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CONFIDENTIAL AND SENSITIVE
THE SECRETARY OF STATE
WASHINGTON

January 27, 1977

MEMORANDUM FOR: The President
FROM: Cyrus Vance *CRV*

1. Panama Canal Negotiations: I am encouraged by the progress that we are making in preparing for the Panama Canal negotiation. At the PRC meeting this morning we agreed to recommend to you that:

- a. The Tack-Kissinger principles should be reaffirmed as the basis for further negotiations;
- b. We should commence negotiations within the first two weeks of February; *Tack outranked Kissinger to begin with - ok*
- c. We should accept the year 2000 as the termination date of the treaty; and *ok*
- d. We should not attempt to hammer out our final position before starting negotiations, but should have our negotiators explore on a what-if basis what the Panamanians would be prepared to give on the remaining issues if we agreed to the year 2000. *Be tough -*

All of these recommendations will come to you for decision promptly in a Presidential Decision Memorandum. *ok*

After my meeting next Monday with Foreign Minister Boyd, I recommend that we publicly reaffirm the Tack-Kissinger principles for dealing with the Panama Canal talk and state that our negotiators will resume negotiations in the first or second week of February. *Why? ok*

I was most favorably impressed by the Chiefs' attitude this morning. George Brown is prepared publicly to support the Administration's position and the Chiefs' willingness to help with Congress, press and public opinion will be essential to achieving the broad national support that we must obtain. *C*

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I spoke with Cranston. Cranston has contacted all 17 Democrats who signed the Thurmond resolution last time and has commitments from 15 to delay, at least until the progress of the new negotiations can be evaluated. This includes, for example, Harry Byrd and Jim Allen.

Cranston believes Thurmond will not introduce the resolution unless he has one-third of the Senate plus one--enough to block the Treaty. He therefore recommends that you not call anyone at this time. *good*

The last procedural question I am wrestling with is to try to find a way to get Sol Linowitz on board as Co-Negotiator without having the Senate hold formal hearings on his nomination that would quickly turn into a wide ranging debate on the Panama issue of the kind that we should avoid for the time being. *discuss Sat. mtg.*

2. US-Brazil Nuclear Issue: While Brazilian press play and some "leaks" from Foreign Ministry sources indicate considerable indignation over reports of US initiatives to block the FRG-Brazil enrichment/reprocessing transfer, official Brazilian government reaction has so far been restrained. Last night I sent a personal message to Foreign Minister Silveira assuring him that the United States intends to consult Brazil on a full range of issues, including our objections to certain aspects of the arrangement with West Germany. I stated that we, of course, recognize the Brazilians' pressing energy needs and are ready to discuss ways in which they can be met without running substantial dangers of nuclear proliferation. I have asked the Brazilian Ambassador to come in to see me tomorrow and will reiterate these points to him. *C*

3. Syrian Troops in Southern Lebanon: As a follow-up to my conversation with Dinitz yesterday evening, Allon sent me a message today stating again that his government views the presence of Syrian troops in the Nabitiyah area as a threat to Israel's security. Israel is willing to allow Sarkis several days grace to achieve a withdrawal. The Israelis say that they are not anxious to damage his prestige but until they receive word that Sarkis will in fact withdraw the troops, they will increase their readiness in the area. Dinitz added that his government is going to hold a regular cabinet meeting on Sunday and would appreciate an authoritative reply from us to their request for withdrawal before this meeting.

I have sent word to our representative in Beirut to tell Sarkis that the Israelis have given an opening for compromise by allowing the Syrians a reasonable amount of time to achieve their

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stated purpose to collect heavy weapons remaining from the civil war. Sarkis will be told that the Israelis want to be told of a definite timetable for the withdrawal of the Syrian troops and that they are increasing their readiness in the region. I also let Sarkis know that:

- The Israelis say the Syrian troops have moved several kilometers south of Nabitiyah since our last communication with him on Tuesday;
- The Israelis want him to take action before the Sunday cabinet meeting in order to calm Israeli public opinion and dampen pressures for a stronger Israeli reaction against the Syrian presence.

It is clear that Israeli domestic politics are having a significant effect on Rabin's behavior and on the deadlines he is setting. I do not, however, see the Israelis moving into Lebanon in the next several days even if Sarkis is unable or unwilling to ask the Syrians to withdraw. C
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4. Missions for Clark Clifford and Charlie Yost: As I indicated briefly to you today, I am delighted that Clark Clifford has agreed to take on the Cyprus mission. I will work out with him the timing on this and keep you informed.

I am also thinking about asking Charlie Yost to go to Vietnam to look into the MIA issue. I think that he would handle the mission well. It might be desirable for him to take along two members of the Montgomery Committee. I believe that it is in our interest to move promptly to try to pre-empt an action by the Vietnamese in the UN. We can talk more of this on Saturday. C
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5. Rhodesian Situation: African reactions to Smith's speech and the present impasse in Rhodesian negotiations indicate a growing militance and frustration. Nyerere has told the British High Commissioner he is glad Smith rejected the British proposals so that the nationalists can now proceed with a military solution. Even moderate states like Liberia and radicals like Somalia have mentioned the possibility of sending troops for Mozambique's defense. We doubt they will do so; the tone of their rhetoric will increase.

I am sending letters to the Front Line Presidents this evening stating our opposition to Smith's internal solution and our intention to see the Byrd Amendment repealed. C
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We have already asked the South Africans for their views on next steps. Vorster will address his Parliament tomorrow but probably will not reveal any specifics of what South Africa intends to do.

Ivor Richard's mission in Africa is continuing and he has scheduled talks in Botswana and Zambia. We are examining a range of policy options to discuss with the British and I will be prepared to discuss these with you at the Saturday meeting. *C*

6. Economic Help for Egypt: Last week's riots in Egypt resulting from the government's announcement of consumer price increases (now rescinded), have seriously eroded Sadat's political position. It may be desirable for us to assist him in regaining public confidence. While we are not in a position to offer additional economic assistance for this purpose, we could make a visible gesture by announcing a new economic assistance package consisting of already appropriated funds reprogrammed so as to make a more immediate economic impact. We are exploring this possibility within the Executive Branch and are consulting on the Hill with the Foreign Relations and Appropriations Committees. I may wish to discuss this further with you Saturday. *ok*

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STATEMENT OF PRINCIPLES

Joint Statement by the Honorable Henry A. Kissinger, Secretary of State of the United States of America, and His Excellency Juan Antonio Tack, Minister of Foreign Affairs of the Republic of Panama, on February 7, 1974 at Panama.

The United States of America and the Republic of Panama have been engaged in negotiations to conclude an entirely new treaty respecting the Panama Canal, negotiations which were made possible by the Joint Declaration between the two countries of April 3, 1964, agreed to under the auspices of the Permanent Council of the Organization of American States acting provisionally as the Organ of Consultation. The new treaty would abrogate the treaty existing since 1903 and its subsequent amendments, establishing the necessary conditions for a modern relationship between the two countries based on the most profound mutual respect. Since the end of last November, the authorized representatives of the two governments have been holding important conversations which have permitted agreement to be reached on a set of fundamental principles which will serve to guide the negotiations in the effort to conclude a just and equitable treaty eliminating, once and for all, the causes of conflict between the two countries.

The principles to which we have agreed, on behalf of our respective governments, are as follows:

1. The treaty of 1903 and its amendments will be abrogated by the conclusion of an entirely new *ok* interoceanic canal treaty.
2. The concept of perpetuity will be eliminated. The new treaty concerning the lock canal shall have a fixed termination date.
3. Termination of United States jurisdiction over Panamanian territory shall take place promptly in accordance with terms specified in the treaty.
4. The Panamanian territory in which the canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, in its capacity as territorial sovereign, shall grant to the United States of America, for the duration of the new interoceanic canal treaty and in accordance with what that treaty states, the right to use the lands, waters and airspace which may be necessary for the operation, maintenance, protection and defense of the canal and the transit of ships.

5. The Republic of Panama shall have a just and equitable share of the benefits derived from the operation of the canal in its territory. It is recognized that the geographic position of its territory constitutes the principal resource of the Republic of Panama.

6. The Republic of Panama shall participate in the administration of the canal, in accordance with a procedure to be agreed upon in the treaty. The treaty shall also provide that Panama will assume total responsibility for the operation of the canal upon the termination of the treaty. The Republic of Panama shall grant to the United States of America the rights necessary to regulate the transit of ships through the canal and operate, maintain, protect and defend the canal, and to undertake any other specific activity related to those ends, as may be agreed upon in the treaty.

7. The Republic of Panama shall participate with the United States of America in the protection and defense of the canal in accordance with what is agreed upon in the new treaty.

8. The United States of America and the Republic of Panama, recognizing the important services rendered by the interoceanic Panama Canal to international maritime traffic, and bearing in mind the possibility that the present canal could become inadequate for said traffic, shall agree bilaterally on provisions for new projects which will enlarge canal capacity. Such provisions will be incorporated in the new treaty in accord with the concepts established in principle 2. *Should not promise new Canal to be in Panama.*

*with mutual defense
Commitment - unilaterally implemented*