El Salvador: Background and U.S. Relations

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February 23, 2017
Summary

Congress has long maintained interest in El Salvador, a small Central American country that has had a large percentage of its population living in the United States since the country’s civil conflict (1980-1992). During the 1980s, the U.S. government spent billions of dollars supporting the Salvadoran government’s efforts against an insurgency led by the leftist Farabundo Martí National Liberation Front (FMLN). Three decades later, the United States is working with the country’s second democratically elected FMLN Administration.

Inaugurated to a five-year term in June 2014, President Salvador Sánchez Cerén, a former guerrilla commander of the FMLN, took office pledges to govern by the principles of austerity, efficiency, and transparency. Sánchez Cerén has adopted a more conciliatory attitude toward the opposition and the private sector than his predecessor, Mauricio Funes. Nevertheless, President Sánchez Cerén’s approval ratings (50% in December 2016) have been lower than those of his predecessor, as security conditions remain dire and economic growth slowed in 2016.

Twenty-five years after the signing of peace accords to end the country’s civil conflict, El Salvador continues to face serious security and economic challenges. Its ability to address these challenges has been hindered by polarization between the FMLN government and the conservative Nationalist Republican Alliance (ARENA)-dominated National Assembly. El Salvador posted a homicide rate of 104 per 100,000 in 2015—the highest in the world. In 2016, the homicide rate dropped to 81.2 per 100,000 after the government adopted tough measures to combat gangs and reform prisons. Critics maintain that those measures have caused human rights violations, including extrajudicial killings of gang suspects by security forces. Security remains a barrier to investment, which has inhibited economic growth. El Salvador’s economy grew by an estimated 2.4% in 2016, the lowest growth rate in Central America. The government is facing a fiscal crisis, as it has been unable to win legislative approval necessary to take on new loans.

The Sánchez Cerén government has maintained close cooperation with the United States that began under the Partnership for Growth (PFG) initiative (2011-2015), which was aimed at improving security and economic competitiveness. Congress has provided bilateral assistance, which totaled $67.9 million in FY2016, as well as regional security assistance through the Central American Regional Security Initiative (CARSI). Economic cooperation has been bolstered by a $277 million Millennium Challenge Corporation (MCC) compact that began in 2014. Foreign assistance to El Salvador is being guided by the 2015 U.S. Strategy for Engagement in Central America, which prioritizes promoting economic prosperity, improving security, and strengthening governance. It remains to be seen how the Trump Administration may seek to adjust this strategy.

Migration issues, such as how to prevent emigration by unaccompanied children from El Salvador and reintegrate deportees from the United States into Salvadoran society, figure prominently on the bilateral agenda. With support from the Inter-American Development Bank, the Salvadoran government has worked with its Guatemalan and Honduran counterparts to design and implement an Alliance for Prosperity plan to address the root causes of emigration. It also has stepped up efforts against human trafficking and alien smuggling. At the same time, the Salvadoran government has expressed concern about the Trump Administration’s recent executive action on migration enforcement, which is likely to hasten the pace of deportations.

See CRS Report RL34112, Gangs in Central America; CRS Report R43702, Unaccompanied Children from Central America: Foreign Policy Considerations; and CRS In Focus IF10371, U.S. Strategy for Engagement in Central America: An Overview.
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Introduction

A small, densely populated Central American country that has deep historical, familial, and economic ties to the United States, El Salvador has long been a focus of congressional interest (see Figure 1 for a map and key data on the country). After a troubled history of authoritarian rule and a brutal civil war (1980-1992), El Salvador has made some strides over the past two decades in establishing a multiparty democracy. A peace accord negotiated in 1992 brought the war to an end and assimilated the leftist Farabundo Marti National Liberation Front (FMLN) guerrilla movement into the political process as a political party. In 2009, Mauricio Funes, a former journalist, took office as head of the country’s first FMLN government. After a razor-thin election, Salvador Sánchez Cerén, a former guerrilla commander, began his five-year term on June 1, 2014, at the helm of a second consecutive FMLN government.

El Salvador currently faces serious governance, security, and economic challenges, all of which are interrelated. Tension between the Sánchez Cerén government and a legislature dominated by the conservative Nationalist Republican Alliance (ARENA) has escalated to near legislative paralysis and hindered the country’s ability to address its increasing fiscal deficit, dire security situation, and struggling economy. Insecurity and economic conditions have fueled irregular emigration—a key concern for U.S. policymakers. This report examines El Salvador’s political, security, human rights, and economic conditions. It then analyzes selected issues in U.S.-Salvadoran relations.

Post-Conflict Period of ARENA Rule (1994-2008)

After peace accords were signed in 1992, successive ARENA governments in the 1990s-2000s sought to rebuild democracy and implement market-friendly economic reforms. ARENA proved to be a reliable U.S. ally and presided over a period of economic growth, but did not effectively address inequality, violence, and corruption. El Salvador’s gross domestic product (GDP) increased from $13.1 billion to $21.4 between 2000 and 2008. Under ARENA, development indicators generally improved but were hurt by natural disasters, including earthquakes in 2001 and periodic hurricanes.

Corruption charges have been brought against the two most recent ARENA presidents. Francisco Flores (1999-2004) passed away in January 2016 while awaiting trial for allegedly embezzling some $15 million in donations from Taiwan that were meant for earthquake relief. El Salvador’s Attorney General recently charged former President Anthony (“Tony”) Saca (2004-2009) and

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3 In Central America, mixed migration flows are occurring, which include economic migrants, refugees, asylum-seekers, stateless persons, trafficked persons, and unaccompanied children who travel the same routes and use the same modes of transportation. Also termed irregular migrants, these individuals do not have the required documentation, such as passports and visas, and may use smugglers and unauthorized border crossings.
4 International Monetary Fund, World Economic Outlook Database, accessed October 2016.
members of his administration for belonging to a corruption network that allegedly embezzled at least $246 million from state accounts.\(^5\) After leaving office, Saca was expelled from ARENA and began his own political party, the Grand Alliance for National Unity (GANA), which, though nominally a conservative party, often has voted with the FMLN in the legislature.

**Figure 1. Map of El Salvador and Key Data on the Country**

<table>
<thead>
<tr>
<th>Geography</th>
<th>Area: 8,008 sq. mi. (about the size of Massachusetts)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital: San Salvador</td>
</tr>
<tr>
<td>People</td>
<td>Population: 6.2 million (2016), with 1.1 million in the capital city, San Salvador</td>
</tr>
<tr>
<td></td>
<td>Ethnic Groups: Mixed (86.3%), European (12.7%), Indigenous or Other (1%)</td>
</tr>
<tr>
<td></td>
<td>Literacy: 88%</td>
</tr>
<tr>
<td></td>
<td>Poverty: 41.6%</td>
</tr>
<tr>
<td>Health</td>
<td>Life Expectancy: men, 71.4 years; women, 78.1 years</td>
</tr>
<tr>
<td></td>
<td>Infant Mortality: 17.3 deaths per 1,000 births</td>
</tr>
<tr>
<td></td>
<td>GDP Composition by Sector: agriculture, 10.5%; industry, 25.1%; services, 64.4% (2015 est.)</td>
</tr>
<tr>
<td></td>
<td>Gross National Income (GNI) per capita: $3,940</td>
</tr>
<tr>
<td></td>
<td>Key Export Partners: United States (46.7%), Honduras (13.9%), Guatemala (13.6%)</td>
</tr>
<tr>
<td></td>
<td>Top Exports to the United States (2014): Apparel and textiles, Electrical Machinery Parts, Sugar, Coffee</td>
</tr>
</tbody>
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Deep scars and political polarization remain evident in El Salvador today from a war that resulted in significant human rights violations, more than 70,000 deaths, and massive emigration to the United States. El Salvador’s 1993 Amnesty Law has, until recently, shielded those who committed human rights abuses during the civil conflict from prosecution. El Salvador’s Supreme Court deemed the law unconstitutional in a historic July 2016 ruling, but it remains to be seen whether prosecutors are willing to pursue past cases of human rights violations (see “Confronting Past Human Rights Violations”).

**Funes Administration (2009-2014)**

Mauricio Funes, a former journalist, led the country’s first FMLN government. Funes remained popular throughout his term, even as his government struggled to address the country’s deeply entrenched economic and security problems and analysts from both the right and the left criticized the administration. The Funes government expanded crime prevention programs and community policing, but also tacitly supported and then later disavowed a failed truce between the country’s largest gangs. Observers criticized Funes’s inability to improve transparency, his lavish travel, and his unfair practices in awarding government contracts. Critics also maintained that Funes often provoked unnecessary conflicts with the private sector. In 2016, Funes came under investigation by the attorney general’s office on grounds of embezzling state funds. He sought and received political asylum in Nicaragua in September 2016.

**Political Situation**

**Sánchez Cerén Administration: Composition and Priorities**

During the 2014 campaign, Salvador Sánchez Cerén sought to broaden his appeal beyond the FMLN base by marketing himself as a “progressive” rather than as a hard-liner. He selected Oscar Ortiz, the popular former mayor of Santa Tecla, as his vice president. Together, they promised to keep the social programs that had been popular during the Funes government.

In March 2014, Sánchez Cerén narrowly defeated ARENA’s candidate, Norman Quijano, in a runoff election. Sánchez Cerén captured 50.1% of the vote, whereas Quijano received 49.9%. Prior to taking office, Sánchez Cerén and Ortiz convened dialogues

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with different sectors of Salvadoran society, including ARENA and the private sector.

President Sánchez Cerén’s cabinet includes several holdovers from the Funes government, including the ministers of the economy, foreign affairs, public works, and social inclusion. Although several of those ministers formed good working relationships with U.S. officials and participated in the Partnership for Growth (PFG) process, it remains to be seen how those relationships will continue under the Trump Administration. The Cabinet also includes Communist party officials and allies of Tony Saca, some of whom have had tense relationships with the United States. Some U.S. officials were dismayed by Sánchez Cerén’s decision to maintain David Múnguía Payés, the architect of the ill-fated 2012 gang truce who is under investigation for allowing arms trafficking, as Minister of Defense.

The rest of the security Cabinet, which was restructured in January 2016, is composed of police from the FMLN ranks who have worked well with U.S. counterparts.

During his inaugural address, President Sánchez Cerén outlined the goals of his government: (1) boosting growth and addressing the country’s fiscal crisis through infrastructure projects and reforms to improve the business climate, (2) investing in education and health care, and (3) combating crime and violence. Sánchez Cerén stressed the importance of working with the United States and promoting trade with Latin America, Asia, and Europe. In 2014, El Salvador joined Petrocaribe, an arrangement through which Venezuela has provided subsidized oil to Caribbean and Central American countries.

**Constraints Facing the Government**

President Sánchez Cerén has thus far encountered difficulty in implementing his inaugural pledges due to El Salvador’s severe fiscal constraints and his party’s lack of a congressional majority (see “Fiscal Crisis,” below). His government has experienced the same type of opposition to its proposals to raise taxes from the private sector and ARENA that the Funes Administration encountered. Those groups support budget cuts rather than higher taxes. A study published by El Salvador’s Treasury Department in 2015 asserted that many of the country’s business owners and elites, the primary opponents of tax increases, also owed back taxes to the government.

Unlike President Funes, President Sánchez Cerén is neither popular nor particularly media savvy. Some observers maintain that Sánchez Cerén, who faced health challenges early in his term, has failed to demonstrate the leadership necessary to address El Salvador’s deteriorating security situation.

The Central American University recently released a national survey in which 58.4% of respondents agreed that the general situation in the country had worsened in 2016.

El Salvador’s unicameral National Assembly consists of 84 members who are elected to serve for three-year terms. The current legislature was elected on March 1, 2015. ARENA’s representation in the 84-seat legislature rose from 28 to 35 seats. Smaller right-leaning parties that tend to vote

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9 The future of Petrocaribe is uncertain, however, as Venezuelan oil production has declined and the country is immersed in a deep economic crisis.


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with ARENA hold seven seats. The FMLN maintained its 31 seats, and GANA maintained its 11 seats. Although neither the ARENA-led coalition nor the FMLN-GANA coalition has a simple majority, the ARENA-led coalition has enough votes to block judicial appointments and the issuing of foreign debt. Although ARENA has backed the government’s initiatives to bolster public security, it has opposed most other measures. The next elections are scheduled for March 2018.

The Supreme Court of El Salvador is composed of 15 justices that are divided among four chambers, including a constitutional chamber. Five justices are appointed to the court every three years by a two-thirds vote in the National Assembly to serve for nine-year terms. Following the 2009 elections, the Assembly approved five new justices after difficult negotiations. Since their installation in 2009, the five justices on the constitutional chamber of the Supreme Court have taken actions that appeared intended to check the power of the president and the legislature, something it has historically failed to do. In mid-2015, the court prohibited the government from issuing $900 million in bonds to fund social and security initiatives that it found were approved by the legislature in an unconstitutional manner.

Security Challenges

Weak Criminal Justice System

In recent years, much has been written about the governance problems that have made El Salvador susceptible to the influence of criminal elements and unable to guarantee citizen security. Resource constraints in the security sector have persisted. A lack of confidence in the underfunded public security forces has in turn led many to use private security firms. There have also been serious concerns about corruption in the police, prisons, and judicial system. In 2016, El Salvador’s ranking fell 23 places in Transparency International’s Corruption Perception Index to 95 out of 176 countries ranked.

Attorney General Douglas Meléndez

On January 5, 2016, the Legislative Assembly elected Douglas Arquímides Meléndez to serve a three-year term as El Salvador’s attorney general. Meléndez, a consensus candidate who received nearly unanimous support, is a career prosecutor with experience in handling corruption cases. Since taking office, Meléndez has pursued corruption cases targeting both parties, including former President Antonio Saca and former President Mauricio Funes. Meléndez also has pursued charges against former attorney general Luis Martínez, government officials who participated in the 2012 gang truce, drug traffickers, and police officers who allegedly committed extrajudicial killings.

Despite the problems that he inherited, the Salvadoran government thus far has resisted offers to have an external entity work with the attorney general’s office to combat corruption and reduce impunity (as Guatemala and Honduras have done). Meléndez is receiving some support from the U.S. government and from an anticorruption capacity-building program run by the United Nations Office on Drugs and Crime. In February 2017, Meléndez indicated that if pressure on the Attorney General’s office continues and the budget does not increase, he will consider seeking help from an international entity. Meléndez and constitutional court judges have received death threats.

With a majority of the National Civil Police (PNC) budget devoted to salaries and benefits, there has historically been limited funding available for investing in training and equipment. The PNC

has deficient wages, training, and infrastructure. It has also lacked a merit-based promotion system. Corruption, weak investigatory capacity, and an inability to prosecute officers accused of corruption and human rights abuses have also hindered police performance.

Few arrests carried out by PNC officials have been successfully prosecuted in the Salvadoran justice system. The State Department maintains that “inefficiency, corruption, political infighting, and insufficient resources” have hindered the performance of the Salvadoran judiciary.\(^{13}\) As police and prosecutors are often loathe to work together to build cases, El Salvador’s criminal conviction rate is less than 5%. Delays in the judicial process and massive arrests carried out during prior anti-gang sweeps made under \textit{mano dura} (heavy-handed) policing efforts have resulted in severe prison overcrowding.\(^{14}\) In 2015, the Salvadoran government made some advances in addressing the prisons, but prisons were still operating at 307% above capacity in 2015.\(^{15}\)

**Escalating Criminality, Including Gang Violence**

El Salvador has been dealing with escalating homicides and generalized crime committed by gangs, drug traffickers, and other criminal groups for more than a decade. During 2015, El Salvador posted the world’s highest homicide rate, an alarming 104 per 100,000 people. A recent study by the Inter-American Development Bank (IDB) estimated that the costs of crime and violence in El Salvador could reach 5.9% of GDP.\(^{16}\)

El Salvador has the highest concentration of gang members per capita in Central America.\(^{17}\) As a result, gangs—namely the Mara Salvatrucha (MS-13) and 18\textsuperscript{th} Street gang—are likely responsible for a higher percentage of homicides than in neighboring Honduras and Guatemala.\(^{18}\) Gangs reportedly killed some 60 police officers in 2015.\(^{19}\) Gangs have been involved in a range of other criminal activities, as well. Those activities include extortion; money laundering; and drug, auto, and weapons smuggling. Gangs earn millions of dollars by extorting residents, bus drivers, and business owners. Failure to pay often results in harassment or violent reprisals. In August 2015, El Salvador’s Supreme Court declared that gangs, which had used grenades against government buildings, could be charged with terrorism. In July 2016, the Salvadoran government arrested

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\(^{14}\) \textit{Mano dura} approaches have involved incarcerating large numbers of youth (often those with visible tattoos) for illicit association and increasing sentences for gang membership and gang-related crimes. A \textit{mano dura} law passed by El Salvador’s Congress in 2003 was subsequently declared unconstitutional but was followed by a \textit{super mano dura} package of reforms in July 2004. These reforms enhanced police power to search and arrest suspected gang members and stiffened penalties for convicted gang members, although they provided some protections for minors. Most youth arrested under \textit{mano dura} provisions were subsequently released for lack of evidence that they committed any crime.


\(^{17}\) U.N. Office on Drugs and Crime (UNODC), Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment, September 2012.

\(^{18}\) The 18\textsuperscript{th} Street gang was formed by Mexican youth in Los Angeles in the 1960s that were not accepted into existing Hispanic gangs. MS-13 was created during the 1980s by Salvadorans in Los Angeles who had fled the country’s civil conflict. Both gangs later expanded their operations to Central America after increased U.S. deportations of gang members in the mid-1990s. See CRS Report RL34112, \textit{Gangs in Central America}, by Clare Ribando Seelke.

\(^{19}\) Christopher Sherman, “Gangs declare war on police as El Salvador violence rages,” AP, April 13, 2016.
more than 70 people who had allegedly laundered the gang’s money through motels, brothels, and other businesses.20

Drug-trafficking organizations, including Mexican groups such as the Sinaloa criminal organization, have increased their illicit activities in El Salvador, including money laundering, albeit to a lesser extent than in Honduras and Guatemala.

Secure El Salvador

Upon taking office, the government formed a National Council for Citizen Security, which designed an integrated security plan (with support from the U.S. government and the United Nations). In January 2015, the administration announced the plan: Secure El Salvador (El Salvador Seguro), estimated to cost $2 billion over five years. It includes (1) violence prevention and job creation initiatives, which account for nearly three-quarters of the funding; (2) an increased state presence in the country’s 50 most violent municipalities, with the goals of improving public spaces, expanding community policing, and increasing student retention in schools; (3) improved prison infrastructure; and (4) increased services for crime victims.21

The plan has been launched in 26 of the most violent municipalities. El Salvador’s legislature has approved $100 million in loans to support the security plan. The Administration expected to raise $140 million per year through a special tax on telecommunications services as well as large enterprise profits, although it only collected $50.5 million between November 2015 and November 2016.22 Furthermore, although government figures point to lower homicide rates in those municipalities, critics question whether the government actually has prioritized social services and prevention in those areas or just more aggressive policing.23 Of the 20 municipalities with the highest homicide rates in 2016, 16 had implemented the plan.24

“Extraordinary Measures” to Combat Gangs

In 2016, El Salvador’s homicide rate dropped to 81 per 100,000—a 20% decrease from the previous year but still among the highest homicide rates in the world. Rates began dropping in April 2016 after the government started implementing “extraordinary measures” focused on moving gang leaders to maximum-security prisons, cutting off cell phone service around prisons and restricting visitors to those facilities, and conducting targeted law enforcement operations. Although the government cites its extraordinary measures as the cause of the drop in homicide rates, others maintain that a nonaggression pact announced by the gangs in response to those measures might be responsible.25 Even though a majority of Salvadorans believe the
extraordinary measures have had little to no effect on reducing crime, the measures have garnered support from the Catholic Church and a broad spectrum of politicians.\textsuperscript{26} On February 9, 2017, the National Assembly voted to extend the measures through April 2018 as the police seek to retake gang-controlled territory, ostensibly with support from the public.

**Military Involvement in Public Security Efforts**

For many years, El Salvador has deployed thousands of military troops to help the police carry out public security functions. In April 2014, the Salvadoran Supreme Court upheld former president Funes’s October 2009 decree that authorized the military to carry out police functions. Three battalions each made up of 200 police and elite members of the Armed Forces were sent into the streets in 2015 to control gang violence. In April 2016, Sánchez Cerén deployed the El Salvador Special Reaction Force, a 1,000-member force made up of 400 police and 600 soldiers, into rural areas to which gang members had fled. In November 2016, El Salvador, Honduras and Guatemala launched a tri-national anti-gang force, comprised of military and police officers, to target gangs and criminal activity on the borders.

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**2012 Gang Truce and Dissolution: Is a New Dialogue Possible?**
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With support from then-Minister of Justice and Public Security David Munguía Payés, a Catholic bishop and a former legislator brokered a truce between the MS-13 and 18\textsuperscript{th} Street gangs. In March 2012, Munguía Payés agreed to transfer high-ranking gang leaders in maximum-security prison to less secure prisons to facilitate intra-gang negotiations. Munguía Payés denied his role in facilitating the truce until September 2012.\textsuperscript{27}

After the prison transfers, the Salvadoran government reported a dramatic decline in homicide rates. Whereas some praised the truce, many others expressed skepticism, maintaining that disappearances increased after it took effect and gangs garnered attention and political power.\textsuperscript{28} The truce began to unravel in mid-2013. By April 2014, average daily murder rates had risen and gang attacks on police had escalated. These trends worsened considerably in 2015. The Sánchez Cerén administration opposes negotiating with the gangs—directly or indirectly—and has classified them as “terrorist organizations.” However, churches and some civil society groups have urged the administration to entertain a new call from the MS-13 for dialogue. In January 2017, MS-13 leaders called for dialogue with the government and, for the first time, indicated they might be willing to disband.\textsuperscript{29} By extending the extraordinary measures, as previously discussed, the government has effectively rejected that offer.
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**Human Rights**

**Confronting Recent Human Rights Violations**

As the Sánchez Cerén administration has sought to combat gangs aggressively and confrontations between gangs and police have become more frequent, concerns around human rights violations have increased. The U.S. Department of State’s Human Rights report covering 2015 mentions several reports of security forces being involved in unlawful killings. The Office of the

\footnotesize{(...continued)}

2016.


Ombudsman for Human Rights received 2,202 complaints of human rights violations between June 2014 and May 2015—92% of those were allegedly committed by the military and PNC. Some analysts also have cited high numbers of alleged gang members killed versus injured by security forces as evidence Salvadoran police are carrying out extrajudicial killings. Others have reported a rise in the prevalence of vigilante groups dedicated to killing gang members.

Attorney General Douglas Meléndez charged members of the national police force with killing a young man, whom police claimed was a gang member, although evidence suggests the victim had no gang affiliation. To date, none of the officers have been convicted.

Other serious human rights abuses identified in the State Department report include “domestic violence, discrimination, and commercial sexual exploitation of women and children, particularly among armed groups and gangs.” Female gang members are expected to tolerate infidelity from their partners, but women may be murdered if they are unfaithful. Non-gang affiliated women and girls have been murdered as a result of turf battles, jealousy, and revenge.

Confronting Past Human Rights Violations

Twenty years after a U.N. Commission released its report on the war in El Salvador, Amnesty International issued a statement lamenting that the perpetrators of crimes identified in that report had not been brought to justice in El Salvador and that survivors had not received reparations. In October 2013, then-President Funes signed a decree creating a program to provide reparations to the victims of the armed conflict. It is unclear how much funding has been budgeted for that program and how many people it has assisted thus far, but human rights groups have urged President Sánchez Cerén to continue supporting its provision of social benefits to victims and their families. In his inaugural address, Sánchez Cerén pledged to do so and to help families who are seeking to find out what happened to their loved ones.

Although the Supreme Court overturned the 1993 Amnesty Law in July 2016, the courts and prosecutors are grappling with how to confront abuses committed during the country’s civil conflict. Many remain skeptical that cases will be pursued, since government officials from all parties are implicated in the abuses. For example, a case has been filed against President Sánchez Cerén and several others for alleged kidnappings that occurred in the late 1980s. Nevertheless, in January 2017, President Sánchez Cerén announced plans to create a national committee to investigate forced disappearances during the conflict.

32 Óscar Martínez, “La Fiscalía Acusa a Nueve Policías por una Bala en la Finca San Blas,” July 18, 2016.
Economic and Social Conditions

El Salvador achieved stability and economic growth in the 1990s following its embrace of a “neo-liberal” economic model that involved cutting government spending, privatizing state-owned enterprises, and, in 2001, adopting the U.S. dollar as its currency. Dollarization led to lower interest rates, low inflation, and easier access to capital markets but took away the government’s ability to use monetary and exchange-rate adjustments to cushion the economy from external shocks. Some of the progress made during the 1990s was reversed, however, due to a series of natural disasters, including earthquakes in 2001, that wrought extensive damage to agriculture, housing, and infrastructure.

El Salvador’s more moderate growth rates in the 2000s were not high enough to improve living standards among the Salvadoran people, approximately 34.9% of whom continued to live in poverty in 2015 (according to El Salvador’s Ministry of the Economy). Emigration reduced unemployment and infused some households with income from remittances but caused social disruptions. The country’s continuing vulnerability to natural disasters, such as hurricanes and droughts, also inhibited economic progress.

The Funes government inherited a stagnant economy attracting little foreign direct investment (FDI) and mired in debt. In March 2010, President Funes and the International Monetary Fund (IMF) agreed to a $790 million loan package. That agreement paved the way for hundreds of millions of dollars in loans from the World Bank and the Inter-American Development Bank to support antipoverty efforts, fiscal reform programs, and the creation of an export guarantee fund. Nevertheless, rather than presiding over a period of economic recovery, GDP growth averaged just 1.7% throughout the remainder of the Funes Administration.

El Salvador posted an estimated growth rate of 2.5% for 2016, the lowest rate of any country in Central America. Economists have identified a lack of public and private (domestic and foreign) investment in the economy as the primary reason for El Salvador’s low growth rates. According to El Salvador’s Central Bank, FDI inflows totaled $428.7 million in 2015, significantly less than the other Central American countries. Low levels of FDI have been attributed to the country’s difficult business climate, public security challenges, and relatively low-skilled labor force. Moreover, a Central Bank report indicated that violence cost El Salvador 16% of its GDP in 2014, and the country tops all 138 countries evaluated in the World Economic Forum’s estimates of business costs due to organized crime. Despite a drop in extortions reported to the police, business leaders assess that extortions payments have tripled since 2013; small businesses pay some 10%-20% of their income to organized crime.

Another barrier to growth in El Salvador is its lack of competitiveness in export sectors. With a dollarized economy, El Salvador has higher labor costs than neighboring countries and Asian competitors, and it must have a high level of productivity to be competitive. According to a joint U.S.-Salvadoran analysis, the country’s labor force lacks adequate education and vocational training, including English-language skills. Security challenges add to the cost of doing business in El Salvador, as do logistical and physical infrastructure deficiencies.

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37 Slow growth in the United States, El Salvador’s top trade partner, likely weakened U.S. demand for Salvadoran exports and limited remittance flows. In addition, a tropical storm in 2011 caused more than $800 million in damage to infrastructure, and agriculture and a coffee rust outbreak in 2013/2014 reduced production in that sector.

The Sánchez Cerén government has sought to attract foreign investment through public-private partnerships (PPPs) for infrastructure development, with a revised PPP law and an investment stability law. Although in the past some FMLN leaders have been opposed to PPPs due to concerns that they would lead to the privatization of public services, there are encouraging signs of new government interest in PPPs. This interest may be occurring because the government needs private capital to fund much-needed infrastructure projects for which public resources are unavailable.

**Fiscal Crisis**

The IMF and others have urged the Salvadoran government to adopt financial sector reforms, as well as to focus on structural reforms to attract investment, increase growth, and reduce the country’s fiscal deficit, which is unsustainably high. The Salvadoran government has tended to swap short-term debt for longer-term debt rather than implement unpopular fiscal reforms. Potential reforms include raising the value-added tax and creating a property tax, implementing a hiring freeze and limiting wage increases in the public sector, and fixing the pension system. In addition, long-standing government practices in El Salvador, including cash payments to officials, shielded budgetary accounts, and diversion of government funds, make accountability difficult and contribute to fiscal woes.

Sánchez Cerén has had a difficult time garnering legislative support for his priorities, including efforts to issue bonds or take on loans that would enable him to boost social spending and improve education and health care services. In January 2017, months-long negotiations between the government and ARENA legislators over how to resolve the country’s fiscal crisis and secure a much-needed standby agreement with the IMF broke down. The FMLN government then secured legislative approval of a 2017 budget without ARENA’s support that ignored the fiscal rules discussed during the negotiations (and recommended by the IMF). Discussions have recently resumed, but the outcome is far from certain. Legislative paralysis may continue, or even worsen, as the March 2018 legislative elections approach.

**Social Conditions**

El Salvador’s development challenges have been exacerbated by the country’s long and violent civil conflict, persistent poverty and inequality, and family disintegration. The effects of the 2009 global financial crisis and U.S. recession set back some of the progress that had been made prior to that time in reducing poverty in the country. Nevertheless, conditional cash transfers and other social programs, largely supported by loans from multilateral development banks, helped to reduce poverty between 2010 and 2015 from 47% to 35.9%. Inequality remains a challenge, although it was reduced from 2000 to 2014, according to IMF data.

Nevertheless, El Salvador’s slow growth rates have inhibited greater improvement in social development. In 2014, El Salvador had an unemployment rate of 7% and an urban underemployment rate of 28.5%. Enrollment in secondary education increased to 70.2% in 2014 from 58% in 2005, but few jobs are available even for those who graduate from secondary school.

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41 Dirección General de Estadísticas y Censos, Encuesta de Hogares de Propósitos Múltiples, 2014.
Despite that progress, some 240,000 young people neither study nor work.\textsuperscript{42} Enrollment in primary education has dropped slightly from 94.4\% in 2005 to 93.1\% in 2014, likely due to gang-related intimidation of youth. The Salvadoran government reported that approximately 36,000 students left the educational system in 2016, and up to 15,000 of those students left due to gang violence.\textsuperscript{43}

Upon taking office, President Sánchez Cerén stated his intention to increase social spending using revenues that would be made available by reductions in energy costs that would occur as a result of the country’s entrance into Petrocaribe.\textsuperscript{44} Since that time, oil prices have fallen, which has eased the country’s energy costs. At the same time, economic conditions in Venezuela have deteriorated significantly and cast doubt on the future of the Petrocaribe program. The Sánchez Cerén government has been unable to increase social spending significantly or to secure large new loans (as President Funes did) to support new social programs.

**U.S. Relations**

U.S. relations with the FMLN governments of Mauricio Funes (2009-2014) and Salvador Sánchez Cerén have remained friendly. In March 2011, then-President Obama visited El Salvador where he described the Central America Regional Security Initiative (Carsi) as a regional security effort “designed and led here in Central America by the respective governments.”\textsuperscript{45} In September 2014, the Millennium Challenge Corporation (MCC) signed a $277-million investment compact with the Sánchez Cerén government to develop the southern coastal region; it aims to help El Salvador take better advantage of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).\textsuperscript{46} El Salvador had previously completed a $461 million MCC compact in 2012.

Security, governance, and migration issues likely will continue to figure prominently on the bilateral agenda, particularly now that violent crime and irregular migration to the United States are trending upward and President Trump has issued an executive order to increase U.S. immigration enforcement.


\textsuperscript{43} Agencia EFE, “Unos 15,000 Salvadoreños Dejaron Escuela en 2016 por Violencia de Pandillas,” January 12, 2017.

\textsuperscript{44} Amadeo Cabrera et al., “El Salvador Ingreso a Acuerdo Petrocaribe,” *La Prensa Gráfica*, June 3, 2014.

\textsuperscript{45} Remarks by President Obama and President Funes of El Salvador in a Joint Press Conference in San Salvador, El Salvador, March 2011.

\textsuperscript{46} Established in 2004, the Millennium Challenge Corporation (MCC) provides economic assistance through a competitive selection process to developing nations that demonstrate positive performance in three areas: ruling justly, investing in people, and fostering economic freedom. In 2012, El Salvador completed their first five-year, $461-million MCC compact. U.S. and Salvadoran officials touted the MCC compact’s effects on development and investment in El Salvador’s northern border region. According to MCC, the compact enabled the construction or rehabilitation of 137 miles of roads and 23 bridges, which Salvadoran officials maintain has helped that area attract $57 million in private investment. U.S. and Salvadoran officials touted the MCC compact’s effects on development and investment in El Salvador’s northern border region. Some critics have challenged these results and asserted that roads constructed by the MCC fell apart due to design problems and a lack of maintenance. Others criticized the project for providing only limited opportunities for community input in the compact development process. Millennium Challenge Corporation (MCC), “El Salvador: Table of Key Performance Results,” November 10, 2012.
Congress plays a key role in appropriating bilateral and regional aid to El Salvador, and overseeing implementation of U.S. assistance programs. Congress is likely to monitor how the Salvadoran government is or is not improving the investment climate in El Salvador, dealing with gangs, preventing emigration, and combating corruption.

**U.S. Foreign Assistance**

**Bilateral Assistance and the Central American Regional Security Initiative (CARSI)**

Escalating violence in El Salvador and the ongoing political polarization in the country have inhibited bilateral efforts to improve security and bolster growth and investment. From 2011 to 2015, the Obama Administration implemented a Partnership for Growth (PFG) initiative in El Salvador (and only three other countries globally) that involved close collaboration between the U.S. and Salvadoran governments on specific barriers to growth: violence and lack of competitiveness in export industries.\(^{47}\) As part of that effort, U.S. law enforcement and prevention programs began to be colocated through a “place-based approach” in the same cities that the Salvadoran government prioritized in its security plan. Although both governments reported that 15 of 20 bilateral goals for economic and security programs were “on track” in the last report on the initiative that was made public, El Salvador’s economic and security situations remain dire.\(^{48}\)

The PFG has been replaced by the U.S. Strategy for Engagement in Central America, which is designed to promote economic prosperity, improve security, and strengthen governance in El Salvador and the rest of the region. The objectives of the new U.S. strategy align with the Plan of the Alliance for Prosperity (AFP),\(^{49}\) which was proposed by the governments of El Salvador, Guatemala, and Honduras with implementation support from the Inter-American Development Bank.\(^{50}\) Congress has appropriated funding for the new U.S. strategy, including $67.9 million in bilateral aid for El Salvador in FY2016. The FY2016 funding included more of a focus on development issues than in prior years. Due to conditions on FY2016 aid, much of that funding is just beginning to arrive in El Salvador.\(^{51}\)

El Salvador also has received regional security assistance provided through CARSI, which has supported justice sector reform, police units, border security, anti-gang efforts, and violence prevention efforts, among other initiatives.\(^{52}\) From FY2008 to FY2016, Congress appropriated

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47 For background on the PFG, see https://www.mcc.gov/initiatives/initiative/partnership-for-growth. For an assessment of El Salvador’s barriers to growth that was produced jointly by both governments, see https://sansalvador.usembassy.gov/pfg/analysis.html.


49 The AFP is a five year, $22 billion plan focused on stimulating the productive sector, developing human capital, improving public safety, and strengthening institutions. See El Salvador, Guatemala and Honduras, Plan of the Alliance for Prosperity in the Northern Triangle: A Road Map, September 2014, http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39224238.


51 Ibid.

52 For background, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.
nearly $1.5 billion for Central America through CARSI. The State Department and the U.S. Agency for International Development (USAID) intend to allocate $73.4 in FY2016 CARSI funding to El Salvador.\footnote{U.S. Department of State, Congressional Notification, State Western Hemisphere Regional: Central America Regional Security Initiative (CARSI), El Salvador, October 14, 2016; USAID, CN #15, Congressional Notification for the Central America Regional Security Initiative, October 14, 2016.}

In December 2016, President Obama signed into law a continuing resolution (P.L. 114-154) providing funds for foreign aid programs in Central America through April 28, 2017, at the FY2016 level, minus an across-the-board reduction of almost 0.2%. The 115th Congress will be charged with appropriating funding for the remainder of the fiscal year. The Obama Administration had requested $88 million in bilateral aid for El Salvador for FY2017, whereas the bills advanced by the Senate and House Appropriations Committees (S. 3117 and H.R. 5912) during the second session of the 114th Congress both would have provided $78 million for the country.

Table 1. U.S. Bilateral Assistance to El Salvador: FY2014-FY2017

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<td>1.6</td>
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<td>0.95</td>
<td>1.0</td>
<td>0.8</td>
</tr>
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<td>21.6</td>
<td>46.55</td>
<td>67.9</td>
<td>88.0</td>
</tr>
</tbody>
</table>


Notes: DA = Development Assistance; ESF = Economic Support Fund; FMF = Foreign Military Financing; IMET = International Military Education and Training.

Some analysts maintain that El Salvador is well-placed to partner with the U.S. government and other donors on economic and security programs, whereas others dispute that assertion. On the one hand, El Salvador has drafted a solid security plan with help from international donors and created a multisectoral Alliance for Prosperity Consultative Group to help oversee its implementation. That group includes U.S. officials, as well as at least six Salvadoran ministries, a mayoral representative, the local chapter of Transparency International, and the private sector. On the other hand, El Salvador is the only country in the so-called “northern triangle” of Central America, where violence is trending upward. El Salvador is also the only northern triangle country that does not have an external entity supporting the Attorney General’s Office in conducting anticorruption investigations.\footnote{Guatemala has the U.N.-sponsored International Commission Against Impunity in Guatemala (CICIG) and Honduras has the OAS-sponsored Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH).}
Millennium Challenge Corporation (MCC) Investment Compact

El Salvador signed a second $277 million compact on September 30, 2014, to focus on improving transportation infrastructure, employment opportunities, and the investment climate. The Salvadoran government committed to match that contribution with $88 million in complementary investments. Key compact projects include the following:

- **Investment Climate Project ($42 million MCC funds/$50 million Salvadoran funds):** seeks to help the government develop and implement regulatory improvements and to better partner with private investors to build infrastructure and provide public services.

- **Human Capital Project ($100.7 million MCC funds/$15 million Salvadoran funds):** supports full-day schooling; reforms to the policies and operations that govern teacher training and student assessment; and a new technical, vocational, education, and training system that is aligned with labor market demands.

- **Logistical Infrastructure Project ($109.6 million MCC funds/$15.7 million Salvadoran funds):** will widen the part of El Salvador’s coastal highway that connects the airport and the ports of La Unión and Acajutla and improve border crossing facilities into Honduras at El Amatillo.

In response to some lingering concerns expressed by board members, the Salvadoran government designed a Priority Action Plan that was then agreed to by both governments to be completed prior to the compact’s signing. The action plan required the Salvadoran government to (1) appoint a director and deputy director to a newly established financial crimes investigation unit in the police; (2) approve an asset forfeiture law; (3) approve reformed anti-money-laundering legislation that meets international standards; (4) approve reforms to the country’s public-private partnership law to make it attractive to investors; and (5) issue a revised decree on how corn and bean seed are procured that is consistent with CAFTA-DR. The fifth condition was subsequently removed. The compact entered into force in September 2015.

**Department of Defense (DOD) Assistance**

DOD provides counternarcotics foreign assistance to train, equip, and improve the counternarcotics capabilities of relevant agencies of the Salvadoran government with its Counternarcotics Central Transfer Account appropriations. DOD assistance totaled roughly $12.4 million in FY2016.

**Migration Issues**

The United States is home to more than 1.9 million Salvadoran migrants, some 700,000 of whom the Pew Research Center estimates to be unauthorized. Salvadorans comprise the second-largest foreign-born Hispanic population in the United States (behind Mexico). In the 1980s, Salvadoran emigration was fueled by the country’s civil conflict. Once that ended, family reunification, the

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55 See CRS Report RL32427, Millennium Challenge Corporation, by Curt Tarnoff.

search for economic opportunities, and periodic natural disasters fueled emigration. The movement of large numbers of poor Salvadorans to the United States has eased pressure on El Salvador’s social service system and labor market while providing the country with substantial remittances that have constituted as much as 18% of the country’s GDP in recent years (according to the World Bank). At the same time, emigration has arguably resulted in a “brain drain” of Salvadoran professionals, divided families, and left the economy overly reliant on remittances.

The Salvadoran government has backed past efforts to enact comprehensive immigration reform in the United States. As those prospects have dimmed, the government has welcomed immigration relief provided to certain Salvadorans in the United States by President Obama’s 2012 Deferred Action for Child Arrivals (DACA).\(^{57}\) It remains to be seen what effects President Trump’s recent executive action focusing on immigration enforcement will have on DACA recipients.\(^{58}\)

**Temporary Protected Status**

Following a series of earthquakes in El Salvador in 2001 that forced thousands of Salvadorans to leave the country and prompted a determination that the country was temporarily incapable of handling the return of its nationals, the U.S. government granted Temporary Protected Status (TPS) to an estimated 212,000 eligible Salvadoran migrants.\(^{59}\) TPS was extended on July 8, 2016, and is currently scheduled to expire on March 9, 2018.

**Removals (Deportations)**

The United States first began removing (deporting) large numbers of Salvadorans, many with criminal convictions, back to the region after the passage of the Illegal Immigrant Reform and Immigrant Responsibility Act (IIRIRA) of 1996.\(^{60}\) Many contend that deportees who were members of the MS-13 and 18\(^{th}\) Street gangs “exported” a Los Angeles gang culture to Central America and recruited new members from among the local populations. Removals from El Salvador have risen since the mid-2000s, with a significant percentage of those removed both then and now possessing some sort of criminal record, although not necessarily gang-related. As a comparison, in FY2004, the Department of Homeland Security (DHS) removed 6,342 Salvadorans from the United States, 42.5% of whom had criminal records.\(^{61}\) In FY2015, DHS removed some 21,471 Salvadorans, 33.1% of whom had criminal records.\(^{62}\) Salvadoran officials are girding for increased deportations as a result of President Trump’s executive action.\(^{63}\)

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\(^{60}\) IIRIRA expanded the categories of illegal immigrants subject to deportation and made it more difficult for immigrants to get relief from removal.


The United States has been working with the Salvadoran government in a joint effort to improve the removal process since 2009. El Salvador became the first country in the world to receive more complete criminal history information on U.S. gang deportees through the FBI’s Criminal History Information Program (CHIP) in May 2012. The Bureau of Immigration and Customs Enforcement within DHS expanded a Criminal History Information Sharing (CHIS) program that began in Mexico to El Salvador in 2014. The CHIS program provides a criminal history on those removed from the United States with felony records to Salvadoran law enforcement. Salvadoran police would then reciprocate by exchanging similar information with U.S. officials on deportees who have serious criminal records in El Salvador.

In 2014, the U.S. Agency for International Development (USAID) provided support to help the Salvadoran government prepare to receive larger numbers of adults, family units, and children who are removed from the United States (by air) and Mexico (by bus).

**Unaccompanied Alien Children**

Since 2011, several factors have contributed to a dramatic increase in unaccompanied alien children (UAC) immigrating from El Salvador (as well as Guatemala and Honduras) to the United States. Until recently, unaccompanied children had largely emigrated in search of opportunities (work and education) and/or to reunite with family living in the United States. Escalating crime and violence, as well as the government’s inability to guarantee citizen security, have altered that tendency; 66% of the UAC from El Salvador interviewed by the U.N. High Commissioner for Refugees in 2013 had been abused or threatened by criminal actors. Some minors are also reportedly emigrating in hopes of being granted asylum in the United States, or at least being temporarily released and reunited with family pending a U.S. immigration court hearing. Flows of unaccompanied minors have increased even as the journey from Central America through Mexico to the United States has become more costly and more dangerous.

In response to a 2014 surge in unaccompanied child migrants, the U.S. and Salvadoran governments sponsored public awareness campaigns to inform Central Americans of the dangers of the journey and to correct misinformation regarding U.S. immigration policies. They also increased law enforcement efforts against alien smugglers.

In December 2014, the U.S. government launched an in-country refugee/parole processing program known as the Central American Minors (CAM) program for children with parents residing legally in the United States. In July 2016, the U.S. government expanded the CAM program to include additional eligible family members. According to data from U.S. Citizenship and Immigration Services, over 10,700 children and family members have sought or already received relocation through the program as of December 2016. Approximately 9,916 cases

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representing 10,785 individuals had been filed as of December 2016, and 86% of these individuals were from El Salvador.\textsuperscript{68} As of December 2, 2016, some 1,245 refugees and parolees from El Salvador had departed for the United States.\textsuperscript{69} Despite these programs, the numbers of UAC and family units from El Salvador apprehended in FY2016 surpassed the record high from 2014. The future of the CAM program appears uncertain under the Trump Administration.

**Counternarcotics Cooperation**

Although El Salvador is not a producer of illicit drugs, it does serve as a transit country for narcotics, mainly cocaine and heroin, cultivated in the Andes and destined for the United States via land and sea. In September 2016, President Obama included El Salvador on the annual list of countries designated as “major” drug-producing or “drug-transit” countries for the sixth consecutive year.\textsuperscript{70} A country’s inclusion in the list, however, does not mean that its antidrug efforts are inadequate. In 2015, Salvadoran officials seized around $78.3 million worth of drugs, including 2,401 kilograms of cocaine, and 927 kilograms of marijuana. In 2016, that number rose to around US$252 million, representing 9,988 kilograms of cocaine and 635 kilograms of marijuana.\textsuperscript{71} Still, corruption and inadequate manpower, training, and equipment among security forces continue to hinder El Salvador’s antidrug efforts, according to the State Department.

U.S. assistance focuses on improving the interdiction capabilities of Salvadoran law enforcement and military agencies, particularly the joint military-police antidrug task force that was formed in 2012. It also supports the attorney general’s National Electronic Monitoring Centers. Recent U.S. support has been geared at helping implement El Salvador’s asset forfeiture legislation and bolstering anti-money laundering efforts. In 2014, the Obama Administration named José Adán Salazar, a hotel magnate, as a major drug kingpin subject to U.S. sanctions.

Comalapa International Airport in El Salvador serves as one of two cooperative security locations (CSLs) for U.S. antidrug forces in the hemisphere. The CSL extends the reach of detection and monitoring aircraft into the eastern Pacific drug-smuggling corridors. The U.S. lease on the airport was renewed for a five-year term in August 2014.\textsuperscript{72} El Salvador is also the home of the U.S.-backed International Law Enforcement Academy, which provides police management and training to officials from across the region.

**Anti-Gang Efforts and U.S. Programs**

Since the mid-2000s, several U.S. agencies have been actively engaged on the law enforcement and preventive side of dealing with Central American gangs; many U.S. anti-gang efforts in Central America began in El Salvador. In 2004, the Federal Bureau of Investigation (FBI) created

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\textsuperscript{69} State Department Data, 12/2/2016.

\textsuperscript{70} President Barack Obama, “Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2017,” September 12, 2016


\textsuperscript{72} INCSR, March 2015.
an MS-13 Task Force to improve information-sharing and intelligence-gathering among U.S. and Central American law enforcement officials. The FBI established a vetted Transnational Anti-Gang Unit in El Salvador in 2007. In addition to arresting suspected gang members in the United States, ICE within DHS began coordinating its U.S. anti-gang efforts with its Transnational Criminal Investigative Unit activities in El Salvador.

Between FY2008 and FY2013, Congress appropriated roughly $38 million in global International Narcotics Control and Law Enforcement (INCLE) funds for anti-gang efforts in Central America. A regional gang adviser based in El Salvador has coordinated Central American gang programs since that time. The INCLE line item for Central American gang programs ended in FY2013. Since FY2013, approximately $10 million in Central American Regional Security Initiative (CARSI) funding has been assigned to continue specific anti-gang initiatives. For example, the State Department has embedded U.S. law-enforcement advisers and prosecutors with investigative units that are conducting money-laundering investigations targeting the leadership of MS-13 in El Salvador. In addition to assistance specified for anti-gang efforts, hundreds of millions more has supported broader law-enforcement and prevention efforts that have impacted the gang phenomenon.

On October 11, 2012, the Treasury Department designated the MS-13 as a significant transnational criminal organization whose assets will be targeted for economic sanctions pursuant to Executive Order (E.O.) 13581.73 The Treasury Department worked with ICE to build evidence to support the designation of the MS-13 based on the gang’s involvement in “drug trafficking, kidnapping, human smuggling, sex trafficking, murder,” and other serious criminal offenses that threaten U.S. and Central American citizens. As of July 2016, eight individuals appear to have been designated as subject to U.S. sanctions.

Trade and CAFTA-DR74

The United States is El Salvador’s main trading partner, purchasing 46.7% of its exports and supplying 39.4% of its imports.75 Salvadoran exports to the United States include apparel, electrical equipment, sugar, and coffee; its top imports from the United States are fuel oil, heavy machinery, and electrical machinery. The United States had a trade surplus with El Salvador of roughly $2 million in 2016.76 Other main trade partners for El Salvador include Guatemala, Honduras, and Mexico.

From the 1980s through 2006, El Salvador benefitted from preferential trade agreements, such as the Caribbean Basin Initiative and later the Caribbean Basin Trade Partnership Act (CBTPA) of 2000, which provided many of its exports, especially apparel and related items, duty-free entry.


74 See CRS In Focus IF10394, Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), by M. Angeles Villarreal. For historical background, see CRS Report R42468, The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA DR): Developments in Trade and Investment, by J. F. Hornbeck.

75 Trade data contained in this section are from Global Trade Atlas.

76 According to data from Global Trade Atlas and United States International Trade Commission.
El Salvador: Background and U.S. Relations

On December 17, 2004, despite strong opposition from the FMLN, El Salvador became the first country in Central America to ratify the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). El Salvador was also the first country to pass the agreement’s required legislative reforms, implementing CAFTA-DR on March 1, 2006. Since that time, the volume of U.S.-Salvadoran trade has tended to follow trends in growth rates in the United States, with a variety of factors inhibiting the performance of Salvadoran exports vis-à-vis the other CAFTA-DR countries. Those factors have included a continued dependence on the highly competitive apparel trade, low levels of investment, public security problems, and broader governance concerns. As a comparison, El Salvador’s exports to the United States increased from $2.0 billion in 2005 (the year before the agreement took effect there) to $2.5 billion in 2016. Nicaragua’s exports increased from $1.1 billion in 2005 to $3.3 billion in 2016.

Human Rights Cases: Former Salvadoran Officials Tried in the United States

Although the amnesty law made bringing cases against human rights abusers from the war era nearly impossible to do in El Salvador, some former Salvadoran military leaders who have resided in the United States have faced judicial proceedings regarding their immigration statuses. In recent years, the Human Rights Violators and War Crimes Unit within the Bureau of Immigration and Customs Enforcement (ICE) of the Department of Homeland Security (DHS) has conducted investigations focused on past human rights violations in El Salvador.  

- In February 2012, an immigration judge ruled that former Salvadoran Defense Minister Carlos Eugenio Vides Casanova could be removed (deported) from the United States based on his role ordering the torture of Salvadoran citizens, the 1980 killings of four American churchwomen, and the 1981 killings of land reformers. That decision was upheld in March 2015, and Vides Casanova was deported on April 8, 2015.

- In September 2012, Colonel Inocente Orlando Montano, one of the officials named by the Spanish judge as responsible for the aforementioned Jesuit murders, pled guilty to immigration fraud. Montano had hidden his military past when applying for TPS in the United States. He was sentenced to 21 months in prison and could then face extradition to Spain.

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78 For an update on pending cases, see http://www.cja.org/article.php?list=type&type=199.
In February 2014, a federal judge determined that a former Salvadoran defense minister, General José Guillermo García, can be removed (deported) based on his role in brutal human rights violations. The judge ruled that he “assisted or otherwise participated” in 11 violent incidents, including the 1980 killing of Archbishop Óscar Arnulfo Romero. He was deported in January 2016.

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Acknowledgments

Meredith Pierce, a CRS Research Associate, assisted in updating this report.