foreign exchange income through tourism and a collateral generator of economic activity. Furthermore, archeological sites fit in perfectly with the new trends in worldwide tourism, which go beyond sun and beaches to seek more intimate, authentic experiences with the culture of the destinations, which justifies their preservation.

In this perspective, the archeological monuments are first-rate attraction and an ideal complement to the natural riches of El Salvador. Even if its archeological-cultural heritage cannot compete with the size of the sites in neighboring countries, it can however in terms of specialty and unexplored areas, such as Joya de Cerén.

The National Council on Culture and Art (CONCULTURA, Spanish acronym) is the institution in charge of managing the different cultural attraction sites. Of the 700 archeological sites found in the country, the three described below are especially interesting.

##### ? ? Tazumal

The first Mayan group known was developed in Chalchuapa, an area of 10 000 square kilometers (3 810 square miles) located northeast of San Salvador. Five ceremonial centers have been discovered there: Pampe, El Trapiche, Las Victorias, Casa Blanca and Tazumal (all influenced by the Mayan, Teotihuacán, Tolteca and Mexican cultures).

Of the five sites, Tazumal ("place of many lakes") is the largest, and it is there that the greatest variety of ritual objects has been discovered. It was heavily occupied since 1200 B.C. until the Spanish conquest (1540), although its zenith was during the Classical Period, between 250 and 900 A.D.

One of its most important structures is the Mound 1. This is a rectangular platform 30 meters high, on which 14 levels were constructed at different times between 250 and 1000 A.D. Also prominent is Mount 2, a lower platform of terraces and the Ball Game.

##### ? ? Campana de San Andrés

Very near San Salvador (32 km or 20 miles) is Zapotitlán, a fertile valley that was home to the Pipiles --descendents of the Aztecs-- and the Mayans, and which today is a place called Campana de San Andrés. Explored for the first time in 1940, the place was forgotten until 1977, when a group of archeologists resumed the excavations.

Its main area includes 15 mounds that date back approximately to the eighth century A.D. Structure 7 is especially stands out. It is a small pyramid with four symmetric faces,

with a stairway to the east. The Acropolis has a harmonious architecture, with several platforms at its base and some decorated facades.

The site also recreational-educational park, where there is a fine museum that displays pre-Columbian and colonial objects. Outside the building are the extensive remains of a Spanish indigo production facility, uncovered during the excavation of the museum's foundation. There is a small replica of the indigo works inside. Moreover, there is a parking lot, an administrative building, a lobby, a projection room, an auditorium, a cafeteria and a crafts shop.




## ? ? Joya de Cerén

Numerous ceremonial centers have been discovered in the Mayan World. Today we know that they were not cities as such, but rather enclaves where the people would go to conduct religious ceremonies, and where only priests lived, if even they. However, there are few vestiges of communities in the region. For that reason, Joya de Cerén, a Mayan population center dating back to the seventh century A.D., is an extremely noteworthy archeological site. Located 30 km (18.6 miles) north of San Salvador, the village was discovered in 1976, while excavations were being done to build some silos. For 1 400 years it has remained hidden under 14 layers of volcanic ash five meters thick deposited from multiple eruptions of the nearby Laguna Caldera Volcano.

Extremely meticulous work done by Salvadoran and US archeologists allowed the gradual discovery of Joya de Cerén. Little by little they uncovered dwellings built on square platforms of clay and having thatched roofs; granaries with walls of varying thicknesses; remains of steam baths or saunas; the house of a shaman, or priest; and other remains. The village probably remained as it had looked when its inhabitants fled from it when an earth tremor warned them of an imminent volcanic eruption: implements left in the doorways, mortars on the tables, kitchen utensils with food sticking to them, and farm tools left in vegetable gardens.

Joya de Cerén, declared a Heritage of Humanity by UNESCO, is an ideal site to study the mystery of the daily lives of the Mayan peoples, which goes on even after nearly 1 500 years.

Presented below is an outline of the situation of the three archeological centers:

-  In general, the archeological sites described are among the most visited spots in the country; most of the visitors are nationals (individuals, families and school groups). However international tourism is growing thanks to El Salvador promotion through the Mayan World Organization.
-  The sites are near the capital city and access by automobile is fast and easy
-  Nearby communities offer modest services such as cafeterias; these, however, could be improved and the development of facilities such as hotels and craft shops could be promoted.

- ~~///~~ Working at Joya de Cerén are approximate 10 guides, of which five speak English. All of them have a bachelor's degree and have had training courses in CONCULTURA; in general, they lack experience in dealing with foreign tourists
- ~~///~~ The archeological centers have the basic utilities (water, electricity and telephone, limited to the offices of the institution), a collection booth and a parking lot.
- ~~///~~ Joya de Cerén also has a cafeteria and a rest and recreational area; it also provides a brief informative brochure on the discovery and other facts about the site; furthermore, it has for the public a modest archeological interpretive museum and trails to orient visitors to some extent
- ~~///~~ Joya de Cerén is the only one of the three sites that has an area management plan
- ~~///~~ Joya de Cerén's being declared a UNESCO World Heritage Site has heightened its chances of obtaining technical and financial assistance for the purpose of providing appropriate protection and management for this important archeological site
- ~~///~~ Although the Ministry of Education is backed by legislation protecting Salvadoran cultural assets through the National Cultural Heritage Office, in the case of the archeological remains, the available budget is not sufficient to undergo the necessary measures of protection and conservation; thus, financing and technical assistance must be sought to be able to implement those measures
- ~~///~~ There is a project to improve the infrastructure at Tazumel as it was negatively affected by Hurricane Mitch and the two earthquakes in 2001.

#### a. SWOR analysis

The following is a SWOR analysis of these attractions:

##### ? ? Strengths

- ~~///~~ Archeological ruins little known outside El Salvador
- ~~///~~ Joya de Cerén, declared a World Heritage Site by UNESCO
- ~~///~~ Closeness to sites in the capital city with easy overland access (roadways)
- ~~///~~ Laws in place regulating the protection of the country's cultural heritage

##### ? ? Weaknesses

- ~~///~~ Tourist services not well developed.
- ~~///~~ Guides not well prepared to deal with international tourists.
- ~~///~~ Underdeveloped basic services.
- ~~///~~ Inadequate administration of archeological centers.
- ~~///~~ Privately-owned property lying within archeological zones.

- ~~///~~ Insufficient budget to enforce protection and conservation measures.
- ~~///~~ Not enough archeologists to continue research and conservation work on the ruins
- ~~///~~ Little awareness among Salvadorans about their cultural values
- ~~///~~ Lack of security at centers of cultural interest

#### ? ? Opportunities

- ~~///~~ Development and improvement of tourist services at archeological sites
- ~~///~~ Development of joint programs between the private sector and the Ministry of Culture to assess and preserve the nation's historic cultural heritage

#### ? ? Risks

- ~~///~~ Loss of cultural heritage due to destruction, theft, deterioration or misuse

#### 3.2.4.6 *Natural protected areas*

Natural protected areas are effective tools for achieving the prime objectives of conservation outlined by nations; properly preserved, these areas play a significant role in protecting and preserving biodiversity. Through proper planning and management, these areas can generate direct and indirect profit capable of raising the population's standard of living, while also serving as areas for tourism and recreation.

To date, approximately 125 natural zones have been identified that may some day become part of the Protected Natural Area System (Sistema de Areas Naturales Protegidas SANP). However, this number changes frequently as assessment process implemented by the authorities. It is difficult to estimate an exact area in terms of hectares as the agriculture border is constantly growing and land invasion is frequent. Of the 125 zones that comprise the SISAP, only three have been declared government-protected areas by decree. These areas are as follows:

- ~~///~~ Montecristo National Park: situated in the department of Santa Ana. This park has an area of 2 000 hectares (4 942 acres) belonging to the State and a protected area of 5 000 hectares (12 355 acres) of privately-owned land that allow pine forest, pine forest/oak forest, and cloud forest ecosystems to subsist. This area characteristically features the largest variety of orchids nationwide, is home to newly discovered species of trees for scientific researchers, serves as the habitat of endangered species of animals (quetzal, small red deer [venadito rojo], puma, ocelot [tigrillo], peccary [cerdo de monte]), and contains natural landscapes of exceptional beauty.
- ~~///~~ El Imposible National Park: is one of the most extensive natural areas in the country, with the highest level of biodiversity, besides being one of the last remaining examples of characteristic Mesoamerican Pacific coast forest. The national park's zone of influence has an extension of 131 000 hectares (323 701 acres) that serves as the chief source of natural oxygenation of the atmosphere

in the southwestern portion of the country (Ahuachapán and Sonsonate Departments) and even borders with Guatemala. Furthermore, the sources of seven rivers are found in El Imposible, which represent the source of potable for communities in the zone and which bring water to the mangroves in Barra de Santiago, another highly important natural economic and ecological area in El Salvador. Finally, this park is home to species of trees that are the object of scientific research and newly-reported animal species, chiefly birds and butterflies, besides being one of the country's few remaining sanctuaries for endangered species.

~~///~~ El Jocotal Wildlife Refuge: located in the department of San Miguel. This refuge has a proposed extension of 3 272 hectares (8 085 acres) between State and privately owned land. It is comprised of subtropical rainforest, taking in oak grove forests, caducifolio trees, subperennifolios and aquatic vegetation. This land is the natural habitat of migratory birds and local native endangered species of animals (muscovy duck, crocodile, coyote, and *guapote criollo*).

?? Santa Clara protection and recuperation area: located in the department of La Paz. This is government property land is comprised of subtropical rainforest covering an area of 602 hectares (1 488 acres). Within it are mangrove vegetation, alluvial trees, and secondary successions, all highly degraded. Living there are some viable populations of endangered animal species (iguanas, for example).

The parks mentioned above are, in coincide with their recognition on governmental level, among the better-managed ones. El Imposible and Laguna El Jocotal are currently working with a management plan and Montecristo is in the state of formulating one. Concerning 'El Imposible' it should be mentioned that the park is still largely inaccessible; only certain sections are open for visitors.

Without the backing of legal protection, SANP is in danger of continually severe deterioration. El Salvador is a small, densely populated country with communities in the interior near protected areas, which are exerting great pressure on their resources that is difficult to keep in check. However, there seems to be hope on improvement. SANP made a proposal for a law covering the natural protected areas. During March 2002, this law lay for technical and juridical revision by the authorities.

According to the 1998 Environmental Law, the SANP is established as the entity in charge of the protected areas, which belong to the Ministry of Environment and Natural Resources. The most significant direct and indirect effects for the areas are:

- The involvement of the local population with the protected areas
- Environmental evaluation studies
- The forming of SANP

Eco-tourism is a concept that represents a nature-oriented model for tourist interested in visiting protected areas. The following are among its chief characteristics:

- ~~///~~ Its main emphasis must be that of capitalizing on passive incursion into natural areas and the furtherance of conservation
- ~~///~~ It must feature the environmental education of tourist participants

- ✍ It must promote the economic development of the local peoples and respect their traditional rights and values

Currently, the only zones of this sort in operation and producing revenues from tourism are Montecristo, Cerro Verde, and Walter Thilo Deininger National Parks (the latter two have not officially been declared natural protected areas). All revenues from these parks are to be handed over to the a special fund managed by the Natural Renewable Resources institution.

Walter Thilo Deininger National Park is located in the southern portion of the country's southern zone, in the department of La Libertad, 35 km (22 mi) from San Salvador. With an area of 732 hectares (1 809 acres), this zone is considered subtropical and has caducifolio forest, gallery forest and secondary successions. Therein, newly reported plant species for El Salvador have been discovered and, endangered local native animal species have also been spotted (ocelot [tigrillo], anteater, agouti [*Cuniculus paca*], chachalaca, and the booby [bobo]).

Cerro Verde National Park is situated in the department of Santa Ana. With an area of 52 *manzanas* (roughly 90 acres) and an elevation of 2 036 meters (6 680 ft) above sea level, and an annual rainfall of 3 000 mm (118 in) or more, it is classified as a characteristically clouded hill area (with tree species such as oak, encina, *aguacate mico*, and *canela*). It also is home to epiphytes, bromeliads, and 200 species of orchids. Also living there are several species of endangered animals. Furthermore, roughly 127 species of birds live in the area, among them 15 different types of hummingbirds, which can be viewed while enjoying breathtaking views of the Santa Ana Volcano's crater. The location is ideal for tourism, and is in fact the protected area with the strongest tradition for welcoming visitors, and the most completely fitted out to assist with tourist assistance services, including a hotel, trails, and lookout points.

Despite the current conditions of Cerro Verde, zones receiving visitors have serious shortcomings overall, hindering their ability to offer eco-tourism to prospective customers and to provide an conservation-based option that properly uses their resources in a sustainable fashion. First (except for El Imposible National Park), they lack proper development plans (which would obviate negative consequences such as poorly located infrastructure, improper handling of tourist groups, or loss of identity to local communities). Second, more and better service infrastructure is needed. Third, a greater number of trained, personnel capable of properly handling tourists is needed. Finally, in many cases, relations with neighboring populations are not altogether amenable, due to their unwise use of forests, coupled with poorly administered policies and lack of environmental conservation awareness.

#### a. SWOR analysis

To wrap up, we present the following a SWOR analysis of the sector

#### ? ? Strengths

- ✍ Vast Biodiversity in a very small area



- ~~///~~ Private sector participation in SISAP management
- ~~///~~ Funds being raised for environmental conservation

#### ? ? Weaknesses

- ~~///~~ Lack of pro-conservation political will
- ~~///~~ Absence of a policy and legal framework for protected areas
- ~~///~~ Lack of funding for the development of environmental conservation programs
- ~~///~~ Lack of development, management, plans for the areas
- ~~///~~ Highly dense population nationwide
- ~~///~~ Lack of community awareness regarding the protection of flora and fauna
- ~~///~~ Lack of funding tourist program development in protected areas

#### ? ? Opportunities

- ~~///~~ The enactment of the law for protected natural areas
- ~~///~~ The raising of greater awareness nationwide concerning the protection of flora and fauna
- ~~///~~ Development of tourism oriented toward environmentally-related activities
- ~~///~~ Community involvement in pro-sustainable development activities dealing with natural areas
- ~~///~~ Inclusion of new zones to be managed in a sustainable fashion

#### ? ? Risks

- ~~///~~ Danger of deterioration of protected areas
- ~~///~~ Extinction of the country's native specie

#### 3.2.4.7 *Crafts*

Many Salvadoran towns carry on a rich tradition of crafts produced with the characteristic industriousness of the Salvadoran people. According to 1997 CONCULTURA records, the detailed list of towns in each Department as renowned crafts centers is as follows:

**Table 3.10**  
**Number of crafts centers arranged in order of departments**  
**(1997)**

Departments	Municipalities
Santa Ana	13
Sonsonate	16
Ahuachapán	12
San Salvador	18
Chalatenango	31
La Libertad	21
La Paz	21
Cuscatlán	16
San Vicente	13
Las Cabañas	9
Usulután	23
Morazán	20
La Unión	18
<b>Total</b>	<b>231</b>

Nevertheless, few towns have achieved international renown. Conversely, La Palma, a town located in the department of Chalatenango, 82 km (51 mi) north of San Salvador, is perhaps the most famous of them all. There in the rugged, yet strikingly beautiful terrain nestled in foothills and mountains, its dwellers virtually base their entire livelihood on imaginative, colorfully made handicrafts that have become famous outside of the country: painted house, table decorations, key rings, toys, and a wide variety of objects made out of polychromatic woods.

In the town of Ilobasco, in Las Cabañas Department, clay pummeled by local artisans takes on magical appearances to form delicate miniatures depicting scenes from everyday life in this town, going by the name *sorpresas* (surprises). Clay is also the most important raw material for potters in Guatajiagua, in the department of Morazán, as well as in Quezaltepeque, in La Libertad Department, where high quality ceramics are turned out, which traditionally bears the blood red hues of nacascol.

Nahuizalco, in the department of Sonsonate, is characterized by woven material to make matting for use in bedrolls known as *petates*, baskets, furniture, hats, and all kinds of utensils made out of wicker and *tule*. San Sebastián is another town with a distinct colonial flavor, where weaving is going on unceasingly to produce sheets, tablecloths, and world famous canvas hammocks. Finally, in the central portion of the country lies Tenancingo, which, due to its celebrated hats, has made its mark in the national craft scene.

Visits to these towns are on the agendas of tour operators offering tourists the opportunity to shop for crafts, acquaint themselves with the very workshops where artisans make these objects, and listen to their testimonies. However, the incursion of craft products from other areas, (such as Honduras, Guatemala, Mexico, and Colombia), being sold as Salvadoran merchandise, is doing a great deal to alter the identity of Salvadoran crafts.

Local artisans are renowned for their excellent manual skills and capacity for turning out high volumes of work well done, virtues that are self-evident in the precision and fine

features of their creations. Nevertheless, many obstacles must be surmounted before the sector can face the future with considerable optimism:

- ~~///~~ Lack of imagination is ascribed to crafts from the very moment of their conception
- ~~///~~ An excessively individualistic spirit pervades, making it difficult for those in the profession to unite
- ~~///~~ There is a dire need for training in business administration sales techniques, as well as for strict quality control monitoring of production processes
- ~~///~~ There is a lack of economic capacity for large scale production and/or marketing of items, obviating the need to resort to middlemen

Some of these difficulties are resolved through the Small and Micro Business Support Program (Programa de Apoyo a la Pequeña y microempresa – PROPEMI), run by the Salvadoran Development Foundation (Fundación Salvadoreña para el Desarrollo - FUSADES), aimed at channeling financial resources and supplying part of technical assistance needed by the craft industry.

There are few points of sale specializing in crafts in El Salvador and they are concentrated in renowned areas such as production centers in the capital. Most of them intermingle national items with those from other areas. The city of San Salvador is the municipality with the largest number of stores because it is the main hub of interest for visitors to the country. Of all these businesses, Nahanché is the largest with three strategically located establishments, which affords it the opportunity to attract a significant flow of customers. The business is managed very professionally with sophisticated marketing, bilingual personnel, and modern inventory tracking systems.

El Árbol de Dios (The Tree of God) is another popular store in San Salvador, closely linked with the name of its owner Fernando Llort, a famous Salvadoran painter who spearheaded the crafts tradition of La Palma. His peculiar creative style arrived at this town, lending all of the support necessary to further the creation of craft workshops. This site also boasts a restaurant and an art gallery.

The National Craft Market (Mercado Nacional de Artesanías) is another important distribution center. The market was built at the height of the tourist boom that took place at the end of the 1970s, and is ideal for handling large groups because of its excellent location, pleasant atmosphere amid trees, security, restaurant service and parking area. Here visitors can find a wide variety of items and engage in haggling over purchases (*regateo*) every day of the week. Nevertheless, many areas needing improvement are readily noticed: the business establishments are small, undistinguishable one from the other, unduly exposed to the elements, are interconnected by narrow hallways, and those who deal with the public are merchants who are not communicatively competent in English and seek the first opportunity possible to win a customer away from the competition. Furthermore, the business owners association makes no efforts to enhance the appearance of the location or to promote it through advertising.

The Excuartel Market is another one of these marketing centers, but it suffers from substantial limitations with regard to its location (an economically depressed, dangerous section of the capital), poor product quality, and poorly kept infrastructure.

The country's major hotels have business establishments that sell crafts, but apparently not much importance is attached to them: they are not advertised, they have rather short business hours and are sometimes closed on Sundays. At the airport, there are establishments owned by Artesanías de El Salvador, the oldest business in this sector and the owner of other stores in Santa Ana and San Miguel, offering a wide variety of products, but their shops do not provide sufficient information and are unattractive.

According to interviewed sources, types of customers vary from one center to another. Stores at hotels dominate the market of businessmen; at the airport, Salvadorans living abroad are their main customers. Many foreigners frequent Nahanché and other business establishments in the capital; especially residents of El Salvador who work at embassies and multinational corporations. An exception is El Árbol de Dios, which exports around half of its sales. Finally, in traditionally craft-oriented towns, such as La Palma, sales owing to international tourists represent less than the half of revenues generated by Salvadoran businesses.

The sector has been affected by the economic liberalization, which has increased the number of imported products, an increased value added tax, and a curtailment in production activities, which has limited domestic consumption.

#### a. SWOR analysis

The following is a SWOR analysis of the Salvadoran crafts sector:

##### ? ? Strengths

- ~~///~~ Diverse, high quality colorful craft forms
- ~~///~~ Numerous craft centers scattered throughout the country
- ~~///~~ Initial emergence of high quality craft stores
- ~~///~~ Diverse points of sale for crafts in the capital
- ~~///~~ Craft sector creates jobs

##### ? ? Weaknesses

- ~~///~~ Crisis of ideas in craft creation
- ~~///~~ Lack of know-how and resources to develop craft activities
- ~~///~~ Little spirit of cooperation among those in the business
- ~~///~~ Little differentiation between national products sold and those from abroad
- ~~///~~ Lack of direction among businesses catering to tourists
- ~~///~~ Large areas of sales exhibit limitations in readiness to handle tourists

#### ? ? Opportunities

- ~~///~~ Unification and organization of the business sector
- ~~///~~ Financial and technical assistance from FUSADES for owners of microbusinesses
- ~~///~~ CORSATUR Promotion of Salvadoran crafts

#### ? ? Risks

- ~~///~~ Loss of Salvadoran artisan's identity
- ~~///~~ Loss of interest in craft-related work among the younger generations

### **3.3 Sectors of support and other related sectors**

#### **3.3.1 Support organizations**

The armed conflict of the 1980s seriously affected the internal structure of the tourism organization in El Salvador. Currently, private organizations have embarked on a consolidation process spearheaded by the Salvadoran Chamber of Tourism (Cámara Salvadoreña de Turismo - CASATUR), which brings together various associations mostly made up of businesses involved in tourism activities.

The Salvadoran Tourism Corporation (Corporación Salvadoreña de Turismo - CORSATUR) is the leading private entity in the industry. According to Decree-law No. 779 enacted on July 25, 1996 CORSATUR is responsible for promoting and monitoring private activity in this field. Development and growth priorities of the sector fall upon other institutions, such as the Ministry of Culture and the Municipal governments; nevertheless, however very poorly they do so, their plans contemplate actions in the interest of tourism.

Even though development of the tourist sector figured into the priorities of the current national government administration's plans, it has actually paid very little attention to it. The sociopolitical situation that the country has been experiencing has most likely forced the government to concentrate on other priorities. Consequently, the President has limited actions in this regard to creating a national commission comprised of six advisers to become determine the status of the industry. The attitude assumed by the past governments with respect to tourism introduces an element of uncertainty concerning the results of this commission's meetings with tourism sector leaders, particularly regarding the possibility of preparing a strategy to promote tourism. If the country cannot rely on the support of the government, it would be hard pressed to make any substantial achievements.

### 3.3.1.1 *The Salvadoran Tourism Corporation*

With the purpose of promoting the development of the tourism industry in El Salvador, the Salvadoran Tourism Corporation (CORSATUR) was created by Decree-law No. 779 enacted in 1996, by the Salvadoran National Legislative Assembly as a decentralized State-run entity.

According to its articles of association, the Corporation shall operate under the coordination of a Board of Directors that will set forth the guidelines that it is to abide by. In its turn, this government institution will be comprised of the following eight directors:

- ~~///~~ A full-time presiding director
- ~~///~~ The Minister of Foreign Affairs
- ~~///~~ The Minister of Economy
- ~~///~~ The Minister of the Interior
- ~~///~~ The highest-ranking authority of the leading governmental organization responsible for the environment
- ~~///~~ Three directors involved in business activities of the sector, nominated by private enterprise groups in the industry and appointed by the government's executive agency dealing with economy

Remarkably absent from the Board of Directors are entities such as CONCULTURA. Nevertheless, it should be mentioned as a positive note of members of the private sector were included, thus making it possible for a spirit of cooperation to be transmitted in the lines of work among all participants in this state entity, a very beneficial circumstance for the entire cluster. One month after its inception, one of the first initiatives was the holding of a forum, where the industry's concerns were addressed and commissions were formed between CORSATUR and private enterprise to generate recommendations and establish commitments. The following are the 11 business committees formed: operators, car rental agencies, airlines, transportation, tourism promoters, restaurants, universities, hotels, crafts, and tourist-oriented towns. It is difficult to hand down value judgments on how these commissions are working since their formation.

The presiding director is appointed by the Salvadoran President and is a cabinet-level position, representing the country abroad. Within the country, however, this individual is only given the recognition conferred on high-ranking officials, but without the authority to participate with the other ministers in the President's cabinet. Those involved in the industry view the lack of power of this position as a manifestation of weakness.

In 2002, the current president of CORSATUR is Manuel Avilés, an individual who has demonstrated a high level of energy and enthusiasm, motivating the sector to place its trust in him to lead the institution and guide tourism in El Salvador. It should be mentioned that the work to be carried out by this individual is difficult, especially when we consider that he has started virtually from scratch (the armed conflict left tourism activity in limbo for so many years that it wiped the country off the map as a tourist destination).

A general director, who shoulders the responsibility of the entity's daily administration and the following areas of operation, assists the ultimate authority at CORSATUR:

- ~~///~~ Department of public relations and communication
- ~~///~~ Department of promotion and marketing
- ~~///~~ Department of operations
- ~~///~~ Department of planning
- ~~///~~ Department of administration and finance

The department of public relations and communication has the important mission of changing the poor image of the country abroad, which would be a monumental achievement for El Salvador. Raising the awareness of Salvadoran society in order to foment tourist activity and to preserve tourist attractions is another formidable challenge to be faced. To begin with, Salvadorans are unaware of the potential for tourism to improve the welfare of their country. Moreover, Salvadorans are not usually accustomed to getting out of their homes to acquaint themselves with their native land, or to the notion that the promotion of tourism could generate more resources for the sector. Other goals of this department's mission are to properly convey and promote CORSATUR's institutional image vis-à-vis public opinion and to establish, maintain, and back good relations among the different sectors.

The mission of the department of promotion and marketing is to achieve acknowledgement of El Salvador as an international tourist destination and to increase the influx of visitors to the country so that this activity becomes one of the major sources of currency flowing into the country. To achieve these goals, those in charge of the department are implementing projects to integrate and lend guidance to private enterprise, to promote the country internationally and to create low cost promotional packages in order to develop certain tourist attractions, among others.

In 2002, CORSATUR plans to participate in the following International Fairs:

- ?? FITUR: Madrid, Spain in January
- ?? FIT: Buenos Aires, Argentina in October
- ?? Destinations Tourism Fair: London, England in February
- ?? International Tourism Caravan: Hamburg, Germany in February
- ?? MITM Latin America: León-Guanajuato, Mexico in February
- ?? *Tianguis Turístico XXVII*: Acapulco, Mexico in April
- ?? BIT International Tourism Exchange: Milan, Italy in February.
- ?? *XX Vitrina Turística*: Bogotá, Colombia in February
- ?? International Tourism Show 2000: Paris, France in March, among others

The international development strategy for the sector was meticulously, keeping in mind that El Salvador evokes a rather negative image on the international scene, which has disallowed it from developing its tourism cluster for many years.

This department's budget for promotion and marketing does not allow for many activities. Given this situation, its guidelines may be summarized into one single principle, and that is "learn to crawl before attempting to walk or run." Any mistake made at this stage of the game would have disastrous consequences for marketing and could reverse any progress made so far.

The mission of the department of operations is to facilitate the efficacy of industry operativeness. To do so, it must standardize and monitor activity performance, facilitate and approve the operation of tourist businesses and implement ongoing training programs in the public and private sectors. This is a difficult task because there are many needs to be met.

The goals of the department of planning include coverage of various areas involved in the tourism information management that the former Salvadoran Tourism Institute was unable properly perform: data generated were not very rather irrelevant, incomplete, obsolete, and not always readily available for entities requesting them. CORSATUR must avoid repeating the same errors committed in the past in order to insure the usefulness of its information.

The mission of the department of planning is spelled out as follows:

- ~~///~~ Research, analyze, and interpret national and global tourist information and other basic data to elaborate a statistical system that can effectively assess the sector and its effect on the country's economy
- ~~///~~ Create a database on resources, tourist products and what the country has to offer to tourists that will facilitate the proper planning of the industry's development
- ~~///~~ Create another database for studies and projects
- ~~///~~ Gather information of interest to prospective investors

Finally, CORSATUR's department of administration and finance faces the difficult task of managing the institution's resources. This difficulty arises not only from the scarcity of these resources, but also from occasional delays in payment from the Ministry of Economy, which often means that extraordinary efforts must be made to resolve problems of liquidity. Despite this circumstance, CORSATUR is fortunate to be an autonomous entity, allowing it certain margin of freedom to obtain funds from the government by alternate means. The financial support of international organizations and foreign governments is one possible solution for this. Some individuals have suggested that a small surcharge could be levied on airline tickets for flights leaving the country to be used by this institution to carry out its activities.

CORSATUR tourist service offices that used to operate at border crossings were forced to close pending increases in the budget, the hiring of trained personnel, and the appropriate informational material dealing with tourist attractions in El Salvador.



Nevertheless, the institution continues to operate a counter in the airport, though it is open to the public for a rather short time every day.

Information made available over the Internet was prepared by Don Bosco University and is distributed by the Chamber of Commerce. The site contains some errors, however, since its pages are out of date and incomplete.

"As El Salvador's international tourism promotional agency, CORSATUR set forth a four-phase strategy for itself for building up the sector. First, they have encouraged more local tourism within the country, followed by regional markets in Central America, the rest of the Americas, and finally in the rest of the world," says CORSATUR President Edgardo Suárez Mallagray.

"The next phase we will be entering into over the next few years deals with the Americas, from Canada to Argentina," he says. "This will require additional action plans because El Salvador will also be looking to these markets for potential investors in tourism."

"CORSATUR is seeking out companies to help create resorts in various areas as a means of promoting further development, especially in the creation of new small businesses possibly ranging from bicycle rentals and tour operations to tourist lodging. In European and Asian markets, El Salvador is doing no more than 'seeding' at present - participating in tourism fairs to begin to change the image of the country and prepare for the future," says Suárez.

In conclusion, although several years have passed since CORSATUR was legally authorized to operate, it was not until the onset of 1997 that its activities actually began. As mentioned above, CORSATUR faces many challenges and its mission of promoting activities aimed at establishing El Salvador as an attractive tourist destination have yet to be fully assessed. The main goal is to prepare a long-range plan for tourist development, strengthen strong habits of joint cooperation with the private sector and other public entities, create a proper legal framework, make an effective impact on public opinion at home and abroad that will instill solidarity with the country and its tourist attractions, draw a growing volume of visitors as a result of precise marketing and attract investment, among other important undertakings.

#### *3.3.1.2 The Salvadoran Tourism Institute (ISTU)*

Before CORSATUR was created, the Salvadoran Tourism Institute (ISTU) managed the tourism industry. This institution, dating back to 1961 as part of the Ministry of Economy, engaged in substantially promoting the country during the 1970s, which led to El Salvador's introduction to the world as a tourist destination.

This institution entered into a crisis due to the armed conflict and the consequent drastic decline of tourists entering into the country. Throughout this period of violence, ISTU steadily grew more inefficient, becoming an excessively bureaucratic institution, to the point that in 1995 it had to allocate over 90% of its \$ 2 million budget for administrative expenses and payroll salaries for its 500 employees. This was done to the detriment of the promotional and facilitation activities for tourism that the institution was created to

engage in. During this period, ISTU restricted its activity to participation in a few tourism fairs, consisting of distributing poor quality, obsolete pamphlets and maps.

Furthermore, a strong union exists, also making it difficult for ISTU to become efficient and responsive to assist in the country's tourist development once again. The solution arrived at was to create a new, properly designed entity to achieve the goals desired.

With the creation of CORSATUR, the scope of ISTU's responsibilities was reduced to promotion, recreation, maintenance, and administration of *turicentros*, government created recreation centers for the benefit of the social welfare of the country's less affluent people. Currently, ISTU manages 14 *turicentros*, all of which are open to the public. The most essential information on *turicentros* is displayed in Table 3.11 below.

**Table 3.11**  
**Salvadoran "*turicentros*"**  
**2001**

<i>Turicentro</i>	Officially opened	Department	Distance (km) from the capital
Apulo	1948	San Salvador	16
Parque Balboa	1949	San Salvador	12
Los Chorros	1952	La Libertad	18
Cerro Verde	1955	Santa Ana	67
Amapulapa	1956	San Vicente	60
Ichanmichen	1956	La Paz	57
Atecozol	1956	Sonsonate	50
Apastepeque	1969	San Vicente	58
Sihuatehuacán	1973	Santa Ana	65
La Costa del sol	1975	La Paz	65
Agua Fría	1977	Chalatenango	73
Complejo La Libertad	1977	La Libertad	32
Toma de Quezaltepeque	1979	San Salvador	25

Source: Several years of ISTU tourism statistics

With the exception of Balboa Park and Cerro Verde (natural areas), the rest of these *turicentros* are seaside resorts with facilities such as pools, dressing rooms, picnic areas/snack bars, restaurants, and areas for sports activities, parking lots, and wild areas. Currently, however, they are in poor condition due to lack of maintenance and investment.

Administration of *turicentros* to be assumed by private entities over the medium term has been under consideration, which suggests the possible demise of ISTU. The idea behind the privatization of the *turicentros* would be to improve the appearance, service, and management of these establishments, making them more attractive for growing numbers of visitors.

Since *turicentros* are all located close to a main town, they are usually crowded on the weekends. The price is the same for all: US\$0.80 entrance fee, US\$0.70 parking, US\$4 for use of a cabin (no overnight stays). All are open from 8:00 a.m. to 6:00 p.m. ISTU runs Sunday excursions to most *turicentros* for a minimal fee, departing at 7:30 AM from Plaza Barrios facing the Cathedral in San Salvador.

The characteristics of Cerro Verde, Los Chorros, Balboa Park, and the La Libertad Beach Complex are areas with potential for drawing a large number of foreign visitors and thus generate revenues in foreign currency. International promotion and investment in infrastructure is needed in view of the potential importance of these tourist areas. A decision of this sort would entail raising entrance fees for domestic tourists.

#### ? ? Characteristics of some *turicentros*

- ~~///~~ Los Chorros is a seaside resort only 18 km (11 mi) from the capital. The lush green vegetation surrounding the area, fresh water cascading down rocky walls and the clean, fresh air there make this *turicentro* a very pleasant place to visit.
- ~~///~~ Balboa Park is a wooded area atop a mountain 12 km (7.5 mi) to the south of San Salvador, which is a pleasant spot to enjoy picnic areas and children's amusement facilities.
- ~~///~~ The La Libertad Beach Complex, 32 km (20 mi) from the capital, is a very popular resort with the average middle class. Each sunset witnesses the unfolding of a traditional local vignette complete with fishermen from the area returning in their boats at the end of their workday, people buying fish from them, and rustic chalet-type structures where fish is prepared and served to the public.

Though domestic tourism does not generate profits for the country in terms of foreign currency, it is very important to the quality of the Salvadorans' free time, besides being an economic activity of considerable consequence. The current administration of ISTU is unsuitable for ensuring the future viability of these resorts, which could facilitate decision-making about the course that these establishments will be taking over the short term.

#### 3.3.1.3 *Salvadoran Chamber of Tourism (CASATUR)*

Salvadoran Chamber of Tourism (Cámara Salvadoreña de Turismo - CASATUR), is a nonprofit, apolitical seeking to unite all Salvadoran tourist sector businesses. Its goal is to represent its members vis-à-vis government authorities and facilitate political solutions to common problems affecting the sector. Its members, however, do not represent the entire Salvadoran tourist sector.

CASATUR was founded near the end of the 1970s when the industry was in full swing. Since then, a council of directors and managed by an executive director are in charge of The council of directors is comprised of 24 arbitrarily elected members and is coordinated by a president appointed to do so. Council meetings are usually well attended. Council membership practices hinder effective representation, since some of its members are barely involved in tourism, which detracts from the work of others in attendance who are directly involved in the industry, such as artisans, for example.

The General Members Assembly takes place once a year. Roughly, the sectors represented are as follows: hotels, tour operators, travel agencies, restaurants, entertainment businesses, airlines, car rental agencies, and individual members. Sectors most heavily represented are hotels and restaurants. Membership is kept up to

date through payment of monthly dues earmarked to cover the organization's operating expenses.

Among the activities engaged in by CASATUR are attendance to international fairs, meetings with the President of El Salvador to discuss policies affecting the sector, and participation in national and international fora that discuss matters of interest to the sector. An example of these activities is the active participation of CASATUR in the discussion held to deal with tourism matters. Among the topics discussed were open-sky policies, the creation of a ID card for migratory purposes to enable Central Americans to obviate red tape while traveling freely throughout the region, and the formation of a region-wide tourist police force in order to offer Central America as one single tourist destination.

Efforts made over the last years have concentrated on increasing membership in the organization and lobbying to secure better airline prices, fiscal incentives, and terms for funding. Furthermore, a second edition of "Destination El Salvador" was published as well as a news bulletin for members.

In conclusion, CASATUR's profile for bolstering the private sector would be improved if it were to solve three main issues: enhance its representation of its members, communicate more effectively with CORSATUR, and participate more actively in private initiatives throughout the region. Modification of process of electing its directors would be a good first step in the right direction, thus making its administration more democratic, representative, and strategically planned. Perhaps it would be appropriate to learn from the experiences of other similar chambers of tourism in the area with proven leadership among businessmen in the tourism industry, such as CANATUR in Costa Rica.

#### *3.3.1.4 National Council for Culture and Arts (CONCULTURA)*

On September 20, 1991, the Executive Decree was enacted creating the National Council for Culture and Arts (Consejo Nacional para la Cultura y el Arte - CONCULTURA) to serve as a decentralized, State-run entity to function under the direction of the Ministry of Education. Its objectives are as follows:

- ///* Implement actions to protect and preserve national heritage, promote the arts, stimulate creativity and innovation, and disseminate the expression of Salvadoran, regional, and universal culture in the aim of affirming and strengthening the cultural identity of the country
- ///* Lend support to the cultural and educational activities conducted by individuals and organizations in the community that benefit all social sectors

This institution seeks to achieve its objectives by means of citizen participation, the stimulation of creativity, and the salvaging of historical remembrance.

The activities engaged in by CONCULTURA are stipulated in Article 53 of the 1983 Salvadoran Constitution:

*"All human beings have a right to education and culture; therefore, it is the fundamental obligation and aim of the State to preserve, promote and disseminate them."*

The administration of this institution envisions itself as dynamic and modern. The executive director reports on his activities to the President of El Salvador and coordinates three large departments of cultural promotion and dissemination, cultural heritage, and the arts. Technically, certain strategic central themes and lines of action, listed below, govern the institution's activities:

? ? Strategic central themes:

- ~~///~~ Consistency with the social policies of the government
- ~~///~~ Coordination with and openness to public participation, in observance of the following premise: "culture and its development are the birthright and responsibility of all."
- ~~///~~ Management-oriented organization and operation
- ~~///~~ Planning and implementation pursuant to institutional policy
- ~~///~~ Decentralization of cultural services
- ~~///~~ Continual dissemination of institutional work and cultural reality
- ~~///~~ Continual strengthening of the concept of sustainable cultural development

? ? Lines of action:

- ~~///~~ Research: archeological, anthropological, artistic, historical, environmental, bibliographical
- ~~///~~ Development of the arts: artistic education, cultural exchange, furtherance, promotion and dissemination
- ~~///~~ Promotion and dissemination of culture: communications, cultural radio and television programming, films, editorial productions, publications and other printed matter, cultural extension, cultural goods and services, Indianism
- ~~///~~ Protection of the national heritage: inventory of cultural assets, information gathering, recording and cataloguing, museums, museography, museology, museum architecture, preservation of real property and other property, restoration and protection of landmarks and monuments
- ~~///~~ Expansion and enhancement of services: libraries, archives, parks, museums, cultural havens, and theaters
- ~~///~~ Administration and management: human resources, finance, general services, provisioning
- ~~///~~ Technical assistance: planning, international cooperation, legislation, international relations, international representation

Payroll-related expenses are very high, with its employees including members of the choir and orchestra, as well as the team of individuals working at the zoo and Saburo

Hirao botanical gardens, and the budget assigned is usually not enough, what limits the action possibilities. Furthermore, scarcity of funding does not allow for the hiring of additional qualified personnel; hence, the CONCULTURA team employs very few specialized professionals.

Given the circumstances, the participation of private enterprise is considered essential to meeting its objectives. Though the business sector has, on occasion, participated in the country's cultural matters, no national company has a regularly planned sponsorship program. Sporadic examples of this activity are some hotels that have facilitated rooms to lodge internationally renowned artists in El Salvador, and TACA has donated airline tickets.

Since 1996, CONCULTURA has been engaged in various significant activities, as follows:

- ~~///~~ Involved with the creation of the David J. Guzmán National Museum, without a doubt, the most significant project undertaken by CONCULTURA
- ~~///~~ Restoration of the National Palace, which serve as headquarters for the National History Museum.
- ~~///~~ Continuation of the project for the restoration of the theater in Santa Ana
- ~~///~~ Promotion of greater citizen participation through support of 22 civil society organizations involved in the defense, strengthening, and dissemination of national culture.
- ~~///~~ Salvaging the National Exhibition Hall (Sala Nacional de Exposiciones)
- ~~///~~ Restoration of the National Painting Collection
- ~~///~~ Strengthening traditional cultural institutions, such as the National Symphony Orchestra, the National Choir, national theaters, and the National Library
- ~~///~~ Officially instituting the celebration of Los Juegos Florales, a literary competition for young writers that offers \$ 35 500 in prizes
- ~~///~~ Reinforcing the Culture Haven Network (Red de Casas de la Cultura). Cultural centers are significant promoters of local cultural activity. The role that this network plays in the salvaging, and strengthening of folk traditions, popular dance and music, traditional cuisine, indigenous languages, patron saint day celebrations, and expressions of crafts will most likely make a positive impact on the development of tourism
- ~~///~~ Closer contact with artists and creative professionals not only by hiring their services, but also by making their work widely known and lending support for its dissemination, encouragement, promotion, and development

The work of CONCULTURA has recently taken on particular importance, since the trend for tourist demand worldwide has leaned toward more healthy, environment-friendly experiences, motivating tourists to plan vacations revolving around contact with nature and other cultures.

Tourism is not explicitly associated with this institution's agenda; however, in order to achieve a world-class tourism cluster in El Salvador, efforts toward the development of tourism and culture must be coordinated more closely to capitalize on available opportunities.

#### 3.3.1.5 *Conventions and Visitors Bureau*

Founded in 1973, the purpose of this organization was to "promote El Salvador as a venue for conventions."<sup>11</sup> Nevertheless, current market conditions have thwarted efforts to achieve this objective. To date, all convention and seminar-related activities have been conducted in hotels,<sup>12</sup> which is considered by the participants to be the best option for these events.

Until 1995, the Bureau had \$15 000 in funds at the Central Reserve Bank (Banco Central de Reserva), which was suspended due to a lack of positive results. Since then, it has been sustained by the dues of 167 members, amounting to roughly \$ 4 000 per month. These funds are not enough to pay for all of its activities, which include trips abroad, lodging for promoters, and invitations to international tourism association representatives.

Recently, the Bureau invited to San Salvador Dr. Sandy Poulson, President of the Convention and Visitors Bureau of Tempe, Arizona, and member of the International Association of Convention and Visitor Bureaus (IACVB). Certain advantages for the country were acquired due to this visit, such as IACVB support for training of personnel and members of the Bureau, as well as for the promotion and organization of conventions. Furthermore, IACVB plans to hold its 1998 convention in El Salvador. The local authorities in San Salvador have publicly announced their intentions to support all efforts to promote tourism and conventions.

The goal of the Bureau is to position itself in a niche for handling small conventions involving roughly 700 to 1 000 participants. Given the infrastructure currently in place, it would be difficult to lodge larger groups. In fact, to hold conventions of the proportions mentioned above, it would be necessary to press into service 45 of the largest hotels in San Salvador.

The construction project has been stepped up for the San Salvador Convention Center, located in the *Zona Rosa*. This is the scheduled venue for the International Fair. Successful results with these projects could mean positive consequences for the development of the Salvadoran tourist industry, particularly with respect to the country's image.

#### 3.3.1.6 *Mayan World Organization*

The Mayan World is an area covering over 500 000 sq km (310 700 sq mi), located in Belize, El Salvador, Guatemala, Honduras, and the Mexican states of Campeche, Chiapas, Quintana Roo, Tabasco, and Yucatan.

---

<sup>11</sup> Adriana de Gales, Executive Director of the Convention Bureau.

<sup>12</sup> Mainly Camino Real, El Salvador, and Hotel de Montaña.

For over three thousand years, this region has witnessed the impressive development of the Mayan civilization. It was here that the Mayan people used their precise astronomical and architectural knowledge to build their majestic cities.

With the passing of time, native indigenous communities came into contact with other civilizations with different customs, which gradually intermingled with theirs, enriching their traditions and leading to new ways of doing things and new ways of understanding the universe, but diminishing the magic of the ancient world still perceptible among the peoples who still inhabit the region today.

Along with the magnificence of the archeological ruins and the rich culture of its inhabitants, these lands, which share a common past, are themselves a natural treasure with vast biodiversity. In addition, they have extensive beaches, coral reefs alive with a myriad of shapes and colors, heavenly islands, cloud forest-capped mountains, tropical jungles, numerous volcanoes and mighty rivers that give rise to impressive waterfalls and lakes throughout the region.

Nevertheless, despite this destination's enormous attractions, it wasn't until October 1988 at the First Regional Mayan Route Meeting that activities were officially agreed upon aimed at developing the resources of the area for tourism, including the creation of a regional organization to represent participating countries abroad.

Finally, this culminated in the signing of the agreement founding the Mayan World Organization on August 14, 1992 at Antigua, Guatemala. The basic aim of this organization is to coordinate, assist, and stimulate tourist industry, cultural, and environmental development among the public and private sectors of the founding countries throughout the region where the Mayan civilization developed, acknowledging the importance of preserving and maintaining their common cultural heritage and natural resources for current and future generations.

The Mayan World Organization is comprised of the following:

- ~~///~~ A Regional Commission: the institution's supreme governing organization that dictates the guidelines to be followed; this commission is made up of the highest tourism authorities of the signatory countries to the agreement
- ~~///~~ A Council of Directors: the coordinating and executive authority for the overall policies and guidelines handed down by the Regional Commission. This entity is comprised of a representative of the official sector, appointed by tourism organizations of each of the signatories to the agreement, and a representative of each country's private sector, elected by each of Mayan World's legally constituted entrepreneurial commissions
- ~~///~~ An Executive Administration: the office responsible for adherence to resolutions. Handed down by the Regional Commission; the countries where this office is located will alternate among the founding members for two year terms. Guatemala held the Executive Office from 1991 to 1993; Honduras took over until 1995, passing it on to Mexico, which ran the office until 1997; in 1998 El Salvador was given the option of running this office, but yielded it to Belize; the challenge demanded a qualified staff to run the office and make heavy disbursements to cover administrative expenses; CORTASUR did not want to



assume these responsibilities at the time, preferring to allocate its limited resources to integral tourism development nationwide. El Salvador is currently holding the presidency of the organization for the period 2000-2002.

~~///~~ The Consultative Commission: an information-oriented forum, with the capacity to propose policies that encourage adherence to the agreement. The Commission is comprised of all the members of the Mayan World Organization (the founding members, signatory countries, and the collaborating members from the private sector). The Consultative Commission meets at least once a year for routine meetings, and on an extraordinary basis whenever the Regional Commission deems it appropriate to do so.

The Mayan World Organization is funded by each one of its founding members and associates. The funds are being managed by the leading tourism institution of the country hosting the Executive Administration Office. Moreover, the country hosting the Executive Administration Office shoulders the expenses for this office's operations, as well as the salaries and travel expenses of its personnel.

A few important aspects from the Mayan World are the following:

- ? ? Institutional development: The Mayan World Organization has grown to a truly multinational organization. Commonly recognized, and acknowledged by the Organization of American States as a multinational development organization.
- ? ? Training: Much work is done in the field of training. Funds are made available for the training of tourist guides, travel agents and courses in rendering tourist services.
- ? ? Information systems; the processes of research and the gathering of regional tourism supply-related information were systematized with the cooperation of the Mexican Tourism Office for the purpose of creating a database to be managed by the Executive Administration Office.
- ? ? Promotion and marketing; A Sales Manual for the Mayan World Region was prepared with the assistance of the World Tourism Organization. Furthermore the Mayan World organization presents itself through big events and media attention.

In keeping with the actions contemplated in the Mayan World Organization's Action Plan, approved by the Regional Commission, member countries have implemented supplementary activities on their own.

Mexico, for example, has been the most active of the signatory countries in the organization and has benefited the most, to the point that the average consumer generally identifies the Maya people with Mexico. To give an idea as to the intense activity that has been unleashed to promote the Mayan World, a sample of the package of actions that has been taken is outlined below:

- ✍ Restoration of the archeological sites in Yucatan, Campeche, Quintana Roo, and Tabasco
- ✍ Development of exploration trails, hikes, and camping areas
- ✍ Development of training courses for ecotourism guides
- ✍ Preparation of promotional material consisting of pamphlets on the region and each one of the member countries, a promotional videotape, a pool of photographs consisting of 2 000 transparencies, publishing of the Mayan World magazine
- ✍ Preparation of the Corporate Identity Manual, the Operating Manual of the Technical Committee of the Joint Mayan World Fund, Requirements for the Use of the Mayan World Trademark and Logo
- ✍ Preparation of a sales manual for tour operators and travel agencies with information on attractions, services, and tourism circuits in the region
- ✍ Conducting of marketing seminars for the purpose of disseminating Mayan World Program concepts and strategies
- ✍ Coordination to create two film productions, as well as several thematic publications, among them *Guide to the Mayan Reef*, the *Mayan World Book of Art*, and *Discover the Land of the Maya*

In 2000, the Interamerican Development Bank delivered a donation for the Mayan Initiative in the region. It aims to preserve the historical, environmental and cultural heritage of the countries. Moreover, the Mayan World Organization presented a proposal that included an investment plan in cultural, ecological and adventurous tourism. Besides taking care of the environment, this plan guarantees the participation of the Mayan and local communities in the process and would generate income for the poor inhabitants of the region.

In conclusion, given El Salvador's current insignificant status on the international tourism scene, it would be very costly for it to successfully position itself as a destination in its own right. However, El Salvador could benefit significantly from being a member of an institution such as the Mayan World Organization who have created a solid and positive image for the region and has attracted a growing volume of tourists. Therefore, El Salvador has given greater emphasis to the Mayan World in the country's strategy for tourism development.

The Salvadoran tourist sector is also aware of this fact and has taken steps along these lines. As for the public sector, CORSATUR organizes combined packages with the private sector and offer them at all the regional meetings involved with Mayan World, with more active, aggressive participation. As for the private sector, a foundation has been created to raise funds to be devoted to making improvements at archeological sites, training tourist guides and local communities, as well as to promotion of businesses and products associated with the Mayan theme.

### 3.3.2 Training

El Salvador is the Central American country with the greatest need of all for training in the field of tourism. Except for the specialized seminars conducted by CORSATUR, training of this kind in El Salvador can be found at a training center in the Central American Institute for Technology (Instituto Tecnológico Centroamericano - ITCA) exclusively in the area of food and drink service, which does not altogether measure up to international quality standards.

ITCA was founded in 1970 through an agreement between the governments of El Salvador and Great Britain to training human resources with Non-university Higher Education capable of working to strengthen various productive enterprises within El Salvador and throughout Central America. Its offers other technical training besides food and drink preparation and service, such as industrial creation engineering, civil engineering and architecture, among others

Among the professional programs offered, the one most closely related to tourism is "Food Service and Preparation," involving two years of training in cooking, pastry making, bartending, and restaurant service. These subjects are supplemented with classes covering theory in material related to the major, such as food hygiene, purchasing, control and costs, nutrition and diet. Students are typically 18 - 22 years old, are mostly from the capital, are lower to average middle class economically.

ITCA plays an important role in the forming of technical food and drink preparation and service teams for many businesses in need of qualified human resources. Nevertheless, the level of training provided there is far from meeting the quality standards demanded of professionals new to the sector to transform El Salvador into a world-class tourism cluster. Moreover, training in many other areas is simply not available, thus limiting the industry's development.

Another institution that offers training in cooking, pastry, bakery and service is INSAFORP (Instituto Salvadoreño de de Formación Profesional), which was recently established according to the Professional Formation Law. It is an economically and administratively autonomous institution in charge of coordinating and managing the Professional Formation System.

The Institute is responsible of training and evaluation of the country's human resources. It is financed by the compulsory contribution from employers of the private sector and Official Autonomous Institutions of the country, who employ more than 10 workers.

Through a program called "Constant National Productivity Improvement" it provides training to the companies and workers who need it. The company who is interested to receive training for their employees in the different areas should go through an application process. If the company is selected INSAFORP designates an adviser to identify specific training needs. The company must guarantee the 100% of participation and provide the logistics for the course.

### 3.3.3 Infrastructure

#### 3.3.3.1 *El Salvador International Airport*

El Salvador has one of the most modern international airports of the region, one that can be considered a true business center due to its efficiency level.

Located in the coastal municipality of San Luis Talpa, barely 27 meters (88.5 ft) above sea level, in a geographical zone ideal for this type of infrastructure, the international airport of El Salvador currently has a 3 200-meter runway. With a total of 14 passenger gates, three cargo gates, and maintenance space for 5 planes; it manages 11 airlines, four of which are from the US and five of which conform the Salvadoran consortium of the national airline TACA.

Although the “Comisión Ejecutiva Portuaria Autónoma (CEPA)” (Autonomous Executive Port Commission) is part of the Central Government and the Ministry of Economics, it is fundamentally an autonomous public service institution, which allows it to manage its income and expenses without traditional governmental bureaucracy and facilitates greater latitude in determining different operational modes for airport services.

This autonomy has allowed CEPA to hire out those services normally offered at an international airport to private business, which in turn has the advantage of providing a standard of quality that permits it to be competitive.

These concession contracts give the operator the right to the fruits of these services while imposing responsibilities in terms of investment, maintenance, level of efficiency, and adherence to all regulations established by the CEPA for development.

The international airport has no major problems with the workers' union (SITEAIS), legislation, or political activity. Nevertheless, one factor that has had a negative effect on its development is its recent demotion from category 1 to category 2 (assigned by the US Federal Aviation Administration). This will impede medium-term airport development unless those anomalies in violation of regulations and controls are corrected.

Rolando Díaz Benavides, general manager of Planning of the CEPA and head of the modernization process of this infrastructure, reports that CEPA has made large investments in terms of increasing airport capacity. In the three-year period from 1997 to 1999, approximately US\$60 million of its own funds were used to construct a new cargo terminal, new waiting rooms which practically doubled the original area, 8 940 sq meters (10 692 sq ft) including buildings, customs areas, runway and a passenger terminal, as well as *aerobuses* for transporting tourists to distant terminals. The airport has a second runway used by smaller airplanes.

Currently, the international airport serves an average of 1.7 million passengers each year, and an increase to about 3 million is expected over the next 15 years. Important improvements are also being made in nearby areas and in the national infrastructure, such as complete illumination and re-asphalting of the 42-kilometer highway that connects it to the capital, while great efforts are being made with public safety forces to heighten security for tourists and transportation. A modern radar system, which enhances aeronautical security for airlines, has recently been installed.

All the above has led the CEPA to design a Master Developmental Plan for the International Airport of El Salvador, for which a total of US\$250 million will be invested over a period of 20 years.

The objectives of this master plan are to optimize the development of airport operations and the use of its resources, the utilization of present and future lands, as well as to maximize and foment operational safety; promote and regulate organized, efficient use and of its resources and of the lands affected by the airport, and to foment its commercial exploitation in order to transform it into the most important airport in the region.

The following table shows the satisfaction level from tourists with respect to the service level provided at the airport, according to a study done by BMSA for September 2000. The results show a **very good** satisfaction level from the tourists with this industry.

**Table 3.12**  
**Tourist satisfaction level of the service p provided at the airport<sup>13</sup>**  
**2000**

<b>Category</b>	
Airport facilities	86.2
Customs officers	84.8
Migration officers	84.6
<b>Total average</b>	<b>85.2</b>

### 3.3.3.2 Ports

El Salvador has two ports on the Pacific Ocean: Acajutla and Cutuco. On the Atlantic Ocean, the Guatemalan Ports of Barrios and Santo Tomás Castilla are easily accessible by land. The port of Acajutla, one of the most modern on the Pacific Ocean, has instant access by land or by railway from San Salvador. Diverse steamship companies offer weekly service to the USA, Europe, Asia, and other countries.

The CEPA is responsible for managing the nation's two commercial ports, Acajutla and Cutuco, the latter of which has been disabled since 1996 pursuant to its Founding Charter, established through the Legislative Decree 455 of October 21, 1965. The fishing ports are under the responsibility of the Ministry of Economics. The objective of the CEPA, in accordance with Article 2 of that Charter, is the management, operation, supervision and execution of port operations in all port facilities of the nation not subject to special regimes. The CEPA is also responsible for the management, storage and custody of import and export merchandise, and its liaison with the Executive Branch is the Ministry of Public Works, Transportation, Housing, and Urban Development.

---

<sup>13</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent

a. Port Acajutla

Port Acajutla is located in the western part of the country, in the province of Sonsonate, 85 km (53 mi) from San Salvador by highway and 103 km (64 mi) by train. The port has three docks and eight wharves, through which general cargo, both bulk and liquid, is moved. It also has a buoy system for the mooring of petroleum ships that supply the Acajutla refinery.

This port dates from the time when dock A was built in the 1960s, followed by docks B and C in 1970 and 1975, respectively. The operational equipment used to handle general cargo and containers (transporters, freight elevators, tractors, among others) was almost entirely replaced in 1991 thanks to donations from Japan and the United States, as well as funding from Germany.

b. Port Cutuco

This port is located in the eastern part of the country, in the Gulf of Fonseca, department of province of La Unión. It is 185 km (115 mi) by highway and 251 km (156 mi) by train from the capital city.

The first stage of this port dates back to the 1920s, and a second stage was built in the 1950s. Recent studies reveal that, this port is in poor condition overall and a study is required to determine rehabilitation costs. It consists of one dock and two wharves and has land access only by train. Access by sea is by means of a natural canal which has never been dredged, and which is limited to 23 feet during low tide. Because of this, merchant ships must wait for high tide to enter. This port handled general cargo, bulk solids and liquids. Additionally, it had six warehouses with a capacity of over 26 000 sq meters (279 871 sq ft), capable of storing about 16 700 metric tons of merchandise.

To date, the ports in the nation have been used almost exclusively for activities related to the export and import of goods. Hence, port facilities are equipped only with machinery, warehouses, and control offices, lacking immigration personnel to deal with the increased influx of visitors. It should be pointed out that, given the insignificant number of tourists arriving to El Salvador this way, the government has bothered to provide suitable conditions for dealing with them in these places.

3.3.3.3 *Road system*

One of the first steps taken by the government upon the conclusion of the armed conflict was the repairing of the basic infrastructure to guarantee efficiency in production processes. Thus, electrical towers, telephone posts, and public lighting were among its highest priorities.

Currently there is about 10.000 km of highways. Of these 10.000km only about 2.000 are paved and even these are usually filled with potholes. There is progress however, roadwork is going on constantly and especially in San Salvador and Santa Ana progress is noticeable. Furthermore, most of the major bridges destroyed in the war have been rebuild. It should be noted that during the rainy season the constant downpours damage many roads. Repairs are usually not done until the water clears.

Despite all these efforts the road conditions in El Salvador are far from optimal. The four main aspects can be qualified as the following<sup>14</sup>:

- Safety of public transportation: Poor
- Urban road conditions/maintenance: Fair
- Rural road conditions/maintenance: Poor
- Availability of roadside assistance: Poor.

Because of a near complete lack of enforcement of traffic laws in El Salvador, drivers must make an extraordinary effort to drive defensively. Traffic signals are often ignored, and passing on blind corners is common. Nevertheless, local authorities uniformly enforce a Salvadoran law that requires the arrest or detention of a driver who injures or kills another person until a judge determines responsibility for the accident.

The the worst conditions are found in the northern trunk up to El Poy border with Honduras, which is a key road because it leads to one of the most representative tourist attractions in the country, La Palma, as well as playing an important role in the Mayan Route. The coastal highway from about kilometer 50 until Los Cóbano, in the province of Sonsonate, is another land connection that needs improvement.

Efforts should also be made to keep them clean and lighted, and to embrace the concept of tourist highway, which includes rest stops with bathrooms, souvenir and fruit stands, and other tourist services.

In order to restore the highway system in the nation, an investment program was been for the 1994-1999. Those loans contracted approximately US\$217 million. The most important allocation of funds was for trunk highways used for mobilizing international business. The General Office of Roads expects to have improved the main interurban roads used for transporting international commercial cargo to acceptable standards by 1998.

When planning to travel through El Salvador a point worth considering are the road maps. Although CORSATUR hands out small maps of El Salvador and its capital city, obtaining a map of other cities and regions when outside of San Salvador is hard.

Like many other sectors also the infrastructure has suffered from recent nature violence. Both the January 13th and February 13th earthquakes severely damaged the road system. The most affected departments were La Libertad, Usulután, La Paz, Ahuachapán, La Paz, Cuscutlán and San Vicente. Repairs are being done, but it certainly left many roads in a worse condition.

The following table shows the satisfaction level from tourists with respect to the road system and related topics, according to a study done by BMSA for September 2000. The results show a **bad** satisfaction level from the tourists with this industry.

---

<sup>14</sup> According to the consular information sheet of the US embassy

**Table 3.12**  
**Tourist satisfaction level of road system and related topics<sup>15</sup>**  
**2000**

<b>Category</b>	
Touristic information	62.0
Road maps	61.4
City maps	59.0
Road signs	54.7
Road conditions	54.4
City neatness	50.6
Order in traffic	39.9
<b>Average</b>	<b>54.6</b>

### **3.3.4 Support Services**

#### *3.3.4.1 Banks*

The Salvadoran finance industry consists of the Central Reserve Bank (Banco Central de Reserva, BCR), a development bank (Banco Multisectorial de Inversiones, BMI), 14 commercial banks, and 2 credit agencies. The BMI is the institution that has taken over the loans that were previously awarded directly by the central bank. It also provides rediscounting facilities for up to twenty years for businesses. The fourteen commercial banks include ten private entities, two state entities, the Banco Hipotecario (in the process of being sold), and the Banco de Fomento Agropecuario (Bank of Agricultural Development), as well as two foreign banks, Citibank and First Commercial Bank, which compete with local institutions.

In January 2001, the Ley de Integración Monetario (Law of Monetary Integration - LIM) was enacted, extending the dollarization process of the Salvadoran economy. The most significant achievement that has resulted from this dollarization process is the low interest rates of the financial system. Nevertheless, circulation of the dollar still does not cover the entire national territory. The dollar is more widely accepted in urban than in rural areas. In the province of Usulután, in the eastern part of the nation, people there reject US currency for transactions over US\$5.

According to BCR President Rafael Barraza, "Monetary integration represents, to foreign investors, a degree of financial stability unmatched by any other country. Moreover, to local businessmen, low interest rates provide an advantage for seeking out new markets and stimulating economic activity."

Although credit availability for the tourist industry is not entirely closed, those projects requesting financing must be fully justified in order to become beneficiaries. Requirements for this line of credit include being an individual or corporate entity and

<sup>15</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent

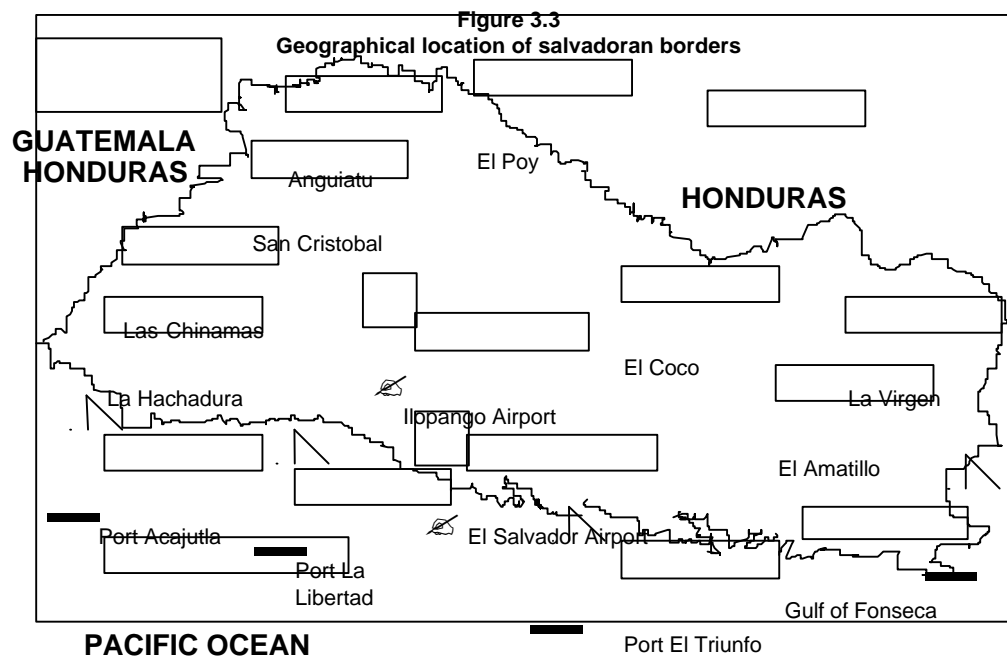


justification of managerial capacity and of the technical, economic and environmental feasibility of the project. The advantage of this credit is that it allows grace periods not usually available in ordinary transactions. Funds may be allocated for a variety of aspects: technical studies, training, construction, and expansion and acquisition of machinery, furniture and equipment, among others. Due dates vary according to the intended use of the funds and run from four to fifteen years, with grace periods from two months to four years.

The current trend in the credit card sector indicates that efforts are being directed toward the masses, which previously would not have been considered targets for huge advertising campaigns in all mass media and salespeople seeking to place their products. Over the last few years, this situation has led to a big increase in card users. Currently, a huge number of products may be acquired with credit cards. International credit cards are accepted at most commercial establishments in San Salvador and in the three next most important cities (Santa Ana, Sonsonate, and San Miguel); other areas do not yet have the facilities required for their use.

### 3.3.4.2 Immigration

There are fourteen official points of entry into El Salvador, where immigration and customs have set up posts. Air traffic goes through El Salvador International Airport and Ilopango Airport, though the latter is generally reserved for military and official operations, since neither commercial nor tourist activity takes place there. As shown in the next Figure, there are eight border posts, which handle the flow of commerce and tourism. Finally, the reception of ships takes place at the ports of Acajutla, La Libertad, El Triunfo and the Gulf of Fonseca (Cutuco).



El Salvador is a signatory to the CA-4 Agreement, along with Guatemala, Honduras, and Nicaragua. Made in 1993, this agreement is aimed to uniform procedures to be followed by immigration officials, in the aim of facilitating the mobility of individuals at borders, airports, and seaports. Among the mechanisms specified (particularly those concerning foreigners entering into the country) are the following:

- ~~///~~ Presentation of a passport with a valid visa, except for citizens of countries with which agreements or visa-free agreements have been signed or which allow the use of documents other than passports<sup>16</sup>
- ~~///~~ Withholding of the Land Immigration Information CA-4 form for those traveling by land or the Departure/Landing card for those traveling by air or sea
- ~~///~~ Entry permission duly stamped with the corresponding seal, indicating the date and number of days authorized for the stay

These mechanisms have facilitated immigration procedures for citizens of the signatory countries, but the process is still slow. The situation is far from reaching world-quality levels of efficiency, as in Europe, where tourists of the European Economic Community move effortlessly among the member countries.

Visas are free for US citizens, while citizens of some other countries are charged a fee. In the case of countries that only require a consular visa, they are also permitted to enter with a tourist card alone. This costs US\$10 and is valid for 90 days. While it is possible to acquire this card at the airport and at consulates, according to CORSATUR, there are frequent difficulties. Many tourists have complained about the lack of information concerning the existence of this card at the consulates, because of which they are obliged to acquire a visa at a higher cost. One possible explanation for this situation is that the consulates receive income from visas, but not from tourist cards. There have also been cases of tourists who were unable to acquire a tourist card upon arrival at the airport because “they were sold out,” and who then had to take further steps at immigration offices in the respective countries.

In the case of air travelers, a fee of US\$25 is charged for use of the airport and as an exit fee. This fee is the same regardless of nationality, except for Salvadorans and diplomats and it can be paid either in US dollars or colones.

Passengers on international flights have little difficulty with their luggage. To facilitate the control process, the El Salvador Airport installed a random system consisting of a stoplight activated by passengers. The luggage is checked only when the light turns red; in the case of a green light, the passenger takes his luggage immediately.

It is worth noting that 65% of the total number of tourists who entered from Guatemala in 2000 did so by land. Tourist satisfaction at the different posts is clearly related to the treatment they receive. The trip between Guatemala City and San Salvador, with highways in good condition, takes approximately three and a half hours; that is, for each half hour the tourist spends at a border post, traveling time increases by 14%. Taking into account the fact that one must undergo immigration procedures on both the

---

<sup>16</sup> Colombia, Argentina, Germany, Spain, Belgium, The Netherlands, Japan, Korea, Norway, Sweden, Finland, Guatemala, Nicaragua, Honduras, and Panama are on the list of countries covered by these agreements; France, Costa Rica, and Israel participate in these agreements on a seasonal basis.

Salvadoran and the Guatemalan sides, close coordination between these governments is necessary to facilitate passage.

### 3.3.5 Other Services

#### 3.3.5.1 Safety

Crime in El Salvador remains a problem, especially involving gangs and firearms. The central area in particular is consider unsafe for walking at night. Travelers should avoid carrying valuables in public places. Armed assaults and carjackings take place both in San Salvador and in the interior of the country, but are especially frequent on roads outside the capital where police patrols are scarce. Criminals have been known to follow travelers from the international airport to private residences or secluded stretches of road where they carry out assaults and robberies. Criminals often become violent quickly, especially when victims fail to cooperate immediately in surrendering valuables. Frequently, victims who argue with assailants or refuse to give up their valuables are shot.

Kidnappings for ransom are an ongoing problem. Tourists using banking services should be vigilant and cautious while conducting their financial exchanges either inside local banks or at automated teller machines. There have been several reports of armed robberies of people who appear to have been followed from the bank after completing their transactions.

Visitors to El Salvador should use caution when climbing volcanoes or hiking in other remote locations. Armed robberies of climbers and hikers are common. Most fatal traffic accidents or robberies and assaults occur during the evening or early morning hours. Travelers with conspicuous amounts of luggage, late-model cars or foreign license plates are particularly vulnerable, even in the capital.

Demonstrations, sit-ins or other related protests may occur at any time and anywhere in the country, but most frequently in the capital or on the main access roads. Mine removal efforts ceased several years ago, but land mines and unexploded ordnance in backcountry regions still pose a threat to off-road tourists, backpackers and campers.

According to the opinions of a majority of managers and entrepreneurs polled, the Policía Nacional Civil (National Civil Police - P.N.C.) has been effective in efforts to monitor and suppress crime in the last years. The PNC is constantly improving its operations and is implementing 24 Security Plans around the country. A special police force for tourists was established and it is currently operating in San Salvador, Ahuachapán and El Imposible and La Familia National Parks.

The following table shows the tourist perception regarding the country's image and security levels, according to a study done by BIMSA for September 2000. The results show a **bad** perception of the security level.

**Table 3.13**  
**Tourist perception for country's image and security level<sup>17</sup>**  
**2000**

<b>Category</b>	
Population treatment	87.4
Patrol Level in Sites	56.7
Safety	53.1
Patrol Level in the City	49.2
Safety when walking	49.2
<b>Total average</b>	<b>58.7</b>

### 3.3.5.2 Health

Health conditions represent one of the most important factors in a tourist's decision to take a trip. Water quality and the availability of medical services, for example, are strong factors in this process.

Private enterprises dedicated to the distribution of drinking water have publicly stated that the International Water Bottlers Association (IWBA) and the Asociación Latinoamericana de Embotelladores de Agua (ALEA) (Latin American Association of Water Bottlers) certify that the water bottled by national businesses meets all requirements of the model code for bottled water of these associations. It also meets the quality requirements listed by the FDA (Food and Drug Administration) of the USA, section 103.35 (d) (2) of Title 21, Code of Federal Regulations (CFR). According to analyses made by the IWBA and the ALEA, the water produced by Salvadoran firms is free of chemical and bacterial contamination, according to the norms of the FDA and the EPA (Environmental Protection Agency), and suitable for both local consumption and exportation.

Tap water in El Salvador is often not potable and should be boiled or chemically treated to help prevent cholera and other gastrointestinal disorders. Incidents of these disorders occur throughout the year but are more prevalent during March and April, the hottest months of the year. There are occasional health alerts concerning these and other diseases. Such alerts are usually mentioned prominently in the local media. Travelers should exercise care by drinking only bottled water and avoiding uncooked food and food from street vendors. Bottled water and water served with meals in higher-class hotels and restaurants is generally considered potable.

The dengue virus is a significant public health concern in El Salvador, as the rate of infection increased from 1.6 per 100,000 in 1999 to 33 per 100,000 in 2000. Dengue in its hemorrhagic form is potentially fatal, particularly for young children. The highest rates of infection occur in urban areas where the mosquito that transmits dengue breeds in small pools of water. As a result, incidence of the disease is higher in the rainy season (May - October) than in the dry season (November - April). In September 2000, the

<sup>17</sup> According to the following scale: 0-19 terrible / 20-39 very bad / 40-59 bad / 60-69 regular / 70-79 good / 80-89 very good / 90-100 excellent

Government of El Salvador announced a national dengue emergency that is still in effect. Travelers to El Salvador should take all appropriate precautions to avoid exposure. They include, but are not limited to, wearing appropriate clothing to cover one's body and using mosquito repellent containing "deet" to diminish the risk of contracting the disease.

In 1999, El Salvador was in the 95 position worldwide in the Human Development Index.<sup>18</sup> compared with a 115<sup>th</sup> place in 1996. This index is based on three factors: longevity (measured in terms of life expectancy at birth); level of education (measured as the percentage of adult literacy and the rates of elementary, secondary, and university registration); and standard of living (measured by the GDP per capita). El Salvador is among the middle category of countries in average human development (from position 49 through 126). Panama (52), Belize (54), Guatemala (108), Honduras (107), and Nicaragua (106) are in the same group. Costa Rica (41) is the only country in the region in the high human development category. In 1998, El Salvador spent 2.6% of its GDP on health investment, which is lower than the 2.9% invested in 1990.

Health authorities from the Ministry of Health in El Salvador have established campaigns to combat contagious diseases (such as dengue and malaria), and have taken vaccination to local communities. Although contagion is unlikely, it is recommended that tourists who visit El Salvador update their vaccinations in order to avoid any possible problems.

Medical care is limited. Emergency facilities, even in San Salvador, are very basic. Ambulance services are not staffed by trained personnel and lack life-saving necessities such as oxygen. Physicians at major hospitals, who are often trained in U.S. hospitals, are generally competent, but nursing and support staff are not up to international standards. State-of-the-art technology for dealing with life-threatening emergencies is rarely available. Doctors and hospitals often expect immediate cash payment for health services. Most hospitals accept credit cards for hospital charges but not for doctors' fees. When making a decision regarding health insurance, tourists should consider that many foreign doctors and hospitals require payment in cash prior to providing service and that a medical evacuation is extremely expensive.

In December 2001, the World Bank will provide up to \$270 million to El Salvador over the next three years. This includes a \$142.6 million Earthquake Emergency Reconstruction and Health Services Extension Project.

The Country Assistance Strategy (CAS) for El Salvador, which guides the World Bank's and the International Finance Corporation's (IFC) support, was developed after consultations with the Central American country's government, civil society organizations, private sector and other donors. The strategy focuses on fighting poverty and rebuilding social infrastructure following two earthquakes in January and February of this year, while also laying the foundation for faster growth in the future.

These reforms were accompanied by a sustained efforts that cut extreme poverty by almost half in the 1990s, increased primary school enrolment by 10 percent, reduced infant mortality by 40 percent, and doubled the number of Salvadorans who have access to safe water. Over the past year, however, the economy has suffered several

---

<sup>18</sup> Published every year by the United Nations' Development Program (UNDP).

shocks, including two earthquakes which killed 1,260 people, destroyed 194,000 homes, and severely damaged eight hospitals and 113 of 361 health facilities, which represent about 55 percent of the country's capacity to deliver health services.

### 3.3.5.3 *Shopping Centers*

The economic boom experienced in El Salvador at the beginning of the 1990s brought with it the development of various infrastructure projects in shopping centers, buildings in which a variety of commercial establishments are concentrated together. The consumer culture of Central Americans has changed in recent years; before the custom was to walk among the stores found downtown in each city. Now, the dominating concept is that of shopping in shopping malls, perhaps because of the strong cultural influence North America has over the region, as these malls are very popular in the northern part of the continent.

In recent years, shopping centers have become a viable entertainment option for travelers, especially business travelers. Besides engaging in shopping activities, these places offer tourists food service, entertainment (movies, electronic games, merry-go-rounds and rides for children, for example), hair salons, and health clinics, among others. Nevertheless, there are currently no agreements between shopping malls and tourist operators to take tourists to these places. The Corporación Salvadoreña de Turismo (Salvadoran Tourist Corporation - CORSATUR) contacted businessmen from these malls to attract tourists by devising discount plans to be included in the promotional packets offered to travelers.

Shopping malls are among the favorite places of "ethnic tourists." During Easter Week and the Christmas season, a large number of Salvadoran residents in the US visit their homeland and fill the open areas of the places that are reminiscent of the North American consumer culture.


The following are descriptions of the two most important shopping centers:

#### ? ? Metrocentro

This is the best-known mall in El Salvador. Its first stage was built 1960 by a group of investors called Inversiones El Roble. Since then eight stages has been added and the ninth one is in constuction. It will include modern movie theater area. It is one of the most important shopping malls in Central America and it was built under an innovative and functional concept.

The number of commercial establishments in Metrocentro is close to 700, which means around 90 000 sq meters for rent. The huge variety of stores makes possible a wide range of prices, from the most expensive to the most economical. Among the services offered here are: parking for more than 1 800 vehicles, infrastructure designed to handle the needs of the handicapped, food court, and open space for special activities (fairs, expositions, among others). Metrocentro investors expanded geographically with the opening of a shopping center in the province of Santa Ana.

## ? ? Galerías (Galleries)

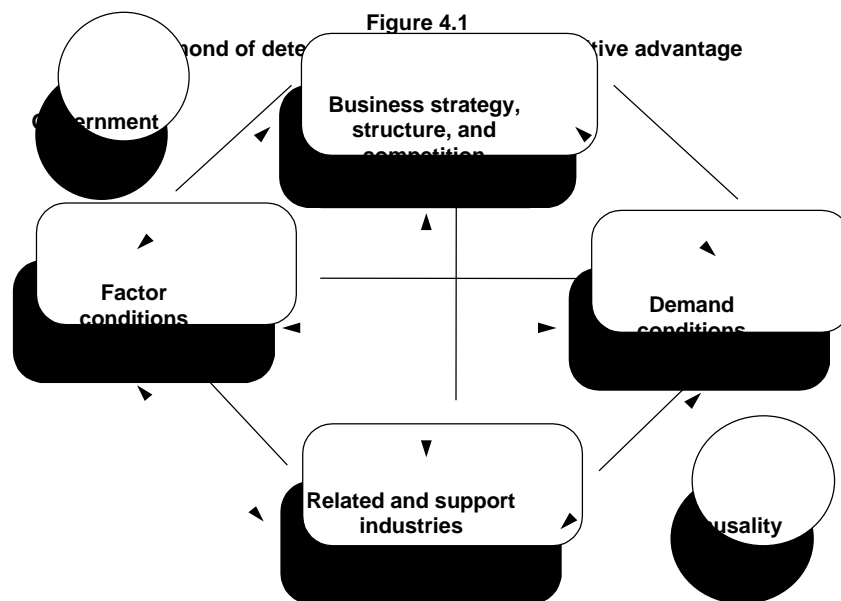
 This luxurious center was built by the Simán Group between 1993 and 1996. Its advertising and promotion have strategically placed it among those Salvadoran consumers of the upper class. To do this, they have been selective in choosing renters, achieving a balance between exclusivity and variety in shopping options. Galerías has 120 locales of an average size of 150 sq meters (1 615 sq ft) each. Among the services it offers are: parking garage space for 1100 vehicles, a financial center (with the participation of several commercial banks which operate in the nation), a food court (called Plaza Gourmet), an entertainment area (electronic games, videos, children's games), a merry-go-round, and six movie theaters with capacity for 650 people.

Other smaller shopping centers include: Metrópolis (in Urbanización Metrópolis); San Luis (on San Antonio Abad street); Basilea (in Zona Rosa, Boulevard del Hipódromo); San Benito and Plaza Suiza (both on Avenida La Reforma); Plaza Jardín (on Avenida Olímpica); Plaza Merlioth (in Merlioth City); Loma Lina (on Calle Loma Linda); El Amate and Balam Quitzé (both in Col. Escalón); La Campana (on Alameda Roosevelt); Feria Rosa and La Mascota (both on the highway to Santa Tecla).

## 4. EVALUATION OF THE CLIMATE FOR COMPETITIVENESS

### 4.1 The diamond as a frame of reference

As expressed in the preceeding chapter, an analysis of the environment for the development of competitiveness in the tourism industry in El Salvador will be carried out by evaluating the six aspects considered within the conceptual framework of a diamond. This evaluation has emerged from the data and analyses set forth in the two preceding sections.



Source: Ventaja Competitiva de las Naciones, Michael E. Porter.

#### 4.1.1 Factor conditions

With respect to its basic factors, El Salvador has certain advantages in global terms. Its geographic location close to the enormous US market, its historical vestiges as a former Spanish colony (such as the city of Apaneca), the cultural wealth of its friendly and hospitable population, and the biodiversity present there (very little, but significant: beaches, volcanoes, and mountains) are conducive to visits by all types of tourists.

It is important to note that this valuable treasure wherein El Salvador's tourism potential rests is threatened if enough preventive measures are not taken to curtail the persistent deterioration of its colonial heritage, the deforestation and destruction of its fragile habitats, as well as the loss of identity by its diminished indigenous communities.



With regard to its specialized (created) factors, the country has more deficiencies than strengths. Standing out among the more evident negative features are the low level of coverage by basic infrastructure in the country's interior and the public support services outside the main urban centers. The status of transportation, telecommunications, the supply of electricity, and water access, and health services systems must be improved. Under these conditions, it is difficult to capitalize on the tourist attractions that El Salvador has to offer.

In turn, the high public utility rates (water, electricity, gasoline), difficult access to local financing (basically concentrated in the agricultural sector), the lack of qualified human resources both in operating and management areas, and the citizens' lack of public safety also fail to contribute to rapid tourism development in the country.

Nevertheless, since the signing of the peace accords, and given the internal geographic advantages of the tourist attraction sites, there is enough stimulus for investors to warrant confidence in this high potential sector.

Since El Salvador's goal is to attract international tourists from North America, Europe, and Asia with a high level of purchasing power, an evaluation of its inherent and created factors has to be carried out in light of what is offered by alternative destinations. From this perspective, it is interesting to view the case of the infrastructure of the leading world country in receptive tourism.

**Benchmarking factor conditions:  
The excellent transportation infrastructure in France**

- ? ? France has been among the primary tourist destinations for years, despite its high prices
- ? ? One of the reasons why tourists return again and again is the country's excellent public transportation infrastructure:
  - ~~///~~ There is excellent bus service within cities and between cities
  - ~~///~~ Clean, reliable taxis in most cities
  - ~~///~~ A world-class underground train system in Paris
  - ~~///~~ Efficient, reliable train service throughout France, including high speed trains in many places
  - ~~///~~ Numerous ports and airports
  - ~~///~~ High-speed freeways, with good signage, throughout the country, as well as picturesque, well-maintained highways in towns and the country
- ? ? Tourists in France have many options for arriving in the country and for traveling efficiently within the country:
  - ~~///~~ Flexibility and ease in moving about and exploring the country
  - ~~///~~ Transportation as a positive aspect of vacation planning

Costa Rica, the regional leader in tourism, does not have El Salvador's cultural attractions, but has discovered ways to take advantage of its natural riches to exploit them from a tourism standpoint through the creation of a broad system of protected areas that enjoy widespread international recognition. With regard to an endowment in specialized factors, this country has some positive features that could serve as a model

for El Salvador, such as its well-established political stability, a high level of education and bilingualism, and relatively extensive coverage by public services.

France and Costa Rica are good examples that tourism development in an area is inevitably due to the existence of certain suitable created and inherent factors. El Salvador should consider whether its goal is to make tourism a relevant industry.

#### **4.1.2 Demand conditions**

World tourism trends point toward a search for more genuine and less artificial experiences. El Salvador is a very evocative country due to the proximity of the tourist centers, its colonial cities, and its people and their quaint customs. What is certain, however, is that without Central American visitors and tourists arriving for business purposes, traditional tourism is very underdeveloped considering the attractions it has to offer. First, because there is no well-established vocation for tourism in the country (when the boom in world tourism exploded, El Salvador was in the middle of an armed conflict), and second, because the concept that potential tourists to the country hold onto is influenced by the flood of bloody images of the country and its poverty, which the international press constantly repeated throughout the eighties.

Though much time has passed since then, and El Salvador seems to have achieved a stable atmosphere, many people are still afraid to going there. With the results of the last electoral processes, expectations point toward an improvement in the country's conditions. Winds of optimism and trust in El Salvador's future will expand, attracting interest by investors and prospective tourists such that the nation may become a robust destination.

Currently, the low number of traditional tourists is not an effective pressure for stimulating the development of a tourism cluster. Even so, based on the expected entry of a large number of foreigners, many college educated visitors will arrive who are middle aged and pertain to the middle to mid to upper middle class from countries such as Europe, Japan, or the USA, and who are accustomed to the highest quality services and will demand better service conditions than those currently offered. Since most of the tourists arriving in El Salvador come from the Central American region, and since many of those who frequent the country do so for family reasons, their (very brief) stay does not make for high income in the sector. If conditions change in El Salvador, the amount of foreign exchange income from new visitors will outstrip that of current visitors.

The vast majority of business tourists received by El Salvador do yield a very positive impact for tourism. The typical executive primarily seeks to stay in the city of San Salvador, not just because of proximity to the airport, but also because of the concentration of business and industrial activities in the capital. This fact, though advantageous to the tourism sub-cluster dedicated to conventions and business, does not contribute to developing the provision of quality services in the country's interior, nor does it stimulate the country's greater potential, which centers around cultural and nature activities.

Internal tourism has not turned out to be a very generalized phenomenon and does not generate any pressing local demand. This is due to the limited buying power of the

common classes and the scant supply of intermediate quality tourist services at reasonable rates. On the other hand, the upper classes in El Salvador in general do not consume the country's own products, preferring to journey abroad or to their private properties to spend their vacations.

As for promoting the country, public funds allocated for this purpose have been very limited and have focused primarily on attending fairs. The objective of each campaign has been more oriented toward dissipating the fears of the wholesaler than toward aggressively selling El Salvador. In the public's mind, the country is not identified with tourist destinations.

Despite the Salvadoran government having declared tourism as one of its political priority areas, in practice no consistency with that statement has been observed. One of the crowning achievements most daunting tasks faced by the new Salvadoran Tourism Corporation (CORSATUR in Spanish), is that of achieving greater political presence and the embarking on development of promotions for the country devoted more to sales, in order to combat misinformation campaigns.

Illustrated with various examples below is the importance of having an rigorous demand for tourist industry development. One of these examples refers to the mini-case of New England in the United States; the other deals with an ecological reserve at Monteverde, Costa Rica.

**Benchmarking demand conditions:  
Monteverde cloud forest reserve**

- ? ? Monteverde is a private conservation area of 10 000 hectares located north of San Jose, owned and managed by the Tropical Science Center
- ? ? It is well known due to its abundant wildlife, its lush green forests and its famous golden toads
- ? ? As interest in conservation grows, increasingly more local citizens and foreigners visit reserves such as this:
- ? ? The demand generated by Monteverde has led to the development of other tourist businesses that care for the environment:
  - ///* Thirty (30) small hotels close to the reserve
  - ///* A crafts cooperative with 140 members that produces souvenirs for the guests
  - ///* A plantation with an organic coffee processing plant that promotes tourist visits inside the facilities
- ? ? Eleven tour operators provide transportation to and guides at the reserve

**Benchmarking demand conditions  
high local demand in new england**

- ? ? New England has established a successful tourism industry attributable, in large part, to the local demand generated within the region as a tourist destination point
- ? ? A large portion of the region's residents also spend their vacations in New England
- ? ? For a small geographical area, New England has a broad diversity of unique tourist attractions:
  - ///* Historic Boston
  - ///* Picturesque colonial towns
  - ///* Beach hotels on Cape Cod
  - ///* Mountains for skiing and outings
  - ///* Maine's rocky beaches
  - ///* Unmatched forests for vibrant autumn colors
- ? ? Local tourists demand that the region's rich natural flavor be maintained:
  - ///* Open access to historical and cultural attractions and entertainment
  - ///* Preference for rural inns as opposed to large hotels
  - ///* Appreciation for the change in seasons and the fresh air
- ? ? New England has presented a consistent image throughout its history, making the region easy to market and to promote among potential visitors

#### **4.1.3 Company strategy, structure, and rivalry**

An analysis of competition in the tourist industry in El Salvador has not been very encouraging, since the low number of providers entailed by the industry has greatly limited the competition between companies and the process of improving its services has progressed very slowly. Not even the presence of internationally prestigious trade names has successfully accelerated the learning process and put pressure on the local companies to compete under equal conditions precisely because there are very few of them. This phenomenon has been much more persistent in the interior, since there has been much less development in the sector outside the capital. Components of the Salvadoran tourism industry appear to lack differentiation and focus.

Businesses in the same sector exhibit similar behavior, being more willing to imitate and continue their traditional practices than to innovate. In addition, the gentlemen's agreements by which rates are maintained (rather high in the lodging and airline sector) and customers appear to be the norm governing the activity. This is a serious limitation to the process of creating competitive advantages for tourism in El Salvador.

In the case of tour operators, security problems for the tourist and deficiencies in infrastructure coverage have limited innovation and competition in the introduction new

products. For hotelkeepers, the most persistent obstacles have been difficult access to the sources of funding, the lack of qualified personnel, specially in rural areas, and the scarcity of basic services outside the capital; nevertheless, a certain degree of competition between the few providers has caused them to implement infrastructure improvements.

Weakness in the airline sector lies in high prices in comparison with competing destinations, the result of a dominant business group with monopolistic characteristics in the Central American region. All of them have been affected by the poor image of the country and the region, which has deprived them of a customer base suitable for their own development. The car rental agencies lack incentives for keeping their vehicles in good shape, nor do they have the facilities available for insuring the them. Taxis abound in the city of San Salvador, but the state of their vehicles is poor, perhaps due to the lack of financing for fleet renewal and the high cost of vehicle insurance premiums.

The exception is the restaurant and nighttime entertainment sector in San Salvador, where growth well above the rest of the component's clusters has been observed and where there is improvement and innovation to speak of. However, unfortunately, the increase in rivalry in these industries has not been induced by an increase in tourist demand, but by the increase in national demand in conjunction with the development of the economy. No orientation toward the tourist visiting El Salvador for pleasure has been observed.

The outlook could change if there is growth in tourism, finally, due to the high expectations for improvement in the country brought on by the signing of the peace accords and becoming a member of the Mayan World Organization. In fact, there are many projects that are wont to be carried out: in the hotel branch there are large projects underway; the tour operators are creating novel services for the visitors; CORSATUR is developing an aggressive promotion plan for the country.

This increase in rivalry will powerfully shake up the companies in the sector and will set down bases for competitive improvement in the industry over all, as the participants opt for innovative strategies, whether through differentiation or through low costs through greater operating efficiency. In particular, an interesting opportunity will open up for those businesses that may relate their image with indigenous themes in the region and country, which are attractive to tourists.

Once again using Costa Rica as a reference, it may be stated that, in this country tourism competition is high, as well as in order to speak of the existence of a cluster with high levels of competitiveness. Thus, for example, for 2000 while El Salvador offers 4,899 rooms, Costa Rica has around 29,000. Therefore, El Salvador will have to attract new local and foreign investment in order to capitalize on the tourism potential that it has and that it knows how to exploit intelligently. Set forth as an additional example is the competitive situation of Hawaii, one of the best-developed destinations on the international scene.

**Benchmarking structure and rivalry among companies  
intense competition in the hawaiian tourism cluster**

- ? ? Hawaii has a small surface area, just a little larger than Belize or El Salvador, spread out over six main tropical islands
- ? ? Over the last 30 years, Hawaii has become one of the main tourist destination points, particularly for Japanese and US tourists
- ? ? A history of development with economic stability, a government committed to tourism, high levels of competition, a permissive regulatory policy, and general attractiveness for investors have been part of the growth phenomenon in Hawaii
- ~~///~~ As part of the United States, Hawaii is considered by investors to be a safe place for long-term investment
- ~~///~~ The government tourism agencies have the largest annual budget for promoting and developing the industry (US \$35 million) of any state in the United States
- ~~///~~ The airlines, hotels, restaurants, tour operators, entertainment companies, the tourist destination points, and many associated businesses and services compete vigorously for tourist money
- ~~///~~ As a result the hotels are high quality, food is fresh, and the entertainment and tours are innovative
- ~~///~~ The service levels on all the islands are extremely high; tourism is a "way of life"
- ~~///~~ Investors in Hawaii come from around the world and run from giant hotel chains to tour services owned by students
- ~~///~~ The regulatory process for new buildings is very permissive, so long as the proposals follow zoning requirements and do not damage protected areas or critical natural resources

#### **4.1.4 Related and support industries**

The Salvadoran tourism sector has incipient development in the areas of support and related services, as is the case with organizations in the sector (CORSATUR and CASATUR), companies providing food, training centers, etc. Therefore, the tourism cluster has not been able to really function as a dynamic system that constantly renews and improves itself.

For example, in education, there has been a recommendation for the need to train personnel and recently educational centers have been created to comply with this function. Nevertheless, more coordination with the industry is needed in order for the graduates to respond to the needs of entrepreneurs. As far as tourist guide training is concerned, CORSATUR has been providing that function, yet slightly and without coordination with the private sector.

In the area of financing for tourism projects, two weaknesses are observed. On the one hand, there is the conservative banking system with many prerequisites for providing loans that still has not recognized the business opportunity that the sector offers. In addition, the lack of a well-planned investment project portfolio that appears attractive to the banking sector is evident.

Up to now, CASATUR has not catalyzed a vision shared by all the members of the private sector; consequently, it has lacked a concrete action plan for developing tourism in El Salvador. There are very few members and contacts with the public sector have barely begun by CORSATUR. In order to develop a dynamic cluster, it is crucial to redefine CASATUR's role and convert it into an expression of the private sector and the enforcer of its Action Plan. Coordination by the private sector with the government in tourism policies is the key to success.

The situation for related and support industries in Costa Rica shows a degree of progress much greater than in El Salvador. The most noteworthy is the commitment by the National Tourism Council in that country to the development of the industry. It is a very active institution, headed by entrepreneurs from the sector, has regional ramifications, and works closely with the public sector.

In turn, the private transportation system is comfortable and modern and public utilities cover practically the entire national territory. In addition, general education encompasses all the population levels, and there are more than 17 university or para-university entities offering education in tourism. The support they give to providers is very effective. It is interesting to analyze the outlook for support and related companies at another destination: Hawaii.

**benchmarking related and support industries:  
the vibrant tourism cluster in hawaii**

? ? Hawaii has a broad gamut of related and support industries that contribute to creating a strong tourism cluster:

- ~~///~~ A broad gamut of lodging, from luxury hotels to grass huts for housing all types of visitors
- ~~///~~ Diverse, well-established ethnic restaurants, traditional Hawaiian restaurants, as well as Japanese, Thai, Portuguese, Greek, and Indian cuisine.
- ~~///~~ Car rental agencies and many other optional public and private transportation industries
- ~~///~~ A industry tours by cruise ship, airplane, submarine, and helicopter
- ~~///~~ Some 67 golf courses, as well as areas for surfing, playing tennis, scuba diving, rafting, sailing, hiking, bicycle outings, and many other sports activities, as well as companies for renting equipment and providing instructional services
- ~~///~~ Activity center: Aloha festivals, parades, rodeos, food festivals, international jazz festivals and art festivals

? ? New industries have emerged from the traditional tourism industries:

- ~~///~~ Action and adventure tourism
- ~~///~~ Ecotourism

#### **4.1.5 The role of the government**

The country's image of instability has prevailed internationally for a long time because of political conflicts, human rights problems, and guerilla warfare. Nevertheless, since the time when the peace accords were signed, efforts have been made to erase that image; the internal results have been somewhat satisfactory, but an upswing in pleasure-based tourism has yet to be seen.




It is a given that the government has not contributed much to tourism development, as a result of its focus on efforts in priority areas, which have not included tourism. Without this government support, the ISTU, and now CORSATUR, have been very limited in their actions and have not been able to exercise capable leadership to bring together the ministries, institutes, and the private sector on a successful promotion agenda for the cluster.

Public investment in the creation, maintenance, and modernization of the basic infrastructure needed has been significantly in the last years. However, the rates for using these services are relatively high. With respect to the environment legislation the government has also improved, however it would take a while for these legislation to be implemented in the practice.

Other deficiencies derived from the actions by public powers may be cited, such as unreliable, out-of-date statistics, the scarcity of services within the national park boundaries and neighboring areas, the need to update the tourism regulatory framework in order to slow a possible decrease in the country's levels of safety, a reduction in bureaucracy, and doing away with favoritism, etc.

#### **4.1.6 The importance of providence or chance**

Chance has played a huge role for tourism in El Salvador. Factors outside the industry have exercised negative effects, for example, natural disasters, and the civil war, which isolated the different areas in El Salvador and caused the still latent poor image abroad. Nevertheless, recent activities appear to favor the industry:

-  World tourism is tending toward placing greater value on natural resources and unique culture, and El Salvador has its historical, natural, and cultural heritage that it can use to capitalize on these trends
-  The establishment and promotion of the Mayan Route along some Central American countries.
-  El Salvador, after having returned to the democratic election processes, have gained international trust as it embarked on a consolidation and development process that will spur on the growth of tourism

These facts indicate that external circumstances, as opposed to what occurred in the past, may favor the future of the industry in this country.



## 5. CLOSING COMMENTS

According to BIMSA's survey for 2000 the tourist recommend the following issues, that according to them must be improved in the country so the visitor can have a nicer stay.

**table 5.1**  
**tourist perception of what must be improved in the country**  
**(% of total sample)**  
**2000**

<b>Category</b>	
Security for the tourist	35.6
Roads	24.6
City's hygiene	14.8
Develop infrastructure	7.6
Improve social projects	5.6
Bad tourist information	2.4
Improve airport procedures	2.2
Telephone access	1.2
Diversity of places to visit	1.2
Improve the people's treatment	1.0
Improve entertainment places	0.4
Improve touristic places	0.4
Improve prices	0.4
Promote tourism	0.4
Improve bus services	0.4
Other reasons	0.2
<b>Total average</b>	<b>500</b>

Based on the analysis made, it may be concluded that the Salvadoran tourism industry has the potential for becoming a world-class competitor. Nevertheless, the public and private sectors directly related to the activity must focus on resolving the different problems that threaten its evolution and development, and that slow down innovation and ongoing improvement, thus bypassing and the effective, coordinated, harmonious development of a vigorous and self-sustainable cluster.

A common view and ideal for positioning shared by all participants in the industry must be arrived at through analysis and self-criticism, to be carried out at the next National Congress on Tourism. During the ensuing months, this view must be transformed into an Action Plan in which the actions and responsibilities of each entrepreneur are defined, as well as those of the industry as a group, which must be implemented by both private organizations and the public sector. It is the tourism industry itself, with appropriate support from the public sector, that faces the challenge of turning the enormous potential at its disposal into a reality.