



DEPARTMENT OF STATE

Washington, D.C. 20520

S/S 7500699

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January 11, 1975

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MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: Issues Paper on Panama

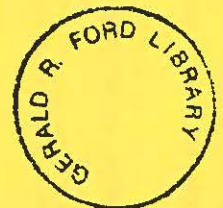
Attached is an Issues Paper on the Panama  
Negotiations for use in the Secretary's oral  
briefing of the President.

*for*   
George S. Springsteen  
Executive Secretary

DECLASSIFIED  
E.O. 12958, SEC. 3.5  
STATE DEPT, GUIDELINES  
BY GG, NARA, DATE 11/17/2000

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ISSUES PAPER FOR THE PRESIDENT: PANAMA NEGOTIATION

"ROADMAP"

With a treaty in sight, it is opportune to assure that the President

- knows the status and direction of the negotiation
- will reiterate to Defense and the Chiefs his support of Bunker's effort
- will be willing to consider changing the outdated presidential instructions in order to obtain a treaty
- has no problem with the timing suggested
- approves of an "educational" effort in the Congress and private sector.

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LATIN AMERICA

THE PANAMA NEGOTIATION

I. SUMMARY - BACKGROUND

You briefed the President on this shortly after he took office. Bunker briefed him twice while he was Vice President.

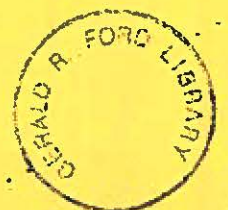
Now there has been a negotiating breakthrough: a new treaty is in sight.

Presidential decisions are needed, however, to implement the breakthrough. The critical background for making them is this:

1. Continuation of the existing regime in the Panama Canal Zone increases the risk of direct confrontation with Panama...and consequent hemispheric repercussions. We have already delayed for 10 years in fulfilling a bipartisan U.S. commitment to conclude a new treaty.
2. A new treaty could constitute a striking foreign-policy achievement for the Administration.
3. It will not be easy, of course, to move a treaty through the Senate. But the real problem derives more from ignorance than antipathy. And with strong Administration support we believe ratification will be possible.
4. We should also consider that, from the viewpoint of "managing" the Panama problem, it is probably better to have a treaty which the Congress might hold for a lengthy period than have no treaty at all.

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## II. STATUS OF NEGOTIATIONS

Panama has accepted a package of "conceptual agreements" which Bunker offered on three important negotiating issues: how the Canal is to be operated...how it is to be defended...and under what jurisdictional arrangements.

In essence Panama will obtain jurisdictional rights giving it the sense of sovereignty it requires...and, in addition, some participation in Canal operation and defense. The United States will retain primary rights to operate and defend the Canal for the treaty's lifetime.

Moreover, Panama has agreed that the United States may join with it in "guaranteeing" that the Canal will remain open, on a non-discriminatory basis, permanently. That gives the United States the political basis -- after the treaty ends -- to assure that our interests in the Canal are protected.

And until the treaty ends, the United States will have the right to act unilaterally to defend the Canal.

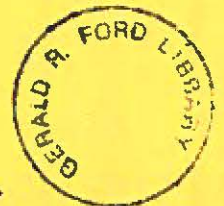
All this represents significant progress toward a treaty.

Four issues remain to be negotiated. Two of them -- how much we pay Panama for our Canal rights, and how much non-essential land we return to Panama -- should not pose insurmountable problems. Bunker will be addressing them with the Panamanians in early January.

The remaining two will be very difficult: how long the new treaty will last...and whether the United States will have exclusive rights for expanding the Canal's capacity.

## III. EXISTING PRESIDENTIAL GUIDANCE

The outstanding instructions on the two difficult issues are now almost 4 years old...permit us to offer Panama even less favorable treatment than we offered in the 1967 treaty drafts...and are not consonant with the times: they would compel us to sustain a significant and protracted degree of control over Panamanian territory.





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The instructions require a 50-year timeframe for the new treaty...a long-term U.S. option to construct a sea-level canal or additional locks unilaterally...and an additional treaty duration of 30-50 years if we decide to expand it. It was proven impossible in 1972 to negotiate a treaty based on that guidance.

BUNKER IS NOW DEVISING FORMULAE WHICH PANAMA MIGHT ACCEPT AND THE UNITED STATES MIGHT LIVE WITH. WE WILL BE SENDING THE PRESIDENT SPECIFIC RECOMMENDATIONS SOON. We hope Secretary Schlesinger will join in them, but he may not, at least fully.

#### IV. TIMING

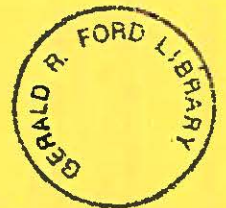
If we can cope with the two difficult issues, it may be possible to have a complete package of conceptual agreements -- that is, the configuration of a new treaty -- by, say, April. If the President and Torrijos then indicated that the Negotiators should proceed, a final document could possibly be prepared in a month. That should allow time to seek ratification before the treaty could become an issue in the presidential campaign. DOES THE PRESIDENT HAVE ANY PROBLEM WITH THIS APPROXIMATE TIMETABLE?

#### V. EDUCATING THE CONGRESS AND THE PUBLIC

Strong Administration support will be required to secure ratification...although the new Congress may be more sympathetic than its predecessor to a new relationship with Panama.

Congressional treaty opponents, while more vocal than vote-powerful, have thus far remained virtually unchallenged because we have wished to avoid causing a premature public debate. Now that a treaty seems possible, however, WE HOPE THE PRESIDENT WILL AGREE THAT WE BEGIN A LOW-KEY EFFORT TO GENERATE SUPPORT FOR IT.

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The effort would include:

- meetings between senior Administration officials and groups of key congressmen, following consultation with the leadership on both sides;
- the establishment of a Citizen's Committee; and
- a carefully orchestrated program to reach the media and private-interest groups throughout the nation, and thereby influence the Congress.

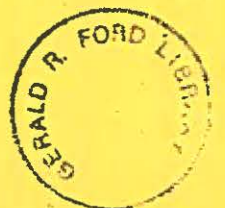
VI. DEFENSE DEPARTMENT ASSISTANCE

Throughout the negotiations Bunker has coordinated closely with Defense and the Joint Chiefs. We believe that the main United States interest in the waterway is the security one, not the economic. And it is clear that the support of Defense and the Chiefs will be indispensable to securing treaty ratification.

Thus far they have been helpful in the negotiation... despite fears of fire among congressional treaty opponents who have something to say about Defense budgets and programs... and despite a natural inclination to alter our presence in the Canal Zone as little as possible.

We have emphasized to Defense that United States security interests are best served by creating a modern environment based on the type of security arrangements we have elsewhere in the world, to supplant a confrontational environment which could lead us to a repetition of the bloodshed of 1964.

IT WOULD BE HELPFUL IF THE PRESIDENT COULD INDICATE TO SECRETARY SCHELESINGER AND THE CHIEFS THAT HE SUPPORTS BUNKER'S EFFORT...and, once they are satisfied with the degree of protection which a new treaty affords to our security interests, THAT THEY SHOULD ASSIST THE STATE DEPARTMENT IN A CAMPAIGN TO GENERATE SUPPORT IN THE CONGRESS AND THE PRIVATE SECTOR FOR A TREATY.





VII. OUR OPTIONS FROM A FOREIGN-POLICY VIEWPOINT

Unless we are prepared to run the ultimate risk of direct action against Panama, with effects on our hemispheric and other relations akin to -- and probably much worse than -- those which followed from our action in the Dominican Republic -- we have no choice but to strive for a new treaty, on terms the world will recognize as equitable.

There is advantage from this course:

-- we can put into place a major component of the Administration's policy toward Latin America, at a time when we do not have much to offer the Latin Americans; and

-- we can legitimately point to a Panama treaty as part and parcel of our effort to build a structure of peace, worldwide.

Concluding with the "worst case" situation -- from a foreign-policy viewpoint:

It is better to have a treaty on which the Congress might delay ratification (out-and-out "rejection" seems unlikely) than to have no treaty at all. Thereby we would have shown we had done what we could. And a negotiated treaty pending in the Congress would help us "manage" the Panama problem for a while longer.

