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El Salvador: In Brief

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SUMMARY

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El Salvador: In Brief

Congress maintains interest in El Salvador, a small Central American nation. A large percentage of El Salvador's population has lived in the United States since the Salvadoran civil conflict (1980-1992), and the country is a source of irregular migration to the United States. During the 1980s, the U.S. government spent billions of dollars to support the Salvadoran government's counterinsurgency efforts against the leftist Farabundo Martí National Liberation Front (FMLN). The United States later supported a 1992 peace accord that ended the conflict and transformed the FMLN into a political party. Over the next few decades—and despite periodic tensions—the United States worked with both leftist FMLN and conservative National Republican Alliance (ARENA) administrations. However, popular disaffection with corruption and insecurity under both parties led to the election of political outsider Nayib Bukele in 2019, and relations between the United States and El Salvador have deteriorated under Bukele's increasingly authoritarian rule.

Bukele has governed as a populist, using social media to communicate with supporters, announce policies, purge officials, and attack opponents. Through 2020, Bukele battled with the opposition-dominated legislature and the Salvadorian Supreme Court over funds for his security plan and his aggressive enforcement of a Coronavirus Disease 2019 (COVID-19) quarantine. Although Bukele remained popular, critics warned about his authoritarian tendencies and possible ties to organized crime. In February 2021, Bukele's New Ideas party and its allies won a supermajority in parliamentary elections.

Since May 2021, the New Ideas-dominated legislature has helped Bukele consolidate control over all branches of government and close civic space, raising concerns among U.S. and international observers. The legislature has dismissed the attorney general and five magistrates from the Supreme Court's Constitutional Chamber and the attorney general, replacing them with Bukele loyalists. In September, the new Constitutional Chamber magistrates ruled that Bukele could run for another term despite constitutional prohibitions on reelection. After gang-related homicides spiked in March 2022, Bukele successfully sought, and the legislature approved, a "state of exception," which suspended many civil rights, enabled mass arrests, and resulted in other human rights abuses.

U.S. Policy

U.S. relations with the Bukele government in El Salvador appear to have started well but soured in the latter years of the Trump Administration. The Trump Administration cut off some aid to El Salvador in mid-June 2019 until El Salvador "took action" on immigration; shortly thereafter, Bukele embraced enhanced relations with China and traveled to China in December 2019. U.S. policy interest in El Salvador has broadened under the Biden Administration to focus on issues beyond migration control, and friction has grown due to U.S. concerns about democratic backsliding and corruption. In apparent response, Bukele has aligned his government even more with China and Russia.

Many in Congress are monitoring events in El Salvador and U.S. policy responses. On May 19, 2021, the House Foreign Affairs Committee reported H.Res. 408, urging the Salvadoran government to respect the country's democratic institutions. Congress prohibited Foreign Military Financing to El Salvador in the FY2022 Consolidated Appropriations Act (P.L. 117-103) and placed several restrictions on aid to the Salvadoran government. Increasing concerns about corruption and authoritarianism in El Salvador among some Members of Congress could influence U.S. foreign assistance, sanctions, and trade policies. Congress also may monitor how tension in relations affects irregular migration, pending gang extraditions, and El Salvador's ties to China.

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Introduction[1]

El Salvador is a small, densely populated country in the "Northern Triangle" of Central America, a subregion that also includes Guatemala and Honduras. El Salvador has deep historical, familial, and economic ties to the United States. During the 1980s, the U.S. government spent billions of dollars to support the Salvadoran government's counterinsurgency efforts against the leftist Farabundo Martí National Liberation Front (FMLN). The United States later supported a 1992 peace accord that ended the 12-year conflict and incorporated the FMLN into the political system.[2] The conservative National Republican Alliance (ARENA) maintained control of the presidency from 1989 to 2009, when it was replaced by two consecutive FMLN administrations. Despite periodic tensions, the United States worked productively with these ARENA and FMLN administrations. In 2019, however, popular disaffection with corruption and insecurity under both parties led to the election of outsider Nayib Bukele, and relations between the United States and El Salvador have deteriorated considerably under Bukele's increasingly authoritarian rule.[3]

Figure 1. El Salvador at a Glance

El Salvador at a Glance

Geography	**Area:** 8,008 sq. mi. (about the size of Massachusetts) (CIA) **Capital:** San Salvador
People	**Population:** 6.5 million (2021, IMF est.) **Life Expectancy:** 73.3 years (2019, WB)
Government	**Legislature:** Unicameral National Assembly with 84 directly elected members
Economy	**Gross Domestic Product (GDP):** $28.3 billion (2021, current prices, IMF est.) **Real GDP Growth:** -7.9% (2020, IMF est.); 10.3% (2021, IMF est.); 3.0% (2022, IMF est.) **Per Capita GDP:** $4,350 (2021, current prices, IMF est.) **U.S. Trade:** U.S. Imports, $2.6 billion (2021); U.S. Exports, $4.1 billion (2021) (TDM)

Sources: Central Intelligence Agency (CIA), International Monetary Fund (IMF); World Bank (WB); and U.S. Department of Commerce as presented by Trade Data Monitor (TDM). Map created by CRS; imagery and boundaries from Esri.

[1] For historical background, see Federal Research Division, Library of Congress, *El Salvador: A Country Study*, ed. Richard Haggerty (Washington, DC: Library of Congress, 1990). For information on El Salvador and bilateral relations through mid-2020, see archived CRS Report R43616, *El Salvador: Background and U.S. Relations*.

[2] The Salvadoran civil conflict resulted in more than 70,000 deaths. See U.N. Commission on the Truth for El Salvador, *From Madness to Hope: The 12-Year War in El Salvador: Report of the Commission on the Truth for El Salvador*, 1993 and Diana Villiers Negroponte, *Seeking Peace in El Salvador: The Struggle to Reconstruct a Nation at the End of the Cold War* (New York, NY: Palgrave Macmillan, 2012).

[3] Manuel Meléndez-Sánchez, "Latin America Erupts: Millennial Authoritarianism in El Salvador," *Journal of Democracy*, vol. 32, no. 3, July 2021, pp. 19-32.

Political Situation

Nayib Bukele began his career as an FMLN politician, but party leaders expelled him in 2017 for violating party rules.[4] Bukele, a businessperson and former mayor of San Salvador (2015-2018), took office in June 2019 for a five-year presidential term after winning a first-round victory representing the Grand Alliance for National Unity (GANA) party. Bukele founded a new political party, New Ideas, in 2017, but the party was too new to field candidates in 2019. Born in 1981, Bukele is the first Salvadoran president to come of age politically after the country's civil war and the first president in 30 years to win without support from ARENA or FMLN.

Although Bukele has remained popular, many critics have warned about his authoritarian tendencies.[5] Bukele promised to reduce crime and attract investment, but his lack of support in the National Assembly during the first two years of his term (GANA had 11 of 84 seats) led to executive-legislative clashes. He has governed as an authoritarian populist, using social media to communicate with supporters, announce policies, purge officials, and attack opponents. Throughout 2020, Bukele battled with the legislature and the Salvadorian Supreme Court over funding for his security plan and his aggressive enforcement of a Coronavirus Disease-2019 (COVID-19) quarantine. In February 2020, Bukele ordered the military to surround the National Assembly to intimidate legislators into approving an anti-crime bill.[6] He ignored Supreme Court rulings to respect constitutional rights and legislative decisions during the pandemic.

Democratic Backsliding Under Nayib Bukele and New Ideas

In February 2021, New Ideas and its allies won a supermajority (56 of 84 seats) in parliamentary elections, paving the way for Bukele to increase control over the legislature and the courts. On May 1, 2021, the newly seated New Ideas deputies presented charges against and dismissed five magistrates from the Supreme Court's Constitutional Chamber for inhibiting the government's pandemic response. Legislators then dismissed the attorney general for having ties to ARENA; the attorney general had been investigating corruption in Bukele's Cabinet and allegations that the administration had negotiated with gangs to reduce violence in the country.[7] Both moves were broadly viewed as unconstitutional.[8] The legislature subsequently enacted a judicial reform law that mandated retirement for all judges over the age of 60, including the judge who had presided over an emblematic trial of military officials involved in the civil war-era El Mozote massacre.[9] In September 2021, the new Constitutional Chamber magistrates ruled that Bukele could run for another term despite constitutional prohibitions on reelection.

Bukele, the legislature, and the new attorney general (who reportedly worked for a U.S.-sanctioned subsidiary of Venezuela's state oil company) have shut down investigations into corruption in the Bukele government while arresting government opponents on corruption

[4] Sonja Wolf, "A Populist President Tests El Salvador's Democracy," *Current History,* vol. 120, issue 823, July 2021.

[5] Manuel Meléndez-Sánchez, "Latin America Erupts: Millennial Authoritarianism in El Salvador," *Journal of Democracy,* vol. 32, issue 3, July 2021.

[6] Brian Winter, "Q&A: Why El Salvador's Crisis Is Different—and Worrying," *Americas Quarterly,* February 13, 2020.

[7] Carlos Martínez, Gabriela Cáceres, and Óscar Martínez, "Criminal Investigation Found the Bukele Administration Hid Evidence of Negotiations with Gangs," *El Faro,* August 23, 2021.

[8] International Bar Association, "El Salvador: IBAHRI Condemns Removal of Attorney General and Top Judges by Bukele Administration," May 13, 2021.

[9] Human Rights Watch, "El Salvador: New Laws Threaten Judicial Independence," September 2, 2021.

charges.[10] In May 2021, the National Assembly passed a law granting immunity from prosecution to anyone involved in administering government pandemic relief funds.[11] Bukele started and ended cooperation with an Organization of American States-supported International Commission Against Impunity in El Salvador after the commission launched investigations into the misuse of funds intended to address the COVID-19 pandemic, including by the executive branch.

Security Conditions

Bukele appeared to fulfill a campaign promise to reduce violent crime as the country's homicide rate declined from 36 per 100,000 people in 2019 to 17.6 per 100,000 people in 2021, according to police figures.[12] Some analysts have voiced concerns that the reduction in homicides may mask a trend of rising disappearances.[13] The government attributed the dramatic reduction in the homicide rate to its Territorial Control Plan security initiative, but some analysts maintained the reduction was the result of quid pro quo negotiations between the Bukele government and prominent street gangs.[14] In August 2021, an investigative news outlet published what it alleged to be portions of a report on an aborted investigation led by the ousted attorney general. The report allegedly proved the Bukele government had negotiated with the country's three principal gangs.[15] According to the report, authorities offered improved prison conditions and other incentives for a reduction in homicides and electoral support. The Biden Administration has responded to these developments by imposing sanctions on Bukele officials involved in clandestine government-gang negotiations (see "Sanctions," below).

In late March 2022, El Salvador registered 87 murders within three days; 62 of these occurred on the single bloodiest day since the inception of daily homicide records.[16] In response, Bukele called for, and the legislative assembly approved, a 30-day state of emergency that curtailed civil liberties, including the right to free association and assembly, among others.[17] The legislative assembly approved additional reforms that increased prison sentences for gang members and approved $80 million in additional security spending. The government deployed additional soldiers to bolster its security plan, bringing the total number of soldiers involved in public security efforts to over 17,000.[18] Authorities have leveraged the special powers under the state of exception, which may be extended, to carry out mass arrests of suspected gang members.

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[10] Gabriel Campos and Daniel Valencia, "Investigación Revela que Fiscal Impuesto Trabajó para Alba Petróleos," *La Prensa Gráfica*, August 1, 2021; Sarah Kinosian, "Exclusive-Salvadoran Ex-Prosecutor Says Government Quashed Probe into Pact with Gangs," Reuters, December 28, 2021.

[11] Alex Papadovassilakis, "Pandemic Spending Immunity Deepens El Salvador Corruption Concerns," *InSight Crime*, May 10, 2021.

[12] Insight Crime, "2021 Homicide Round-Up," February 1, 2022; and Insight Crime, "2019 Homicide Round-Up," January 28, 2020.

[13] Kinosian, op. cit.; Fundación de Estudios para la Aplicación del Derecho (FESPAD), *Desaparición de Personas en El Salvador*, April 2021, p. 17; Katie Jones, "Report: Soaring Disappearances Linked to Gang Pacts," *Insight Crime*, April 21, 2021.

[14] Carlos Martínez et al., "Gobierno de Bukele Lleva un Año Negociando con la MS-13 Reducción de Homicidios y Apoyo Electoral," *El Faro*, September 3, 2020.

[15] CRS Report RL34112, *Gangs in Central America*; Carlos Martínez, Gabriela Cáceres, and Óscar Martínez, "Gobierno de Bukele Negoció con las Tres Pandillas e Intentó Esconder la Evidencia," *El Faro*, August 23, 2021.

[16] Laura Jordán, "Sábado Cerró con el Mayor Número de Asesinatos Desde que Existe el Registro Diario en El Salvador," *La Prensa Gráfica*, March 27, 2022.

[17] *LatinNews*, "El Salvador: State of Emergency Declared as Killings Soar," March 28, 2022.

[18] *LatinNews*, "El Salvador: Bukele Hardens Anti-Gang Stance," April 5, 2022; BBC Mundo, "Bukele Contra las Maras: 3 Polémicas Medidas Aprobadas por El Salvador para combatir a las pandillas," April 6, 2022.

Authorities have detained more than 18,000 individuals since the state of emergency began; those detained have often been subjected to harsh conditions and unable to contact their families.[19]

Human Rights

Violence and human rights abuses have been prevalent for much of El Salvador's modern history. After the Supreme Court overturned a 1993 amnesty law in July 2016, Salvadoran authorities began to investigate mass atrocities committed during the civil war.[20] Progress on these investigations has stalled under the Bukele administration, however, as the government has, among other measures, blocked access to military archives.[21]

Many of the most serious human rights abuses in El Salvador today relate to gangs and criminal groups, excessive use of force by security forces, gender-based violence, and government attacks on civil liberties. Resource constraints, corruption, and a lack of political will have hindered efforts to address these challenges.

The Office of the U.N. High Commissioner for Human Rights (OHCHR) and others have warned that recent Bukele government anti-gang measures are not in keeping with international human rights standards.[22] In late March 2022, over 70 local and international organizations issued a joint statement about the country's state of exception, asserting that it "poses a disproportionate threat to the protection and fulfillment of fundamental freedoms."[23] The U.S. State Department's *Country Report on Human Rights Practices* covering 2021 cites Salvadoran security forces' involvement in extrajudicial killings, unlawful disappearances, and torture.

El Salvador, along with neighboring Honduras and Guatemala, has some of the world's highest levels of femicide (targeting women or girls for murder based on their gender) and violence against women.[24] Amid declining homicides, femicides increased in El Salvador in 2020.[25] According to the U.N. Economic Commission for Latin America and the Caribbean, El Salvador had the third-highest rate of femicide reported in Latin America and the Caribbean in 2020.[26] This violence has contributed to irregular emigration.[27]

Observers also have decried the erosion of civil liberties under Bukele. Salvadoran officials have deported foreign journalists, harassed human rights activists and civil society organizations, and

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[19] Natalie Kitroeff, "In El Salvador, the President Cracks Down on Civil Liberties, and Is Beloved for It," *New York Times*, April 28, 2022; Saraí Alas, "Régimen de Excepción ha sido doble Impacto para las Mujeres," *La Prensa Gráfica*, April 20, 2022.

[20] Jason Motlagh, "Inside El Salvador's Battle with Violence, Poverty, and U.S. Policy," *National Geographic*, March 2019.

[21] Peter Canby, "Is El Salvador's President Trying to Shut Down a Hearing on the Infamous El Mozote Massacre?," *New Yorker*, September 10, 2021.

[22] U.N. Office of the High Commissioner for Human Rights, *El Salvador: Concern at Measures in Response to Rising Gang Violence*, April 5, 2022.

[23] Washington Office on Latin America, *El Salvador: State of Exception and Attacks Against Human Rights Defenders and Organizations Facilitate State Abuses*, Joint Statement, March 31, 2022.

[24] María Bozmoski, "The Northern Triangle: The World's Epicenter for Gender-Based Violence," Atlantic Council, March 3, 2021.

[25] U.S. Agency for International Development (USAID), "Violencia Contra las Mujeres, El Salvador 2020," June 2021.

[26] U.N. Economic Commission for Latin America and the Caribbean, *The Pandemic in the Shadows*: *Femicides or Feminicides in 2020 in Latin America and the Caribbean*, November 24, 2021.

[27] *New Humanitarian*, "How Mexico and Central America's Femicide Epidemic Drives and Complicates the Migrant Crisis," February 27, 2020.

proposed a law that would require foreign-funded individuals and organizations to register as foreign agents. The Inter-American Commission on Human Rights and the OHCHR have raised concerns about reports that the Bukele government used spyware to illegally surveil journalists and civil society groups.[28] In February 2022, the legislature approved a reform to expand law enforcement's ability to investigate cybercrimes; critics maintain the reform seeks to legalize such surveillance.[29] In April 2022, the National Assembly amended the penal code to criminalize the diffusion of any information that explicitly or implicitly alludes to criminal groups; two Salvadoran nongovernmental organizations have filed a Supreme Court challenge to the reforms.[30]

Economic and Social Conditions

El Salvador's economy contracted by roughly 7.9% and lost 20% of its formal jobs in 2020 due to pandemic-related economic shocks.[31] In response, the Bukele government implemented two fiscal packages worth $3 billion in total, financed by multilateral loans, to provide relief to local governments, support households and small firms, distribute vaccines, and combat food insecurity. The economy rebounded 10.3% in 2021 due to strong remittances, a manufacturing sector recovery, and new investment.[32] From 2015-2020, remittances have made up around 18% of El Salvador's gross domestic product (GDP); increased remittance flows during the pandemic enlarged that share to over 25% in 2021.[33] Looking ahead, the International Monetary Fund (IMF) predicts an economic expansion of 3.0% in 2022. Nevertheless, low levels of investment and rising public debt will likely weigh on El Salvador's long-term growth, as they did prior to the COVID-19 pandemic.

The pandemic has exacerbated El Salvador's long-standing fiscal and debt problems. Since 2000, the Salvadoran government has run budget deficits that have contributed to a rising debt-to-GDP ratio.[34] Although the Bukele administration's pandemic response arguably helped mitigate adverse social impacts, it also drove the government on a path to "unsustainable" levels of indebtedness, estimated at 89% of GDP in 2021.[35] For more than a year, the Bukele government has sought a roughly $1.3 billion loan agreement with the IMF. Prospects for a deal remain uncertain, especially as El Salvador rejected an IMF recommendation to remove Bitcoin as legal tender (see "Adoption of Bitcoin as Legal Tender," below).

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[28] *Latin News Security & Strategic Review*, "El Salvador: Spying Scandal Reignites Press Freedom Concerns," March 2022.

[29] Associated Press, "El Salvador Aprueba el Uso de Agentes Encubiertos Digitales," February 1, 2022; *LatinNews*, "El Salvador: Reforms to Tackle Cyber Crime Spark Spying Concerns," February 2, 2022.

[30] Inter American Press Association (IAPA), "IAPA Rejects the 'Criminalization' of Journalism in El Salvador," press release, April 6, 2022; AFP, "El Salvador NGOs File Suit Against Gag Order on Gang Statements," April 20, 2022.

[31] International Monetary Fund (IMF), *El Salvador: Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for El Salvador, Country Report 22/20*, January 2022, pp. 7-12. Hereinafter: IMF, *El Salvador*, January 2022.

[32] World Bank, *Recovery: COVID-19 Crisis Through a Migration Lens, Migration and Development Brief 35*, November 2021, pp. 8-16; Economist Intelligence Unit (EIU), *Country Report: El Salvador*, generated March 14, 2022. Hereinafter: EIU, *Recovery*, March 2022.

[33] EIU, *Recovery*, March 2022, p. 8; IMF, *El Salvador*, January 2022, pp. 24-25; and IMF, "El Salvador's Comeback Constrained by Increased Risks, Country Focus," February 16, 2022.

[34] IMF, *El Salvador*, January 2022, pp. 3-9.

[35] Ibid., p. 9.

Economists have suggested that a lack of public and private investment contributes to low productivity and high levels of economic informality, and is a principal barrier to higher levels of economic growth in El Salvador.[36] Prior to the pandemic, El Salvador registered some of the lowest inflows of foreign direct investment in Central America. Insecurity and corruption have impeded investment in the country.[37] The IMF estimates that firms in El Salvador spend between 5% and 15% of revenue on security and surveillance. Violent crime had trended downward since 2015, but recent gang-related homicides have revived security concerns. About half of all firms in El Salvador also identify corruption, in addition to weak property rights and institutions, as a major constraint to investment, according to the World Bank.[38]

A lack of infrastructure, especially in the energy sector, further hampers economic growth in El Salvador. Several new energy projects scheduled to begin operation in 2022, including a power station facilitated by a $1 billion investment from the U.S. Development Finance Corporation, could help reduce the country's dependence on energy imports. In light of its strained public finances, the Bukele government has pursued international investment to help finance additional infrastructure projects. Bukele has supported public-private partnerships to bolster private sector investment, but the country's first such project, announced in October 2020 and aimed at expanding the San Salvador airport's cargo terminal, still awaits legislative approval.[39] During a 2019 visit to China, Bukele secured $500 million in investment for various projects. The first project, a $40 million national library, broke ground in February 2022.[40]

Adoption of Bitcoin as Legal Tender

In September 2021, El Salvador's National Assembly enacted a Bukele-backed initiative to adopt Bitcoin as a form of legal tender, a move the IMF had warned could expose the economy to money laundering and high crypto-asset price volatility.[41] To encourage its adoption, the government established a $150 million trust fund to allow any Salvadoran citizen or firm to exchange Bitcoin for U.S. dollars without cost; the trust fund subsidized the transaction and exchange rate costs.[42] The Bukele government reportedly hopes designating Bitcoin as a national currency will reduce transfer fees for remittances, foster financial inclusion, increase investment from international crypto-asset investors, and decrease dependence on U.S. monetary policy.[43] Bukele may seek to use the crypto-asset as an alternative avenue for investment, given El Salvador's increasingly strained relations with the United States and international financial institutions. In November 2021, the IMF urged the government to stop using Bitcoin; Bukele rejected that recommendation.[44]

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[36] IMF, January 2022, pp. 50, 59, 90.

[37] U.S. Department of State, *2021 Investment Climate Statements: El Salvador*; IMF, *El Salvador,* January 2022, p. 14.

[38] Hulya Ulku and Gabriel Zaourak, *Unleashing Central America's Growth Potential: El Salvador*, World Bank, 2021, p. 6. Hereinafter: World Bank, *Unleashing Central America's Growth Potential,* 2021.

[39] U.S. Department of State, *2021 Investment Climate Statements: El Salvador*.

[40] Evan Ellis, *China and El Salvador: An Update*, Center for Strategic and International Studies, March 22, 2021.

[41] IMF, "IMF Executive Board Concludes 2021 Article IV Consultation with El Salvador," press release, no. 22/13, January 25, 2022.

[42] Nelson Renteria, "El Salvador Congress Backs $150 Mln Fund for Bitcoin Ahead of Adoption," Reuters, August 31, 2021.

[43] Henri Arslanian et al., *El Salvador's Law: A Meaningful Test for Bitcoin*, PricewaterhouseCoopers, October 2021, at https://www.pwc.com/gx/en/financial-services/pdf/el-salvadors-law-a-meaningful-test-for-bitcoin.pdf.

[44] Associated Press, "El Salvador Angrily Rejects IMF Call to Drop Bitcoin use," January 31, 2022.

Socioeconomic Conditions

Prior to the pandemic, El Salvador outpaced its Northern Triangle neighbors in reducing poverty and inequality. Poverty declined from 44.5% in 2014 to 30.4% in 2019, and extreme poverty declined from 11.4% in 2014 to 5.6% in 2019.[45] In 2019, El Salvador the World Bank considered El Salvador to be the country with the least income inequality in Latin America and the Caribbean, in part due to increased labor income in urban areas and strong remittances to rural communities.[46] Despite such progress, the pandemic and a series of natural disasters increased poverty in 2020, particularly in rural areas.

COVID-19 In El Salvador

El Salvador has recorded the lowest rate of Coronavirus Disease 2019 (COVID-19) infections and deaths among Northern Triangle countries, registering a mortality rate of 64 deaths per 100,000 individuals, despite being the most densely populated country in Central America. Public health measures such as the rapid implementation of strict mobility restrictions in March 2020 and a robust vaccination campaign likely contributed to reducing pandemic-related deaths. As of April 18, 2022, approximately 66.5% of the population had been fully vaccinated, 19 and 30 percentage points greater than neighboring Honduras and Guatemala, respectively.

Sources: Johns Hopkins University, Coronavirus Resource Center, at https://coronavirus.jhu.edu/; IMF, "Policy Responses to COVID-19," at https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19; accessed April 18, 2022.

According to the 2021 World Risk Index, El Salvador is among the 20 countries in the world most at risk from natural disasters, due to frequent exposure and weak response capacities.[47] The country is susceptible to a range of disasters including earthquakes, volcanoes, hurricanes, and droughts.[48] Fifty-eight percent of El Salvador is part of the Central American Dry Corridor, a noncontiguous strip of Central America that is highly susceptible to cyclical droughts and flooding.[49] According to the United Nations, these factors have combined with the COVID-19 economic crisis to precipitate a spike in the number of Salvadorans facing food insecurity, which is estimated to include over 1 million people and has become a driver of irregular migration.[50]

Gang violence, a dearth of schools in rural areas, and low mandatory school requirements (only primary school is compulsory) contribute to an education system that often produces worse outcomes in El Salvador compared to education systems in other countries with similar income levels, according to the World Bank.[51] An estimated 27% of Salvadorans have not completed primary school.[52] The proportion of Salvadoran youth aged 15-24 who are not employed, in

[45] Data are available at U.N. Economic Commission for Latin America and the Caribbean, at https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp?idioma=i.

[46] The World Bank, "El Salvador: Overview," updated October 6, 2021.

[47] Bündnis Entwicklung Hilft and the Institute for International Law of Peace and Armed Conflict, *World Risk Index*, 2021.

[48] United Nations Development Program, *Independent Country Program Evaluation: El Salvador*, September 2020, p. 8.

[49] Peter Laderach et al, *Climate Security in the Central American Dry Corridor*, Consultative Group for International Agricultural Research (CGIAR), position paper, 2021, p. 7.

[50] United Nations Office for the Coordination of Humanitarian Affairs, *Humanitarian Response Plan: El Salvador*, 2021, p. 5; Grazia Pacillo et al., *Is Climate a "Risk Multiplier" in the Central American Dry Corridor*?, CGIAR and World Food Program, 2021.

[51] World Bank, *Unleashing Central America's Growth Potential,* 2021, p. 10.

[52] Data are from the International Labour Organization (ILO), *ILOSTAT*, accessed April 2022.

school, or in vocational training (26.7%) is another consequence of a lack of opportunity in the country.[53] Those youth are widely considered to be at risk for gang recruitment.

U.S. Relations and Issues for Congress

El Salvador has traditionally been a partner of the United States.[54] After the signing of the 1992 peace accords, U.S. relations with El Salvador were cordial under both ARENA and FMLN governments. Successive U.S. Administrations sought, with mixed success, to help El Salvador build a multiparty democracy, strengthen the rule of law and respect for human rights, and expand economic development. Bilateral trade increased after the 2006 implementation of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The United States and El Salvador partnered on defense, counternarcotics, and anti-gang efforts, with El Salvador hosting a Cooperative Security Location for U.S. air assets involved in detecting and monitoring narcotics and an electronic monitoring center that supports regional efforts to combat transnational criminal organizations.

U.S. relations with the Bukele government in El Salvador arguably started well but soured in the latter years of the Trump Administration. In mid-June 2019, the Trump Administration cut off some aid to El Salvador until El Salvador "took action" on immigration. Shortly thereafter, Bukele embraced relations with China and traveled there in December 2019.[55]

U.S. policy interest in El Salvador has broadened under the Biden Administration to focus on issues beyond migration control, and friction has grown due to U.S. concerns about democratic backsliding and corruption. The Biden Administration has expressed concerns about the erosion of democratic institutions in El Salvador. In May 2021, Secretary of State Antony Blinken called President Bukele to express concern about the dismissals of the country's magistrates and attorney general.[56] In November 2021, then-U.S. Chargé d'Affaires Jean Manes announced a "pause" in efforts to repair U.S.-Salvadoran relations and left her post.[57] In addition. Secretary Blinken has questioned the Bukele government's tactics in responding to increased levels of gang-related violence. In an April 2022 statement, Secretary Blinken expressed concern about an amendment to El Salvador's criminal code that criminalizes reporting on certain gang activities.[58] In apparent response, Bukele has further aligned his government with China and Russia.[59] In March 2022, El Salvador was one of four Latin American countries to abstain from the U.N. General Assembly vote condemning Russia's invasion of Ukraine.

Many in Congress are monitoring events in El Salvador and U.S. policy responses, as well as how tension in relations has affected issues of U.S. concern such as migration, anti-gang efforts, and trade. On May 19, 2021, the House Foreign Affairs Committee reported H.Res. 408, urging the Salvadoran government to respect the country's democratic institutions. Congress prohibited Foreign Military Financing to El Salvador in the FY2022 Consolidated Appropriations Act (P.L.

[53] Ibid.

[54] This draws from U.S. Embassy in San Salvador, "U.S.-El Salvador Relations."

[55] U.S. Department of State, Department Press Briefing, June 17, 2019; EIU, "Bukele Visits China," December 10, 2019.

[56] U.S. Department of State, "Secretary Blinken's Call with Salvadoran President Bukele," May 2, 2021.

[57] Nelson Renteria, "U.S. Official Says El Salvador Relations 'Paused' for Lack of Interest," Reuters, November 22, 2021.

[58] U.S. Department of State, "Violence and Threats to Free Speech in El Salvador," press release, April 10, 2022.

[59] Kate Linthicum, "In Latin America's New Cold War, Will China Lift Up Autocrats?," *Los Angeles Times*, February 17, 2022.

117-103) and placed several restrictions on aid to the Salvadoran government. Increasing concerns about corruption and authoritarianism in El Salvador among some Members of Congress could influence U.S. foreign assistance provided to the country in FY2023. Congress also may monitor how tension in relations affects irregular migration, pending gang extraditions, and El Salvador's commercial and political ties to China.

Migration

Migration from the Northern Triangle countries remains of acute interest to Congress. The Biden Administration has developed two regional strategies that guide its approach to migration from Central America, but tensions in broader relations have hindered cooperation in this area. The U.S. Collaborative Migration Management Strategy seeks to manage irregular migration to the United States by working with El Salvador and other regional partners to stabilize populations with acute needs, deter potential migrants, strengthen border controls, and expand access to legal migration and protection pathways. To implement that strategy, the U.S. government provided humanitarian aid to El Salvador; continued public awareness campaigns; began new regional anti-migrant smuggling law enforcement efforts; and restarted the Central American Minors Refugee and Parole Program, which reunites eligible Salvadoran children with their parents in the United States. The Administration also is implementing a U.S. Strategy to Address the Root Causes of Migration in Central America, which focuses foreign assistance efforts on improving governance, security, and socioeconomic conditions in the region. To implement the strategy, the Administration requested $520.9 million of foreign assistance for Central America in FY2023, including $128.4 million for El Salvador.[60]

Foreign Assistance

Congress plays a key role in appropriating and shaping annual foreign assistance funds. From FY2016 to FY2020 (the most recent year available), the U.S. government obligated roughly $466.6 million in assistance to El Salvador to address the security, economic, and social drivers of irregular migration and to strengthen democratic institutions.[61] This assistance includes contributions from U.S. agencies such as the State Department, the U.S. Agency for International Development (USAID), the Inter-American Foundation, the Millennium Challenge Corporation, and the Peace Corps. The Department of Defense provides security cooperation assistance to train and equip the Salvadoran defense ministry in border and maritime interdiction capabilities. In FY2021, Congress provided an estimated $70.0 million in development assistance and $0.7 million in military training for El Salvador. As in years past, El Salvador also received regional security assistance through the Central American Regional Security Initiative (CARSI). In June 2021, in response to democratic backsliding in El Salvador and deteriorating relations, the Biden Administration announced the reprogramming of USAID support from government entities (such as the attorney general's office) to civil society groups.[62]

[60] U.S. Department of State, "United States Announces Actions Against Seven Central American Officials for Undermining Democracy and Obstructing Investigations into Acts of Corruption," September 20, 2021.

[61] U.S. Department of State and USAID, "U.S. Foreign Assistance by Country: El Salvador," at https://foreignassistance.gov/cd/honduras/2020/obligations/0.

[62] USAID, "USAID Redirects Assistance for Salvadoran Government Institutions to Civil Society Groups," May 21, 2021.

Table 1. U.S. Assistance to El Salvador, FY2016-FY2023 Request

(allocations in millions of current dollars)

Foreign Assistance Account	FY16	FY17	FY18[a]	FY19	FY20 (est.)[b]	FY21 (est.)[b]	FY22 (requested)	FY23 (requested)
Bilateral Aid, Subtotal	**67.9**	**72.8**	**5.9**	**39.5**	**80.9**	**80.8**	**95.8**	**124.8**
Economic Support Fund	—	—	—	—	2.0	2.0	—	—
Global Health Programs (USAID)	—	—	—	—	—	—	—	5
Global Health Programs (State)	—	—	—	—	6.2	8.1	—	—
Development Assistance	65	70	3.3	39.5	70	70	95	119
International Military Education and Training (IMET)	1	0.9	0.7	—	0.8	0.7	0.8	0.8
Foreign Military Financing (FMF)	1.9	1.9	1.9		1.9	—	—	—
CARSI[c]	**73.4**	**70.2**	**16.8**	**68.8**	**58.6**	**25**	**NA**	**NA**
Economic Support Fund (ESF)	35.5	28.5	2.0	25.5	26	25	NA	NA
International Narcotics Control and Law Enforcement (INCLE)	37.9	41.7	14.8	43.3	32.6	NA	NA	NA
Total	**141.3**	**143.0**	**22.7[a]**	**108.3**	**139.5[b]**	**105.8[b]**	**95.8**	**124.8**

Sources: U.S. Department of State, Congressional Budget Justifications for Foreign Operations, FY2018-FY2021; U.S. Department of State and USAID Congressional Notifications for FY2018-FY2021; Congressional Budget Justifications for Foreign Operations, FY2020-FY2023.

Notes: CARSI = Central America Regional Security Initiative; NA = Not available; USAID = U.S. Agency for International Development.

a. In FY2018, Congress appropriated $57.7 million of bilateral aid for El Salvador and the State Department and USAID initially allocated an additional $33.6 million of CARSI assistance to El Salvador. In 2019, however, the Trump Administration reprogrammed much of that aid to other countries.

b. Bilateral aid to El Salvador through the ESF includes appropriations made through supplemental COVID-19 relief measures including P.L. 116-123 and P.L. 116-136 in FY2020 and FY2021 American Rescue Plan Act of 2021 (P.L. 117-2) mandatory funding.

c. Congress typically appropriates CARSI aid for the entire Central American region. Comprehensive allocations for El Salvador are not yet available for FY2021, FY2022, or FY2023.

Although the FY2022 Consolidated Appropriations Act (P.L. 117-103) did not specify an overall funding level for El Salvador, it provided funding for regional programs that include El Salvador. For example, it provided at least $100 million for locally led development efforts, $70 million for programs to reduce violence against women and girls, and $61.5 million for entities and activities to combat corruption and impunity in Central America. The act prohibited Foreign Military Financing for El Salvador. It also required the State Department to withhold 60% of Economic Support Funds and security assistance for the Salvadoran government until the Secretary of State certifies the Salvadoran government has met a series of conditions, including that it is working to combat corruption and impunity, strengthen the independence of judicial institutions, and protect the rights of journalists and civil society groups. The explanatory statement accompanying P.L. 117-103 directed the State Department to comply with instructions in H.Rept. 117-84, including requirements to update a previous report on the El Mozote massacre in El Salvador and to submit a new report on access to women's reproductive health services in the country.

In addition to that bilateral and regional assistance, the United States has extended aid to assist El Salvador in combatting the COVID-19 pandemic through the donation of vaccines; personal protective equipment; and medical equipment, such as subzero freezers for vaccine storage. Since the start of the pandemic, the U.S. government has donated more than 3.2 million vaccines to El Salvador, part of over $30 million in bilateral pandemic assistance to the country.[63] In FY2021, the United State provided El Salvador more than $27.3 million in humanitarian assistance to mitigate the effects of food insecurity, the pandemic, and natural disasters.[64]

Congress is considering the Biden Administration's FY2023 request for El Salvador. The request includes approximately $128.4 million dollars in bilateral assistance, the majority of which is dedicated to Development Assistance. The Administration's request also includes about $520.9 million for Central America; El Salvador may receive a part of those funds.

Sanctions

Congress has shaped U.S. sanctions policy toward El Salvador, especially in relation to concerns about corruption. The Biden Administration has made combating corruption a key part of its strategy to address the root causes of migration from Central America. In May 2021, the State Department declassified, pursuant to Section 7019(e) of P.L. 116-260, a report to Congress on corrupt Northern Triangle officials that listed five current and former Salvadoran politicians.[65] In July 2021, the State Department released a list of officials subject to visa restrictions for corruption or undemocratic actions pursuant to Section 353 of P.L. 116-260; the list included 14 Salvadoran officials, including Bukele's Cabinet chief, legal adviser, and labor minister.[66] In September, the State Department added El Salvador's five new Constitutional Chamber magistrates to that sanctions list. In December 2021, the Department of the Treasury announced sanctions against Bukele's chief of staff for corruption associated with a pandemic-related procurement scandal.[67] Treasury also sanctioned two high-level officials, Osiris Luna and Carlos Marroquin, for providing illicit favors to the Treasury-designated Mara Salvatrucha 13 (MS-13) gang during covert negotiations.[68] In December 2021, media outlets reported the Department of Justice was preparing criminal indictments against these two men related to their role in negotiations with gangs; however, indictments have yet to be announced.[69]

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[63] U.S. Embassy in El Salvador, "United States Announces Second Batch of 1.5 million Vaccines for El Salvador," press release, July 20, 2021; U.S. Embassy in El Salvador, "United States Preparing to Ship an Additional 188,370 Doses of Pfizer's COVID-19 Vaccine to El Salvador," press release, August 26, 2021.

[64] USAID, "El Salvador, Guatemala, and Honduras-Regional Response," Fact Sheet #2, FY2022, February 2, 2022.

[65] Joshua Goodman, "U.S. Report: Allies of El Salvador's President Deemed Corrupt," AP, May 18, 2021.

[66] U.S. Department of State, *Section 353 Corrupt and Undemocratic Actors Report*, at https://www.state.gov/reports/section-353-corrupt-and-undemocratic-actors-report/. These 17 individuals are included on the *FY2020 Report to Congress on Anti-Kleptocracy and Human Rights Visa Restrictions* required by Section 7031(c)(1)(A) of the Department of State, Foreign Operations, and Related Appropriations Act of 2020 (P.L. 116-93). One Salvadoran former official and three of his family members were included in the *FY2021 Report to Congress on Anti-Kleptocracy and Human Rights Visa Restrictions*.

[67] U.S. Department of the Treasury, "Treasury Targets Corruption Networks Linked to Transnational Organized Crime," December 8, 2021.

[68] The Mara Salvatrucha 13 (MS-13) gang is designated for sanctions pursuant to E.O. 13851, the Treasury Department's designation for transnational criminal organizations.

[69] Sarah Kinosian et al., "U.S. Preparing Indictments Against Salvadoran Officials over Alleged Pact with Gangs—Sources," Reuters, December 10, 2021.

Counternarcotics and Anti-Gang Cooperation

Another ongoing issue of concern to Congress is the flow of illicit drugs into the United States. Although El Salvador is not a producer of illicit drugs, it serves as a transit country for narcotics, mainly cocaine and heroin, cultivated in the Andes and destined for the United States. In September 2021, President Biden included El Salvador on the annual list of countries designated as "major drug transit or major illicit drug producing countries" for the 11th consecutive year.[70] According to the State Department's *International Narcotics Control Strategy Report* covering 2021, record seizures by the Salvadoran Navy occurred despite the pandemic, but corruption at all levels of the government and inadequate budgets for the police and attorney general's office inhibited bilateral efforts.

Although the United States successfully extradited 13 MS-13 gang members between 2016 and 2020, more recent frictions in relations may have hindered El Salvador's willingness to extradite several high-profile gang suspects to the United States.[71] In November 2021, the Salvadoran attorney general requested that the Salvadoran Supreme Court deny U.S. extradition of Armando Melgar Díaz, the first-ever MS-13 gang member to be brought up on U.S. terrorism charges; his extradition remains pending. In January 2021, the Department of Justice charged 14 high-ranking gang members in El Salvador with terrorism offenses. Salvadoran authorities reportedly released four of these suspects, who were already in prison in El Salvador, between July 2021 and February 2022.[72]

Commercial Ties

The U.S.-Salvadoran economic relationship includes extensive investment, trade, remittance, and tourism ties. U.S. foreign direct investment on a historical-cost basis in El Salvador was estimated at $3.4 billion in 2020.[73] Total trade increased from $3.8 billion in 2005 (pre-CAFTA-DR) to $6.6 billion in 2021.[74] The United States had a $1.6 billion trade surplus with El Salvador in 2021. In 2021, apparel and clothing accessories made up 65% of U.S. imports from El Salvador. Conversely, petroleum made up 21% of all U.S. exports to El Salvador, with mechanical appliances and electric machinery also comprising large trade volumes.

[70] White House, "A Memorandum for the Secretary of State on Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2022," September 15, 2021.

[71] U.S. Department of Justice, *Full-Scale Response: A Report on the Department of Justice's Efforts to Combat MS-13 from 2016-2020*, 2020, at https://www.justice.gov/archives/ag/page/file/1329776/download; and *El Faro*, "Is El Salvador Protecting MS-13 from Extradition?" March 18, 2022.

[72] Carlos García, "Are MS-13 Leaders Wanted for Extradition to U.S. Free in El Salvador?" *Insight Crime*, March 31, 2022.

[73] U.S. Department of Commerce, Bureau of Economic Analysis, "Direct Investment by Country and Industry, 2020," July 22, 2021.

[74] U.S. Census data, as presented by Trade Data Monitor, accessed March 22, 2022.

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