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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

January 2, 1990

INFORMATION

MEMORANDUM FOR ROBERT M. GATES

THROUGH: WILLIAM T. PRYCE *WTP*

FROM: DAVID A. PACELLI *DAP*

SUBJECT: DC Meeting on Panama, January 2, 1990

NOTED

The following is to prepare you for the Deputies Meeting on Panama (4:30 p.m., January 2, 1990):

Kimmitt's people say the main thing on his mind is new guidelines for resolving Noriega's situation in view of the latest proposal from the Papal Nuncio. The Nuncio has been arguing for some days that he believes we should isolate Noriega to give him a chance to persuade Noriega to give himself up to the US. (The Nuncio does not view his projected attempt as open-ended.) The prevailing (but not unanimous) U.S. view has been to keep the rats with Noriega penned up with him as the best way to put pressure on Noriega. Now, the Nuncio has modified his proposal so that these extra people would be removed to a separate location, but still under the protection of the Nunciatura.

The State Department people believe Kimmitt endorses the idea of isolating Noriega. He has called General Powell on it and intended to speak to the Secretary before the DC meeting. We believe the idea is workable and it would show good faith in cooperating with the Vatican.

The following are our thoughts on the state of interagency coordination on the ground in Panama (Kimmitt had originally told you this would be the topic of the DC meeting):

1. The Situation at the Nunciatura

Last week, we heard back channel that there have been coordination problems regarding dealing with Laboa. State and Defense reps had received their instructions separately, which had differed in some respects. Laboa was being physically searched by the military and the music was an annoyance. This situation no longer persists.

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2. Document Exploitation

Last week, there was a complaint from State that document exploitation was proceeding willy-nilly (no documentation, an unordered process), with the State rep being excluded from access to documents by the military. This subject was raised at a PCC meeting (although no report of the State Department complaint was made), and it was agreed to ensure that the process went smoothly. This needs follow-up, in our view.

3. Treatment of Diplomatic Personnel.

We assume the military is now following the approved guidelines. You may want to follow up, nonetheless.

4. Restructuring the PDF

The PCC working group has met once on this question and there was no consensus on whether the new security force should have a combat role. State opposed, whereas DOD, JCS, and NSC argued for a well-defined role.

5. Economic Issues

The Treasury folks have been disposed to go slow on release of the Panamanian blocked money. Eric Melby has talked to State's Larson, however, and the latter says that upon his return from the Eagleburger mission he will ensure that these and other sanctions-related obstacles are removed. The NSC view is that it is premature to talk of an aid program to Panama; return of the Panamanian money might go a long way toward getting Panama on the road to economic recovery and we need the private sector to take the lead.

Concurrence by: Eric Melby *WM*.