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European Economic Community Research Center Predicts Reduced U.S. Aid To El Salvador

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On April 4, the European Economic Community's Institute on European-Latin American Relations (IRELA) released a report stating that El Salvador's economic situation is "highly vulnerable." The Brussels-based institute noted that an increase in US aid to El Salvador in 1991-92 is unlikely. In contrast, said the report, a reduction is probable, given that US strategic interest in El Salvador has decline, and US congresspersons' reservations concerning the ruling Nationalist Republican Alliance (ARENA). Next, the IRELA report pointed out that Washington's fiscal deficit pressures will lead to cuts in foreign aid spending, while demands for aid from other nations in the region (e.g., Panama and Nicaragua) are increasing. US Agency for International Development (AID) and State Department economic aid items for El Salvador from fiscal years 1987 through 1992 declined every year, especially in 1991. Other factors generating economic problems for El Salvador, said the Institute, are low international market prices for coffee, sugar and cotton, and a cutback in US food aid. Next, the report notes that Salvadoran refugees in the US will continue to provide an important source of "financial aid" via remittances sent to family members. IRELA cited an estimate by US government officials that by 1993 such remittances will reach nearly $500 million per year. Between 1986 and 1988, EEC loans to El Salvador averaged $3 million per year. In 1988, the most important European development loan sources were West Germany at $17.9 million; Italy, $16.5 million; and, France, $12.9 million. At the end of 1989, the EEC suspended direct economic aid to the Salvadoran government as a protest against human rights violations. Since then, the Community has supplied "humanitarian" aid funds, administered by non-governmental organizations. In December 1989, the German government suspended all development assistance funds. (Basic data from Notimex, 04/04/91)

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