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U.S. foreign policy and assistance has influenced and changed El Salvador since 1992. Some of the most significant changes made by El Salvador have been related to economic, rule of law, governance and elections, security and military.Economic and national security concerns have historically dominated the U.S. policy agenda toward El Salvador, the United States has a moral imperative to promote the spread of democracy throughout the hemisphere and El Salvador has proven to be a reliable partner in the Central American region in order to promote U.S. interests and also has become an example for the international community and how a small country can be benefitted with economic aid by complying with all the requirements to become a member of the Community of Democracies.

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MASTER OF MILITARY STUDIES

IMPACT OF U.S FOREIGN POLICY AND ASSISTANCE IN EL SALVADOR.

SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF MILITARY STUDIES

LCDR. ERICK O. GRANADOS

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Executive Summary.

Title: Impact of U.S. Foreign Policy and Assistance in El Salvador.

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Thesis: El Salvador during the last two decades has been engaging U.S. foreign policy in the Central American region, becoming a reliable partner for U.S. interests to combat drug trafficking, terrorism and organized crime, therefore; El Salvador has been benefited with economic aid and development programs from U.S. How important has been the impact of these assistance in transforming El Salvador's democracy?.

Discussion: Throughout the last few decades, the United States has had a strong interest in El Salvador. During the 1980s, El Salvador was the largest recipient of U.S. aid in Latin America as its government struggled against the Farabundo Marti National Liberation Front (FMLN) insurgency during a 12-year civil war. A 1992 negotiated peace accord ended the war and formally assimilated the FMLN into the political process as a political party. After the peace accords were signed, U.S. involvement shifted towards helping the government rebuild democracy and implement market-friendly economic reforms; foreign assistance to El Salvador declined from wartime levels and shifted from military aid towards development assistance, governments have maintained close ties with the United States, cooperating in counter-narcotics operations, supporting the U.S. coalition forces in Iraq and Afghanistan and implementing the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR); The main purpose of this paper is to demonstrate, how U.S. foreign policy and assistance can have a successful result in a small country, with a long lasting relationship with the United States and can be seen as an example to the rest of the Central American region and how to engage U.S. foreign policy.

Conclusion: Economic and national security concerns have historically dominated the U.S. policy agenda toward El Salvador, the United States has a moral imperative to promote the spread of democracy throughout the hemisphere and El Salvador has proven to be a reliable partner in the Central American region in order to promote U.S. interests and also has become an example for the international community and how a small country can be benefitted with economic aid by complying with all the requirements to become a member of the Community of Democracies.

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DISCLAIMER

Preface

The following paper is a result of the author's experience that has served for more than twenty years in the Salvadoran Armed Forces and has seen many changes in El Salvador democracy related to economy, governance, rule of law, human rights, police forces and military. This transformation is directly related to the U.S. foreign policy and assistance toward El Salvador. The main purpose of this paper is to support the thesis, that small countries like El Salvador can become strategic allies of the United States by engaging its foreign policy in the region and because of such actions; the host nation receives assistance to develop programs that promote democracy and will improve the general standards of living of theirs societies. This argument could not be supported without the historical living experience that El Salvador has gone through during the last two decades and that has been recognized by the United Nations. In the end, the paper attempts to explain to the readers the relevance of U.S. foreign policy as a tool to strengthen alliances and partnerships with third nations and counter arrest some others geopolitical influence in the region. This paper represents the culmination of a year of learning and academic achievements that would not have been possible without the leading example of Col. Mark A. Strong, the insight knowledge of Dr. Mark H. Jacobson and Dr. Rebecca J. Johnson and the extraordinary motivation and mentorship of Dr. Eric Shibuya and Dr. Jonathan Phillips.

INTRODUCTION.

Throughout the last few decades, the United States has had a strong interest in El Salvador. During the 1980's, El Salvador was the largest recipient of U.S. aid in Latin America as its government struggled against the Farabundo Marti National Liberation Front (FMLN) insurgency. A 1992 negotiated peace accord agreement ended the war and formally assimilated the FMLN into the political process. After the peace accords were signed, U.S. involvement shifted towards helping the government rebuild democracy and implement market-friendly economic reforms. Total U.S. foreign assistance to El Salvador declined and shifted from military aid towards development assistance. Successive right wing party's government ARENA (Nationalist Republic Alliance), maintained close ties with the United States, cooperating in counter-narcotics operations, supporting the U.S. coalition forces in Iraq, and implementing the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).[1]

The main purpose of this paper is to analyze how U.S foreign policy and assistance has influenced and changed El Salvador during the last two decades. Some of the most significant changes made by El Salvador have been related to economic, rule of law, governance and elections, security and military. Regarding economics, El Salvador became part of CAFTA-DR, a regional free trade agreement with the United States, and also has already ratify six more Free Trade Agreements with Chile, Mexico, Panama, Dominican Republic, Colombia and Taiwan. Three main generations of economic reforms were taken. The first generation was related to the re-privatization of the banking sector. The second generation of reforms in the area of privatization took place between 1990 and 1993 and included the sale of state owned companies that did not provide strictly public services. The third generation of reforms, which began in

1996 were intended to create the legal frameworks to ease and motivate investment.[2] Also, since January 2001, the economy was officially dollarized.

Another key area where El Salvador has done progress is in Rule of Law. U.S has helped to transform the judicial system from an inquisitorial to adversarial systems and increased the transparency and efficiency of the judicial process. This shortened pretrial detentions, permitted the presumption of innocence, and the right to a defense. These code reforms went into effect in 1998. In addition many programs in legal education and criminal justice has been implemented in universities and others official institutions.[3]

After the peace accords in 1992, El Salvador went through into a modernization process mainly with the National assembly and elections institutions. The legislature developed a master plan for modernization that has helped to facilitate a consensus across political lines regarding public participation in the legislative process. In addition, a unit was created to provide analytical studies to legislators, staff, and committees. U.S. election-related assistance has supported efforts that have contributed to conduct free and fair elections during the last 25 years and has been traditionally the largest donor of election related assistance.[4]

El Salvador has proven to be a reliable partner related to security and military issues from 2003-2009, deployed more than 3,400 soldiers during eleven consecutive troop rotations to Iraq and currently is participating in Afghanistan. In March 2007, El Salvador approved a long term Status of Forces Agreement with the United States as well as signed a General Security of Military Information Agreement to facilitate the sharing of classified defense and military information between the United States and El Salvador.[5] In addition, El Salvador is a strong ally of the U.S. against drug trafficking, terrorism, organized crime, gangs; etc.

THE UNITED STATES FOREIGN POLICY TOWARD EL SALVADOR DURING THE LAST TWO DECADES.

In the 1990s, U.S. policymakers more than ever saw the spread of democracy as a win-win development, something normatively pleasing and producing tangible benefits for the United States. President Bill Clinton did not just go further than his predecessors in seeking to promote democratization; he also went further in explicitly doing this to promote fundamental U.S. goals, as laid out in the strategy of democratic enlargement.[6] It is therefore necessary to study U.S. democracy promotion from the perspective of America's strategic goals and not just the value of democratization. The Clinton administration provides an ideal case study for evaluating the American use of democracy promotion for strategic ends. U.S. government did not just go further in seeking to promote democratization abroad through its various institutions, it also went further in explicitly trying to use these efforts to promote strategic national-security and economic goals. Clinton set himself three national security objectives: Restructuring the military, working with allies to encourage global democratization and reestablishing economic leadership at home and in the world.[7] The Peace, Prosperity and Democracy Act of 1994 listed democratization as one of four interrelated objectives of American aid. Under the Act, USAID democracy assistance was budgeted through two titles, one for less developed countries and one for countries not eligible for development aid.[8] U.S. foreign policy during the George W. Bush administration continued stressing in democracy promotion as a key element in its foreign policy. When Secretary of State Rice announced her transformational diplomacy plan in January 2006, Secretary Rice's objective of transformational diplomacy was to work with many partners around the world to build and sustain democratic and well governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.[9]

This goal was restated in the State Department’s October 2006 briefing, on the Secretary’s foreign assistance reform.

U.S. and Salvadoran relations remain close and strong, promotes the strengthening of El Salvador's democratic institutions, rule of law, judicial reform, national reconciliation and reconstruction, and economic opportunity and growth. El Salvador was a committed member of the coalition of nations fighting against terrorism, sent 11 rotations of troops to Iraq to support Operation Iraqi Freedom from 2003 through 2008, and in 2011 became active member of the coalition forces participating in Afghanistan. The U.S. and Salvadoran governments cooperate closely to combat narcotics trafficking and organized crime, El Salvador hosts the International Law Enforcement Academy, which provides training to police, prosecutors, and other officials from across the Latin American region. El Salvador’s Air force installation near Comalapa Airport houses a monitoring facility that survey’s narco-trafficking routes in the Eastern Pacific. The Federal Bureau of Investigation (FBI) and El Salvador’s National Civilian Police, jointly operate the Transnational Anti-Gang unit, which addresses the growing problem of street gangs in both countries. Also in January 2009, the U.S. and El Salvador signed letters of agreement committing both countries to work jointly under the Merida Initiative to fight crime and drug trafficking.[10]

In March 2011 President Obama visited San Salvador, affirming the United States will continue its commitment to fight narco-trafficking and related violence in El Salvador and the Central American region, therefore El Salvador will continue receiving funds through the Central America Regional Security Initiative (CARSI) implemented in 2008 to increase public security and law enforcement as well as support economic and social development. U.S. ties to El Salvador are dynamic and growing, more than 19,000 American citizens live and work fulltime in El Salvador. Most are private business people and their families, but a small number of American citizen retirees have been drawn to El Salvador by favorable tax conditions.[11]

U.S ASSISTANCE TO EL SALVADOR.

Since 1992 U.S. assistance to El Salvador has been authorized under the Foreign Assistance Act of 1961, appropriated through the U.S. Agency for International Development (USAID) , as well as the Departments of State and Justice have provided the bulk of this assistance in the areas of economic development, rule of law, governance, human rights and elections. Rule of law assistance has supported the modernization of the criminal justice system and increased the access of the local population to justice. Governance assistance has funded efforts to strengthen legislatures and national and local governments and to enact and implement anticorruption measures. Human rights assistance has supported activities to improve public awareness of and government accountability for human rights abuses. Election assistance has helped enhance electoral institutions, increase voter registration and education, and support electoral observation.[12]In return and as a result of this assistance, El Salvador has been a strong partner of the U.S. in internal and in others international issues.

U.S. bilateral assistance to El Salvador seeks to help enhance citizen security, promote trade and investment, reduce poverty, improve healthcare and education and strengthen government institutions. Bilateral funding to El Salvador amounted to roughly $56.1 million in FY2010, including $25 million in supplemental assistance for reconstruction efforts associated with Tropical Storm Ida.[13] The Obama Administration requested $35.4 million in bilateral assistance for El Salvador for FY2012.[14] Besides the conferees stated their expectation that additional bilateral assistance and International Disaster Assistance be provided to El Salvador for flood relief and reconstruction.

El Salvador receives some foreign assistance beyond the bilateral funds appropriated annually through the foreign operations budget, there are approximately 140 U.S. Peace Corps volunteers serving in El Salvador who are engaged in projects related to agro-forestry and environmental education, community organization and economic development, rural health and sanitation and youth development. USAID's Office of Foreign Disaster Assistance (OFDA) provides assistance in response to natural disasters, including most recently, more than $605,000.[15] U.S government has contributed with $5 million towards the establishment of a Crossroads Fund within the Inter-American Development Bank (IADB), aimed at boosting regional integration and competitiveness that will provide grants for cross-border infrastructure projects within Central America. The fund is expected to be able to provide grants worth roughly $20 million.[16] Under this partnership, the United States will review its security efforts in Central America and potentially refocus funding to adapt to changing conditions. In June 2011, Central American Security conference, Secretary of State Hillary Clinton announced that U.S. funding for the Central America Citizen Security Partnership would exceed $290 million in FY2011. The $290 million pledge includes the $101.5 million being provided through the Central American Regional Security Initiative (CARSI) as well as all other bilateral and regional U.S assistance being provided to support security efforts in Central America.[17]

El Salvador received an estimated $28.6 million in regular U.S. assistance in FY2011, as well as roughly $6.0 million in FY2011 supplemental assistance for counter narcotics and anticrime efforts as part of the Administration's Mérida Initiative.[18] The FY2012 request for El Salvador was for $37.0 million in bilateral assistance, as well as roughly $17.3 million of the

$100 million in Mérida funds were provided. In late November 2006, El Salvador signed a five year, $461 million compact with the Millennium Challenge Corporation (MCC) to develop its northern border region, where more than 53% of the population lives in poverty. The compact includes $88 million for technical assistance and financial services to farmers and rural businesses, $100 million to strengthen education and training and improve public services in poor communities, and $233 million to rehabilitate the Northern Transnational Highway and some secondary roads. The MCC compact also includes $45 million to cover program administration and evaluation, and has been designed to complement the CAFTA-DR and regional integration efforts[19]. Although many have praised its potential, some have questioned why the compact was not designed to encourage communities to channel remittance flows into collective projects that could generate employment and improve local infrastructure.[20]

El Salvador is not a major producer of illicit drugs, but serves as a transit country for narcotics, mainly cocaine and heroin, cultivated in the Andes and destined for the United States. Comalapa International Airport in El Salvador serves as one of two Forward Operating Locations (FOLs) for U.S. anti-drug forces in the hemisphere, the FOL extends the reach of detection and monitoring aircraft into the Eastern Pacific drug smuggling corridors, through which more than half of the narcotics destined for the United States transit. Although the U.S. lease on the airport was set to expire in 2010, El Salvador signed an agreement in April 2009 that will allow the United States to continue using Comalapa as a FOL for an additional five years.[21] In 2010, Salvadoran officials seized 126 kilograms of cocaine, 708 kilograms of marijuana and $20 million in illicit proceeds, both the Anti-Narcotics Division (DAN) of the National Civil Police (PNC) and the Salvadoran Navy coordinated closely with their U.S. counterparts.[22]

U.S. counter narcotics assistance, focuses on improving the interdiction capabilities of Salvadoran law enforcement agencies, increasing transparency, efficiency, respect for human rights within the criminal justice system and supporting anti-money laundering efforts. On December 8, 2010, the U.S. and Salvadoran governments announced the creation of a new wiretapping center in El Salvador to help officials in the Attorney General's office intercept and analyze telecommunications. El Salvador is also the home of the U.S. International Law Enforcement Academy (ILEA), which provides police management and training to officials from all of the countries of the region.[23]

El Salvador also benefits from regional trade capacity building assistance and regional anti-gang assistance, funded through global funds appropriated to the State Department's Bureau of International Narcotics and Law Enforcement and receives assistance, under the CARSI. Formerly known as Mérida Central America, a package of counter narcotics and anticrime assistance for the region as currently formulated. CARSI provides equipment, training, and technical assistance to build the capacity of Central American institutions to counter criminal threats, besides; supports community-based programs designed to address underlying economic and social conditions that leave communities vulnerable to those threats. From FY2008 andFY2011, congress appropriated $361.5 million for CARSI, a portion of which was intended for El Salvador.[24]

El Salvador immediately supported the United States following the September 2001 terrorist attacks and sent 360 soldiers to Iraq in August 2003. Since then, El Salvador maintained a constant troop presence in Iraq until 2008, at least five Salvadorans soldiers were killed in Iraq and 20 more were wounded. In August 2011, the Salvadoran government decided to send a small contingent of non-combatant troops to Afghanistan.

The United States responded to the natural disasters in El Salvador in 2001 by granting Temporary Protected Status (TPS) to eligible Salvadoran migrants living in the United States. In October 2008, the U.S. government extended the TPS of an estimated 220,000 eligible Salvadoran migrants living in the United States until September 9, 2010. TPS is an important bilateral issue for El Salvador, whose migrants living in the United States sent home some $3.7 billion in remittances in 2007. The exodus of large numbers of poor migrants to the United States has also eased pressure on the Salvadoran social service system and labor market. In contrast, observers are concerned about the impact of Salvadoran deportees from the U.S. on the country's gang problems. As of September 28, 2008, 18,930 Salvadorans had been deported in FY2008, including 5,242 people with criminal records.[25]

The United States is El Salvador's main trading partner, purchasing 65% of its exports and supplying close to 50% of its imports. More than 300 U.S. companies currently operate in El Salvador, many of which are based in the country's 13 free trade zones. Since the 1980s, El Salvador has benefitted from preferential trade agreements, such as the Caribbean Basin Initiative and later the Caribbean Basin Trade Partnership Act (CBTPA) of 2000, which have provided some of its exports, especially apparel and related items, duty-free entry into the U.S. market. As a result, the composition of Salvadoran exports to the United States has shifted from agricultural products, such as coffee and spices, to apparel and textiles. Since the expiration of global textile quotas on December 31, 2004, Salvadoran apparel producers have had trouble competing with goods from cheaper Asian producers.[26]

On December 17, 2004, despite strong opposition from the FMLN, El Salvador became the first country in Central America to ratify CAFTA-DR. In December 2005, the Salvadoran Legislative Assembly passed a package of sweeping legislative reforms, including tighter intellectual property restrictions, which were backed by the United States as prerequisites for CAFTA-DR implementation. On March 1, 2006, El Salvador became the first country to implement the CAFTA-DR; Salvadoran officials have attributed recent increases in some jobs, exports, and investments to CAFTA-DR. In 2006, although apparel exports to the United States declined, El Salvador saw a 21% increase of nonpareil exports to the United States, including ethanol, food stuffs, and metal products much of which has been attributed to CAFTA-DR. In 2007, a slight recovery in textile and apparel exports to the United States combined with increases in non-traditional exports to result in a 10% increase in Salvadoran exports to the United States, at the same time; U.S. exports to El Salvador increased by 16% in 2006 and 7.5%. In 2007, El Salvador expects CAFTA-DR to continue encouraging foreign investments in information technology, communications, and other growth sectors.[27] However, critics are concerned regarding the inability of some Salvadoran farmers to compete with U.S. agricultural producers, this might offset the job and investment gained resulting from the agreement. Proponents maintain that the MCC compact, as well as existing trade capacity building programs funded by the United States and other donors, should help ensure that vulnerable sectors benefit from the agreement. Critics also argue that although CAFTA-DR has provided the bases for the enforcement of domestic labor and environmental laws and creating cooperative ways to bring those laws up to international standards, the penalties for countries not enforcing their laws are relatively weak. Others have challenged the assertion that labor rights and working conditions have improved in the region because of CAFTA-DR.

IMPACT OF U.S. ASSISTANCE TO EL SALVADOR SINCE 1992.

The Salvadoran government since 1992 embraced a “neo-liberal” economic model, cutting government spending, privatizing state owned enterprises, and adopting the dollar as its national currency. The privatization process in El Salvador began in 1989 as a necessary condition to liberalize the financial system and to be part of the Central American Free Trade Agreement, the process assumes that the private sector is more efficient and has greater income-generating capacity than the public sector, and that privatization is required in order to activate and modernize the financial sector.

Three main generations of economic reforms were taken. The first generation was related to the re-privatization of the banking sector inevitable requirements for national economic growth, free trade and macroeconomic stability. The second generation of reforms in the area of privatization took place between 1990 and 1993 and included the sale of state-owned companies that did not provide strictly public services (cement producers, hotels and sugar mills, among others). The third generation of reforms which began in 1996, were intended to create the legal frameworks to ease and motivate investment, (although the preparatory stages began in 1993 with proposals for legal frameworks and the design of mechanisms for implementation). Transnational companies, particularly telecommunications and energy companies, showed great interest in investing in these sectors from the beginning, while international institutions such as the World Bank, IMF and Inter-American Development Bank actively promoted the privatization of these services as part of the structural adjustment program.[28]

The U.S. and Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), implemented between El Salvador and the United States on March 1, 2006, provides El

Salvador preferential access to U.S. markets; textiles and apparel, shoes, and processed foods are among the sectors that benefit. In addition to trade benefits, CAFTA-DR also provides trade capacity building, particularly in the environment and labor areas and a framework for additional reforms on issues such as intellectual property rights dispute resolution, and customs. These will improve El Salvador's investment climate for sensitive sectors such as agriculture.[29] The agreement includes periods to allow Salvadoran producers an opportunity to become more competitive, U.S. support for privatization of the electrical and telecommunications markets markedly expanded opportunities for U.S. investment in the country. Either more than 300 U.S. companies have established a permanent commercial presence in El Salvador or work through representative offices in the country. The U.S. Department of Commerce maintains a country commercial guide for U.S. businesses seeking detailed information on business opportunities in El Salvador.[30]

The United States has assisted El Salvador to make the transition from an inquisitorial legal system to an adversarial system, to help increase the transparency and efficiency of the judicial process. Benefits of the adversarial system include shortened pretrial detentions, the presumption of innocence; and the right to a defense. El Salvador's country officials commented that U.S. support has been critical to building consensus for the development and enactment of these reforms. USAID has supported constitutional and criminal procedures, code reforms went into effect in 1998. El Salvador appears to have made the most progress in reforming its justice sector, for example, the Attorney General has instituted sweeping personnel changes in the prosecutor's office to improve the quality and integrity of its workforce. However, the judiciary in El Salvador still has to institute similar reforms, according to U.S. officials.[31]

USAID also has worked with some law schools to revise their curricula to reflect new reforms and provide more practical training in oral public trials. In addition, U.S. assistance has developed and strengthened the capacities of the police forces by providing the Justice Department's International Criminal Investigations Training and Assistance Program (ICITAP), focused primarily on developing criminal investigations capabilities by providing training and equipment and supporting police management, accountability, and operations. In addition, USAID is working in the criminal investigation area by providing courses on joint crime-scene management, prosecutors, police investigators, and forensic specialists have attended this course to improve police-prosecutor coordination in protecting and managing evidence.[32]

U.S. assistance efforts to improve the human rights situation in El Salvador has included technical assistance for the creation of government agencies that address human rights problems, training programs, education programs, and the provision of protection for threatened individuals.[33] In addition, U.S. promotes a political system best equipped, to protect individuals against tyranny and insure government respect of basic human rights. The development of fair, corruption free judicial system is essential to insure that the rule of law is enforced and respected. The United States during the last decades has supported El Salvador self-determination through concrete actions rather than merely rhetorical declarations.

In El Salvador, government has historically been highly centralized, and local governments have lacked of authority and resources. The legislative branch of government has usually been weaker than the executive branch, and public sector corruption remains a serious problem. USAID's legislative strengthening programs have aimed to improve legislative planning and infrastructure, enhance legislative analytical and technical capabilities, and increase citizen knowledge of and input into congressional activities. The legislature developed a master plan for modernization, that has helped to facilitate a consensus across political lines, regarding; public participation in the legislative process. In addition, USAID's efforts to upgrade legislative infrastructure helped create more professional and transparent working conditions, semiprivate offices were constructed for all legislators, thereby enabling some members to work more professionally and some to increase the number of constituents they met with. Also, a unit was created to provide analytical studies to legislators, staff, and committees. USAID's efforts to provide analytical support to legislatures have faced challenges due to changes in political support.[34]

USAID anticorruption assistance has focused on supporting reforms in anticorruption legislation and regulations, introducing programs to make national and municipal government institutions more transparent and accountable and fostering citizen awareness and oversight.

El Salvador has transitioned to democracy and most countries in the region have held elections regularly. U.S. election-related assistance has supported efforts that have contributed to conduct free and fair elections. U.S. has been traditionally the largest donor of election related assistance. The assistance activities have focused on improving election administration by building the institutional capacity of electoral authorities, enhancing voter access by improving voter registration and education, supporting electoral reforms, and legitimizing election results by supporting electoral observation. U.S. assistance also has helped enhance voter access to the electoral system by improving voter registration and education in El Salvador, the agency supported the establishment of civil and voter registries and helped issue 937,000 single identity documents, out of an expected total of 3.2 million documents, which will be used as official voter identification in future elections. Since 1992, five major presidential elections has been hold, allowing El Salvador to make that transition to a free and democratic country.[35]

El Salvador is home to the Cooperative Security Location (CSL) in Comalapa, the only in the region which is critical for counternarcotic detection and flight monitoring. The Salvadoran Legislative Assembly ratified the CSL agreement in August 2000 and, in 2009, agreed to extend the agreement until 2015. Since that time, CSL operations have been responsible for the interception of over 210 metric tons of cocaine; also maintain the Foreign Military Financing (FMF) program, which is the second largest recipient of FMF in Central and South America. These funds are used to improve the Salvadoran Navy's interdiction capabilities to participate in joint maritime interdiction efforts through the acquisition of communications equipment, training and operations and maintenance support. El Salvador always has been interested in the International Military Education and Training program (IMET), funds are used for professional training programs that focus on force modernization efforts, redefining new roles and missions, and enhancing joint capabilities to confront emerging threats; this includes developing El Salvador’s civil-military capabilities in areas such as engineering projects, environmental protection, public health assistance, and cooperative efforts in public security.[36] Since 2008, IMET has trained 789 Salvadoran students; also, with the assistance of the U.S. Government’s Global Peace Operations Initiative, El Salvador’s military has established a peacekeeping unit. El Salvador has participated in several United Nations (UN) missions and currently deploys over 100 personnel and police to eight different UN missions worldwide, including a contingent of 52 personnel deployed to the UN Interim Force in Lebanon and currently part of the Coalition Operations in Afghanistan. El Salvador has proven to be a reliable partner, from 2003-2009, deployed more than 3,400 soldiers during eleven consecutive troop rotations to Iraq. In March 2007, El Salvador approved a long-term Status of Forces Agreement with the United States as well as signed a General Security of Military Information Agreement to facilitate the sharing of classified defense and military information between the United States and El Salvador.[37]

CONCLUSIONS.

Economic and national security concerns have historically dominated the U.S. foreign policy agenda toward El Salvador. Since the Peace Agreements in 1992, El Salvador has demonstrated mixed economic growth. According to World Bank statistics, the country experienced a post-war boom between 1992 to 1995, when it averaged annual economic growth of 6.8 percent. From 1996 to 2000, annual economic growth averaged a much lower 3.0 percent. For the past decade from 2000-2009, El Salvador averaged just 2.1 percent annual economic growth. Today, El Salvador has a service-dominated economy: The services sector accounts for 60 percent of GDP, manufacturing for about a quarter, and agriculture and related sectors for 12 percent.[38]The economy has been officially dollarized since January 2001; annual remittances, mostly from workers in the United States, amount to 17 percent of GDP. El Salvador‘s most important export category remains apparel textile products (manufactured products assembled for re-export), which have traditionally encompassed low value- added and are not technologically intensive. Apparel textile products account for almost half of all exports. The stock of foreign direct investment (FDI) increased from US$1.97 billion in 2000 to US$7.76 billion in 2010, mainly directed to the financial and manufacturing industries.[39] The United States remains the largest source of FDI to El Salvador, according to the last constraints analysis made in 2010, the two main factors stopping Salvadoran economy for developing are: Insecurity and crime and low productivity in the tradable sector.

U.S. rule of law assistance to El Salvador has supported criminal justice reforms; increased access to justice, and police investigative and management capabilities, U.S. assistance has had an impact in each area. Judicial and law enforcement institutions continue to rely to a large degree on U.S. and other international assistance to implement judicial reforms and other projects; however, despite all the U.S. assistance provided to El Salvador, the judicial system is still one of the most inefficient in providing justice.

The United States has provided to El Salvador with some important tools to help address the human rights problems, nonetheless, human rights remain major concerns. Given the magnitude and political complexity of these problems, the tools that the United States has provided are likely to have only a marginal impact on these problems. Cases like isolated unlawful killings by security forces, violent and overcrowded prison conditions, lengthy pretrial detention; official corruption, etc. Are still issues to solve.

U.S. governance related assistance programs have enabled El Salvador to take limited steps toward more effective, responsive, and accountable government institutions. In light of this modest progress and the continued obstacles to reform, it is unlikely that U.S. governance-related assistance will be able to produce sustainable results without ongoing, long-term involvement and goals. Besides, U.S. elections assistance has helped realize a fundamental component of democracy to conduct free and fair elections. While continued improvements will be needed to achieve wider participation and greater efficiency in elections administration, basic capabilities are in place to enable them to continue to hold free and fair elections into the future.

El Salvador established itself as a credible and reliable international partner, not only in the context of economic and trade agreements, but also due to its commitment to political dialogue with other Central American countries within the framework of SICA (Sistema de Integracion Centro Americano) and by providing military and humanitarian aid on a global scale.

Regarding the provision of military aid, the Salvadoran political leadership proved to be particularly reliable towards its main trading partner, the United States, by being the only country in Latin America that maintained its troops in Iraq until almost the end of the coalition support and now by doing it in Afghanistan.

The military is one of institutions that have gone through huge transformations regarding professionalism, education programs, relationship with civil society and good relationship with all political forces. There are still budgetary limitations that have not allowed renewing military equipment to become more effective in their duties but according to the last polls, the military is one of the institutions with a huge credibility among population. It ranks higher than police forces, politicians and others.

RECOMMENDATIONS.

El Salvador as a small country made the appropriate decision decades ago in considering the strategic choice to pursue socioeconomic development under an open and regulated market economy model, including the terms of the regulatory framework for investment, the use of governance, the development of key backbone infrastructure; and economic policies coherence.

In the context of El Salvador's small open economy, foreign direct investment could make a significant contribution in developing the country, mainly if this investment is oriented to support national competitiveness, and for sustainable development, two main conditions to achieve middle and long terms economic goals. Some concrete measures to promote these terms can be related to the creation of a competitive business climate, as essential to the development of a small, open economy and the production of goods and services for the region and for the major economies worldwide. These are key elements to influence, the ability of national companies to reach international levels of competitiveness. The capacity of the country to attract foreign investors in search of regional or worldwide production sites, are part of a global value chains that will allow the quality of the investment framework, as well as; the availability of high quality and reliable physical infrastructure and human capital at reasonable costs. These should be the priorities for the government to influence with appropriate policies. Also, would be useful for El Salvador to negotiate additional bilateral investment treaties with countries that are emerging or could emerge as key sources of foreign direct investment, targets should include Brazil, China, Colombia, India and Singapore.

The labor force is one of El Salvador's greatest assets in attracting foreign direct investment, Salvadoran workers are widely regarded as productive and very receptive to training. The general level of education remains unsatisfactory, the country continues to suffer from skills shortages in a wide range of occupations, and the insufficient knowledge of English is widely considered as a key handicap; therefore, some decisions have to be made. Firstly, the country must put in place a proactive policy to attract foreign direct investment in higher education and vocational training, in order to bring about higher quality in the universities and technical schools. Secondly, El Salvador must derogate its regulations on the employment of foreigners, in order to make it easier for investors to rely on expatriates when local skills are in short supply or unavailable.

El Salvador continues to suffer from an image deficit and a low international profile, in the Global Competitiveness Report,[40] El Salvador ranks last out of 142 countries under the organized crime indicator, and 132 out of 142 countries in business costs of crime and violence. Moreover, a campaign must be implemented to build on an strategy to attract foreign direct investment and coordinated efforts with Central American partners should also be considered, to raise the profile of the region as a whole, in Europe and Asia.

Notes

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