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REVIEW AUTHORITY: David Van Valkenburg,
Senior Reviewer

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1. (SBU) SUMMARY AND INTRODUCTION: Embassy San Salvador warmly welcomes your May 28 visit. Our bilateral relationship with El Salvador remains strong, as are Salvadoran social and cultural ties to the United States, where approximately two million Salvadorans live. State Department opinion surveys indicate approval of the United States is very high in El Salvador. We are in the third year of a joint effort to promote economic growth and reduce crime through President Obama's Partnership for Growth (PFG) initiative. We are working on ways to expand these efforts regionally through the Alliance for Prosperity in the Northern Triangle, and have just launched the second Millennium Challenge Corporation (MCC) compact. Despite these efforts, El Salvador faces significant challenges in combating debilitating insecurity, improving the business climate, addressing mounting fiscal challenges, and strengthening public institutions. End Summary and Introduction.

Bilateral Relations

2. (SBU) As president, Salvador Sanchez Ceren has maintained El Salvador's strong bilateral relationship with the United States, including joint efforts to promote economic growth and reduce crime through our PFG initiative. El Salvador is one of only four PFG countries worldwide, and the sole participant in the Western Hemisphere. PFG was launched in 2011 to address El Salvador's leading constraints to economic growth: crime and insecurity, and low productivity in international trade. PFG is in its third of five years of implementation, with a broad program of 20 goals to improve security and economic performance. The PFG issues biannual "scorecards" tracking advances and setbacks in each of its programs. All U.S. agencies represented at Post participate, in one way or another, in implementing the PFG. USAID, the largest financial contributor to PFG, will provide an estimated \$200 million over the five-year period.

Plan for the Alliance for Prosperity of the North Triangle

3. (SBU) The Alliance for Prosperity is a new regional development initiative proposed by the countries of the Northern Triangle (El Salvador, Guatemala, and Honduras) with technical support from the Inter-American

Development Bank. It outlines strategies to stimulate economic growth, reduce inequality, promote educational opportunities, target criminal networks responsible for human trafficking, and help create governance and institutions that are transparent and accountable. In March, Vice President Biden travelled to Guatemala City where he signed a statement with the Presidents of the Northern Triangle countries that expressed the four nations' agreement to continue the development of the Alliance for Prosperity in an "expedited and comprehensive manner." President Obama's \$1 billion 2016 budget request to support the Alliance for Prosperity has received significant public attention in El Salvador.

Political Overview

4. (SBU) El Salvador experienced significant political change in the last 12 months, with two divisive elections in an already highly polarized political environment. A member of the left-wing Farabundo Marti National Liberation Front (FMLN) party, President Salvador Sanchez Ceren was elected by a slim margin of just over 6,000 votes in March 2014. He took office in June 2014. By December 2014, his approval rating was just over 47 percent, the lowest on record for a Salvadoran president at the beginning of his term. [REDACTED]

[REDACTED] Before becoming president, Sanchez Ceren was Vice President under President Mauricio Funes (2009-2014). He is a long-time member of the FMLN and part of its leadership committee. He was a guerrilla leader during El Salvador's civil war (1979-1992).

5. (SBU) On March 1, voters cast their ballot for the Legislative Assembly, as well as mayors and municipal councils for the country's 264 municipalities. Neither the coalition on the ruling left, nor the opposition one on the right, emerged as a clear winner in the legislative elections. With a current deadlock at 42 seats each, both remain one vote shy of a majority in the 84 seat unicameral Legislative Assembly. [REDACTED]

[REDACTED] In April, the Constitutional Court ordered a recount of legislative votes for San Salvador municipality, which kept final results for several seats in suspense until early May. The new Legislative Assembly took office on May 14 and selected long-time FMLN legislator Lorena Pena as its new president.

Economic Overview

6. (SBU) El Salvador has experienced the worst economic performance in the region for nine straight years, driven by political uncertainty, burdensome commercial regulations, a sometimes ineffective judicial system, and widespread violent crime. Most analysts expect El Salvador to record 2014 gross domestic product (GDP) growth of between 1.8 and 2.0 percent, approximately half the average rate of its regional neighbors. Remittances are a critical part of the economy, representing 16 percent of GDP. Further, El Salvador's foreign direct investment (FDI) inflows are significantly lagging behind the region. El Salvador attracted only \$25 million of FDI for the first six months of 2014, while its regional neighbors each averaged nearly \$700 million of FDI over the same period.

7. (SBU) Reflecting these challenging economic conditions, El Salvador has fallen sharply in major global competitive rankings and indices over the last several years. In addition, while El Salvador's official unemployment figures have stayed stable in recent years, between six and seven percent, underemployment – or the number of under-utilized workers unable to find full-time jobs – is estimated to include over a third of the country's workforce. El Salvador's economic underperformance is compounded by poor fiscal management. Tax collection and fiscal transparency has improved, but government spending, driven particularly by unsustainable and poorly targeted subsidy programs, has been increasing over the past few years. The fiscal deficit remains high at \$1 billion annually, or four percent of GDP, and total public debt is projected to surpass 60 percent of GDP in 2015.

Millennium Challenge Corporation (MCC) Compact

8. (SBU) In 2012, El Salvador and the Millennium Challenge Corporation (MCC), a USG development agency, concluded a five-year \$461 million compact intended to stimulate economic growth and reduce poverty in the

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country's northern region through investments in education, public services, business development, and infrastructure. On September 30, 2014, El Salvador and the MCC signed another five-year compact, for \$277 million, designed to increase El Salvador's productivity and competitiveness in international markets through projects to support the country's investment climate, human capital, and logistical infrastructure.

Migration

9. (SBU) El Salvador has a high percentage of its total population living outside its borders (approximately 25 percent). On January 7, the United States renewed Temporary Protected Status (TPS) through September 9, 2016, for which over 200,000 Salvadorans in the United States are eligible. Calls for a more permissive U.S. immigration policy and the safety of immigrants traveling north are often part of the public debate, and many welcomed President Obama's November 2014 speech announcing executive action on immigration. Since the surge in unaccompanied children (UACs) arriving on the U.S. southern border last year, El Salvador has partnered with the United States in discouraging families from sending their children on the hazardous journey north and is working with the USG to coordinate increased numbers of repatriation flights – which currently number eight per week with a maximum capacity of 135 individuals per flight.

10. (SBU) While the dangers of illegal migration north are well-known, the economic and increasingly so, the security pressure to leave El Salvador ("push" factors) remain very strong and young people are finding it difficult to envision a future in El Salvador. To address the crisis in the short-term, USAID is partnering with the International Organization for Migration (IOM) on a regional immediate response program to support unaccompanied alien children (UACs) and families on their return migration and referral to national and community services upon repatriation. To date, the activity has provided enhanced services to more than 65,000 individuals from across the region. Thus far, over 540 Salvadorans have applied for the Central American Minors Program (CAM) in-country refugee and parole processing program since it began in December 2014. The Public Affairs Section has partnered with DHS and the Salvadoran government to discourage UAC and other undocumented migration, both by communicating the dangers of the journey, and by piloting positive messaging and success stories to encourage people to stay, such as our [#SuenoSalvadoreno](#) (Salvadoran Dream) social media project.

Citizen Security

11. (SBU) The Sanchez Ceren administration has distanced itself from the controversial 2012 "gang truce" supported by former Security Minister and current Minister of Defense David Munguia Payes. Although the murder rate declined in the months after the truce, to an average of six per day, rates of other gang-associated crimes, most notably extortions, never declined. In February and April 2015, the government moved significant numbers of gang leaders to a maximum security prison as part of an effort to stop them from directing crimes from their jail cells. Most had previously been transferred to lesser security prisons in exchange for their commitment to the truce. By the end of March 2015, the homicide rate in El Salvador rose to an average of 15.5 per day, with the assassinations of civilian police and military personnel increasing dramatically. There was a slight drop in those numbers in April, to 14.0 per day. Homicides appear to be back on the rise in May, with an average of 20 homicides per day in the first 10 days of the month. These figures on a per capita basis make El Salvador one of the most murderous countries on earth.

12. (SBU) In September 2014, the government launched a Security Council which includes religious, business, and civil society leaders. In January, with the support of the United Nations Development Program (UNDP), the Council provided the government a security plan organized along five main themes: violence prevention, law enforcement, rehabilitation and reinsertion of criminals into society, attention to and protection of victims, and strengthening of government institutions. The complete five-year implementation would require \$2.1 billion, or an equivalent of 8.7 percent of the national budget. In May, the government announced it would begin rolling out facets of the plan in ten targeted high-risk municipalities. The USG Interagency partners will coordinate with Salvadoran security, justice sector, police, and other local authorities in the strategic planning and security and prevention programming of the initial implementation.

Drug Intervention

13. (SBU) El Salvador continues to be a major transit country for illegal drugs headed to the United States from source countries in South America. Salvadoran criminal networks provide protection for transiting drug shipments, weapons, and human trafficking through the country. Traffickers primarily rely on maritime routes using “go-fast” boats and commercial vessels to smuggle illegal drugs along El Salvador’s coastline. Land transit primarily occurs along the Pan-American Highway, on buses and tractor-trailers. The U.S. Drug Enforcement Administration, which is represented at Post, is working to increase the Salvadoran capacity on the open seas through military and law enforcements efforts.

Military Overview

14. (SBU) The U.S.-El Salvador bilateral military relationship is positive. El Salvador is a contributor to U.N. peacekeeping efforts and collaborates with the United States military on counter-narcotics activities. Similar to other Central American countries, the military plays a key support role to civil authorities. Under an executive-directed national plan, referred to as New Dawn (Nuevo Amanecer), the military has three primary tasks forces: SUMPOL which augments border security, Task Force ZEUS which provides direct support/anti-gang support to the National Civil Police (PNC), and Plan SAN CARLOS which augments prison security. In addition, the military provides support via the Grupo de Apoyo a las Comunidades (GAC) task force, which provides security in more than 500 public schools in gang-dominated areas of El Salvador. We work closely with the Salvadoran military to support training, including on the appropriate use of military force in support of civilian security authorities, as well as humanitarian and emergency assistance activities.

Human Rights

15. (SBU) El Salvador is plagued with widespread corruption and weaknesses in the judiciary and the security forces. These factors contribute to a high level of impunity and abuse, including domestic violence, discrimination, and commercial sexual exploitation of women and children. Impunity persists despite the government taking steps to dismiss some officials who have committed abuses in the penitentiary system and within the police force. Other human rights problems include isolated extrajudicial killings and cruel treatment by security forces, harsh and life-threatening prison conditions, lengthy pretrial detention, some restrictions on freedom of speech and press, trafficking in persons and human smuggling (including unaccompanied children), and discrimination against persons with disabilities and persons with HIV/AIDS. Widespread discrimination and violence against lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons also occur. In response, the Embassy has focused important efforts on promoting women's empowerment and LGBTI rights. Child labor and inadequate enforcement of labor laws also are problems.

Foreign Policy

16. (SBU) El Salvador has partnered with the United States on several multilateral initiatives including United Nations Human Rights Council (HRC) resolutions on the Democratic People's Republic of Korea (DPRK), Iran, and Syria, and has issued statements condemning the actions of the so-called Islamic State of Iraq and the Levant (ISIL). El Salvador will finish its two-year presidency of the Community of Democracies in July, when it will host a Ministerial Meeting in San Salvador. On June 2, 2014 – one day after Sanchez Ceren’s presidential inauguration – attendees of the 13th meeting of the Petrocaribe ministerial council held in San Salvador unanimously accepted El Salvador’s petition to join Petrocaribe, the energy cooperation alliance between Venezuelan state-run Petroleos de Venezuela and 17 Latin American and Caribbean countries. In March 2015, the Sanchez Ceren administration criticized the United States for sanctioning seven members of the Venezuelan government, complaining of intervention in Venezuelan affairs and criticizing the suggestion that Venezuela posed a security threat in the region. At the Summit of the Americas in Panama in April, President Sanchez Ceren welcomed new U.S. engagement with Cuba and urged the U.S. to take Cuba off the Sponsors of Terrorism list.

State Department Travel Warning to U.S. Citizens

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17. (U) The State Department has an active travel warning for U.S. citizens that crime and violence levels in El Salvador remain critically high. Tens of thousands of U.S. citizens safely visit El Salvador each year for study, tourism, cruise ship visits, business, and volunteer work. There is no information to suggest that U.S. citizens are specifically targeted by criminals; however, crime and violence are serious problems throughout the country. Since January 2010, 34 U.S. citizens have been murdered in El Salvador including a nine-year-old child in December 2013. During the same time period, 419 U.S. citizens reported having their passports stolen, while others were victims of violent crimes. Our travel warning advises that U.S. citizens should remain alert to their surroundings, especially when entering or exiting their homes or hotels, cars, garages, schools, and workplaces. Whenever possible, travel in groups. U.S. Embassy security officials advise all U.S. government personnel not to walk, run, or cycle in the unguarded streets and parks of El Salvador, even in groups, and recommend exercising only in gyms and fitness centers. Avoid wearing expensive jewelry, and do not carry large sums of money or display cash, ATM/credit cards, or other valuables. Avoid walking at night in most areas of El Salvador. The full Travel Warning can be accessed here: <http://travel.state.gov/content/passports/english/alertswarnings/el-salvador-travel-warning.html>

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