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Jan 10, 1964

Miami Herald

Gator Cagers Beat Hurricanes, 8, 114-91

No. 40 Florida's Most Complete Newspaper 54th Year 84 Pages 10 Cents
A Latin American Edition is Published Daily

... see story on Page 1C
CITY EDITION

Plane Crashes into Truck on A1A; 2 Killed

ard, a Stuart plumbing contractor, was riding north about 70 yards behind his friend, Vernon Skelton, when the plane crashed Skelton's truck.

Skelton was reported in satisfactory condition at Martin Memorial Hospital, under treatment for fractured ribs and cuts.

The dead men were William Martin, 24, and Russell Wells, 42, both of Boston.

Wells reportedly was the father of five children.

After the plane slammed

the truck into a ditch, it flipped over on the Florida East Coast Railway tracks and burned.

Only the pilot and co-pilot were aboard the 11-passenger executive charter plane when it crashed. Witnesses at Witham Field, where the plane had just refueled, said it seemed unable to gain altitude.

Sheriff Roy Baker said the aircraft clipped two trees and a power line before it hit the truck.

The plane, a blue and white DeHaviland Dove, was operated by the National Executive Flight Service of Boston.

"Vern didn't know what hit him. I know he didn't," said Howard. "He never swerved. There weren't any brake lights."

Howard added the plane "kind of landed on top of him and hit the ground at the same time."

He said he stopped and ran to Skelton's smashed truck.

"I yelled, 'Vern, Vern, you

all right,' two or three times. Then I ran around and he was laying on the ground with his face down and I turned him over and his face was all bloody," Howard said.

"His nose had been cut. He moaned and tried to sit up," Howard went on. "I said, 'Aw, heck, Vern, you're all right.' He was trying to sit up so I figured there was nothing wrong with his back."

Howard said he and another man dragged Skelton away from the flaming

wreckage of the plane. The truck was only about 10 feet from the plane.

Stuart Fireman Ray Cooke said burning gases from the plane was on the truck when he arrived but that the truck did not burn immediately. It caught fire later.

Firemen used five trucks to fight the fire. A1A traffic was rerouted to U.S. 1.

More than 700 persons watched the fire while officers tried to keep them away from dangling power lines.

75 Reported Injured

6 Die in Panama Rioting; Ties Cut

Soviet May
Ask West
Credit Aid



U.S. Is Charged With Aggression

PANAMA CITY, Panama (AP) — President Roosevelt said the United States early Friday after a Panamanian student invasion of the U.S. Canal Zone in which six persons were reported killed

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THE DEPARTMENT OF STATE



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News Release:

January 1975

Bureau of Public Affairs
Office of Media Services

PANAMA CANAL TREATY NEGOTIATIONS: BACKGROUND AND CURRENT STATUS

Background

The United States and Panama are currently negotiating a new Panama Canal treaty to replace the Treaty of 1903.

In that treaty Panama granted the United States—in perpetuity—the use of a 10-mile wide zone of Panamanian territory for the “construction, maintenance, operation and protection” of a canal, as well as all the rights, power, and authority within that zone which the United States would “possess if it were the sovereign.” The very favorable terms of the treaty were a major factor in the U.S. decision to build the canal in Panama rather than in Nicaragua as initially planned.

Canal's Economic Value

Since its opening in 1914, the canal has provided benefits to the United States, to Panama, and to the world. Of the total tonnage that transits the canal, about 44 percent originates in, and 22 percent is destined for, U.S. ports. This tonnage represents about 16 percent of the total U.S. export and import tonnages.

The canal has been economically important to Panama, too. More than 30 percent of Panama's foreign exchange earnings and nearly 13 percent of its GNP are directly or indirectly attributed to the presence of the canal. But those contributions represent a smaller portion of Panama's economy now than they did in years past.

In fact, reliance on the canal by all parties has evolved from earlier years. As trading patterns have changed and world commerce has become more sophisticated, alternatives to the canal have begun to emerge. These alternatives include the

Canal, rearrangement of markets and sources, product exchanges, and partial or complete substitution of land or air transport for ocean transport. As canal users take advantage of these alternatives, the canal's value declines relative to the economies of the user nations. For the United States, in particular, a recent study has shown that the canal's impact on the domestic economy is quite small compared to the economy as a whole.

Panamanian Treaty Concerns

Panama has been dissatisfied with the treaty for many years. Part of this dissatisfaction has derived from Panama's interpretation of two aspects of the situation which resulted in the Treaty of 1903: (1) Panama's acceptance of unfavorable treaty terms due to its dependence upon the United States to protect its new-found independence from Colombia; and (2) Panama's principal negotiator was a Frenchman who benefited considerably when the United States purchased the private French concession to build a trans-isthmian canal.

Over the years Panama has also charged that the United States has unilaterally interpreted the treaty to Panama's disadvantage and given Panama an inadequate share of the benefits from the operation of the waterway. Even more objectionable in Panama's view, are the provisions in the Treaty of 1903 which give to a foreign power in perpetuity governmental jurisdiction within a portion of Panamanian territory. Increasingly in recent years Panama has insisted that U.S. control over the Canal Zone prevents the country from realizing its full economic potential.

The United States has responded sympathetically.

1905 it recognized Panama's titular sovereignty over the Canal Zone. The treaty was revised in 1936, and again in 1955, to provide Panama with a greater share of the economic benefits of the canal and to remove certain outdated aspects, such as the right granted to the United States to interfere, when it believed necessary, in Panama's internal affairs. Despite these modifications, however, many of the features of the treaty most objectionable to Panama remain unchanged.

The canal has become the major political issue in Panama. In recent years the intensification of Panama's campaign for more favorable treaty terms has produced tensions in U.S.-Panamanian relations. In 1964 the death of 20 Panamanians and 4 Americans brought the Panama Canal issue to the attention of the United Nations and the Organization of American States (OAS).

Evaluation of Bilateral Negotiations for a New Treaty

Following discussion of the issue by the OAS, the United Nations, and other international agencies after the 1964 riots, the United States and Panama agreed in 1964 to begin bilateral negotiations for a new treaty. In so doing, the United States recognized that a comprehensive modernization of its relationship with Panama corresponded to its long-term national interests and to a changing international environment.

U.S. officials entered the negotiations in late 1964 with a view to insuring that:

- The canal should continue to be available to the world's commercial vessels on an equal basis at reasonable tolls;
- It should be operated and defended by the United States for a reasonably extended, but definite, period of time; and
- It should continue to serve world commerce efficiently. To this end, the United States sought the right to provide additional canal capacity if it is needed.

By 1967, the negotiators of both countries had prepared three draft treaties. They provided for operation of the present canal under a joint U.S.-Panamanian authority; for construction and operation of a sea-level canal under a similar joint authority; and for U.S. defense of the old and new canals for the duration of each treaty. Neither Panama nor the U.S. Government moved to ratify these treaties, and the new government headed by General Omar Torrijos, which assumed power in October 1968, formally rejected them.

In 1970 the Government of Panama requested the renewal of negotiations and the U.S. agreed.

President Nixon established negotiating objectives which, although modified by developments, were similar to those set by President Johnson in 1964. The objectives and positions of the United States thus reflect a bipartisan approach to treaty negotiations with Panama. They also are consistent with the broader policy stated in Secretary Kissinger's call in October 1973 for a "new dialogue" with our Latin American neighbors, a policy which President Ford has publicly endorsed.

A Panamanian negotiating team arrived in Washington in June 1971. Intensive negotiations during the rest of the year resulted in a U.S. treaty offer covering most of the issues relevant to the treaty. The Panamanian negotiators carried the offer to Panama for a review in December 1971. Except for some informal conversations in March 1972 and an exchange of correspondence in the fall, the negotiations were not resumed until December 1972, when a U.S. delegation traveled to Panama.

U.S. Security Council Action

At Panama's initiative, the U.N. Security Council met in Panama City from March 15 to March 21, 1973. In those sessions, Panama criticized the U.S. posture on the canal question and sought a resolution supporting its position. Thirteen nations voted for the resolution; the United Kingdom abstained. The United States vetoed the resolution on the grounds that it recognized Panama's needs but not those of the United States; that it was incomplete in its references to the negotiations; and that it was inappropriate because the treaty was a bilateral matter under amicable negotiations. In explaining the U.S. position, the U.S. Permanent Representative committed the United States to peaceful adjustment of its differences with Panama and invited Panama to continue serious treaty negotiations.

New U.S. Approach

In September 1973 Secretary Kissinger charged Ambassador at Large Ellsworth Bunker with the task of renewing discussions with Panamanian officials for the purpose of arriving at a common approach to future treaty negotiations. Ambassador Bunker visited Panama from November 26 to December 3, 1973, and again on January 6 and 7, 1974, to discuss with Panamanian Foreign Minister Juan Antonio Tack general principles upon which a new treaty might be based. These discussions resulted in the Statement of Principles of February 7, 1974 (See p. 3), which has

served as a useful framework for the present negotiations.

U.S. Treaty Objective

The principal objective of the United States in the current treaty negotiations is to protect our basic interests in the Panama Canal. The U.S. Government is seeking to establish a new and mutually acceptable relationship between our two countries whereby the United States will retain essential rights to continue operating and defending the canal for a reasonably extended period of time. A new treaty based on partnership with Panama would enable the United States to devote all its energies to the efficient operation of the waterway. Moreover, it would provide a friendly environment in Panama that is most conducive to protecting our vital interests in keeping the canal open and secure. Such a treaty would be consistent with good business management, represent good foreign and defense policy, and signify a new era of cooperation between the United States and the rest of the hemisphere.

In recent years Latin American nations have made the negotiation of a more equitable canal treaty with Panama a major hemispheric issue and a test of U.S. intentions regarding the "new dialogue."

Issues in the Negotiations

In the months following the February 7 signing of the Statement of Principles, Ambassador Bunker and Foreign Minister Tack met several times in Panama and Washington to define the issues involved in the new treaty arrangement. After agreement was reached, the negotiators moved into substantive talks aimed at resolving these issues.

The United States and Panama have agreed in principle that the Treaty of 1903 should be replaced by a modern treaty that rejects the concept of perpetuity and accommodates the sovereignty of Panama with the interests of the United States, on the understanding that U.S. control and defense of the Panama Canal would continue for a period of fixed duration. In the context of the Statement of Principles the issues the two negotiating parties are working to resolve are:

1. Duration: How long will the new treaty remain in force?
2. Operation and Defense: What rights and arrangements will the United States have to permit it to continue to operate, maintain, and defend the canal? What geographic areas will

the United States require to accomplish its purpose?

3. Jurisdiction: What areas will be controlled and what functions will be exercised by the United States when its jurisdiction terminates, and what is the period of transition?

4. Expansion of Capacity: How will the treaty provide for possible enlargement of canal capacity?

5. Participation: How and to what extent will Panama participate in the administration and defense of the canal?

6. Compensation: What will be the form and level of economic benefits to Panama in any new treaty?

Current Status of Negotiations

Since June 1974, the talks have been taking place in a cordial, informal atmosphere. The U.S. negotiators have been proceeding carefully and methodically. While there is no fixed timetable, the negotiators from both countries have indicated their satisfaction with the progress to date and are hopeful that both countries can reach agreement on a draft treaty.

Any decision which the President might make affecting the future of the canal will, of course, be designed to protect U.S. interests. Indeed, a major reason for negotiating a new treaty is to avert a serious crisis which would endanger our interests.

Any treaty agreed upon by the negotiators and approved by the executive branch will be submitted to the U.S. Senate for ratification and subject to full constitutional process. Panama, for its part, has said that it will submit the new treaty to a plebiscite to insure that it is acceptable to the Panamanian people.

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 negotiators 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 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 accor-

dance 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.

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WASHINGTON, D.C. 20520

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March 1, 1975

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ADDRESS BY
THE HONORABLE HENRY A. KISSINGER
SECRETARY OF STATE
AT THE COMBINED SERVICE CLUB LUNCHEON
SHAMROCK HILTON HOTEL
HOUSTON, TEXAS
MARCH 1, 1975

The United States and Latin America:
The New Opportunity

The foreign policy of the United States has one overriding goal: to help shape a new structure of international relations which promotes cooperation rather than force; negotiation rather than confrontation; and the positive aspirations of peoples rather than the accumulation of arms by nations.

Our relations with the Western Hemisphere are central to this enterprise. The United States and Latin America were born out of the struggle against tyranny. Our peoples are bound not only by geography but by the common heritage of Western civilization. We share a history of mutual support in times of trouble and the promise of a new world of justice, peace, freedom and prosperity. With courage and imagination we now have the opportunity to make inter-American cooperation a pillar of the global community which our era demands.

The discovery of America, more than any other single event, ended the Middle Ages and revolutionized the thought of mankind. It drew man beyond what had come to seem unchangeable, to a new beginning, an escape from the burdens of the past, and from history itself.

A Brazilian epic poem of the seventeenth century described the lure that beckoned the Americas onward:

For further information contact:

" . . . to open new paths never trod, never known . . . to push on despite obstacles through every zone. . ."

With the shield of one ocean at our backs and the dream of another one before us, hope was always just a little farther along the river, over the mountains, across the plains and jungles. In the old world a frontier was a limit; in the New World it was an opportunity.

Today's frontiers are not geographical, but frontiers of human need and creativity. To conquer them is even more important than the adventures that shaped our past.

At the heart of our contemporary challenge is a new interdependence, both hemispheric and global. Until recently, Western Hemisphere economic relationships were largely based on the exchange of raw materials from Latin America for finished goods from the United States. Today's interdependence reflects a different balance. The internationalization of production combines technology, labor and capital across national boundaries.

As a result, the Latin American countries now need access to the US market to sell their manufactured goods as well as their traditional exports. And Latin America's markets are becoming as important to our own continued growth as its raw materials -- as indicated by our trade surplus last year of \$1.2 billion.

As interdependence has grown within the Hemisphere, so have the Hemisphere's links to other parts of the world. Latin America has developed important trading relationships with other industrial nations and has come to share certain political perspectives with the Third World. The United States prizes its traditional alliances with the industrialized democracies, and maintains important political and economic relationships with many less developed nations around the world. Our generation has had to learn that peace is indivisible; that our national well-being is intimately tied to the well-being of the rest of the globe.

The awareness of past achievement and faith in common purposes led the United States in 1973 to begin a new dialogue with Latin America. We had three objectives:

- To promote with our friends a new spirit of communication tempered by realism, elevated by hope and free of distrust, despair or resentment.
- To find new ways to combine our efforts in the political, economic and social development of the Hemisphere.
- And to recognize that the global dialogue between the developed and less developed nations requires answers that will be difficult to find anywhere if we do not find them in the Western Hemisphere.

For this hemisphere to which men fled to escape from injustice has a special obligation to demonstrate that progress can go hand in hand with

respect for human dignity, that cooperation among nations is consistent with respect for national sovereignty, that the most powerful political force on earth is the voluntary collaboration of free peoples.

Any relationship as long and complex as ours inevitably is haunted by the bitterness and suspicions of old disputes. We must put these legacies of our past behind us, for a dialogue dominated by the endless refrain of old grievances cannot prosper.

Despite temporary interruptions, the United States is prepared to continue the dialogue in a spirit of friendship and conciliation. Next month I will make my first visit to South America as Secretary of State. Next week Assistant Secretary Rogers will visit six countries in the region for preliminary talks.

Let me now outline some of the issues that will face us in these discussions. They include, first, what the United States is prepared to contribute to Western Hemisphere cooperation; second, what we ask of Latin America; and finally what we can do together.

What We Must Ask of Ourselves

President Ford has asked me to reaffirm our commitment to a new relationship between the United States and Latin America based on the principles of non-intervention, the sovereign equality of nations and mutual respect among partners. Success will require a similar desire and attitude on the part of the other countries of the Hemisphere.

These principles will guide the United States' approach to major issues that have risen between us -- the status of the Panama Canal; the place of Cuba in the Hemisphere; and the various strands of our economic relations.

The Panama Canal -- Since its opening, the peoples of the world have looked on the Panama Canal as an important lifeline of commerce and international security. It is essential that the Canal remain open to the ships of all nations on fair terms.

In acquiring the rights to build the Canal, the United States was granted exclusive control -- the rights which it would possess and exercise "if it were sovereign" -- over a ten-mile wide strip of Panamanian territory from the Atlantic to the Pacific. In the Canal Zone, we enforce U.S. laws, operate commercial enterprises and control most of the deepwater port facilities that serve Panama.

Over time the nature of the U.S. presence has come to be viewed by the people of Panama -- and indeed by most of the rest of the Hemisphere -- as an infringement upon their national sovereignty and their principal resource -- their country's strategic location.

Clearly both Panama and the United States have vital interests in the Canal. The challenge is to reconcile the security needs of the United States with Panama's national honor and sovereignty. Negotiations on this problem have gone on intermittently for eleven years; in the last year and a half they have moved forward rapidly. We now believe that an agreement on terms fair to all is possible.

We have made progress because each side has recognized the essential needs and constraints of the other. The United States understands that a treaty negotiated in 1903 does not meet the requirements of 1975. We are ready to acknowledge that it is reasonable for Panama to exercise jurisdiction over its territory and to participate in the operation and defense of the Canal. We are prepared to modify arrangements which conflict with Panamanian dignity and self-respect.

In turn we will expect Panama to understand our perspective -- that the efficient, fair and secure operation of the Canal is a vital economic and security interest of the United States; that a new treaty must provide for the operation and defense of the Canal by the United States for an extended period of time; and that a new treaty must protect the legitimate interests of our citizens and property in Panama.

A new treaty based on these principles will make the United States and Panama partners in the operation of the Canal, protect the essential national interests of both, and provide a secure arrangement for the long term.

Serious problems remain to be resolved in the negotiation. But we are confident that they will be overcome if both parties continue

to display the seriousness and mutual understanding they have shown so far.

The Administration has been consulting with the Congress as our negotiations have proceeded. We will intensify these consultations and discuss in detail the arrangements which we envisage. A new treaty which reflects the advice and consent of the Senate and the full support of the American people will be a concrete and significant demonstration that with good will on both sides cooperative solutions to the problems of the Western Hemisphere are possible.

Cuba -- In January 1962 the Organization of American States determined that Cuba had excluded itself from participation in the inter-American community by its military ties to the Soviet Union and its export of revolution in the Hemisphere. A year later the United States imposed its own sanctions. In 1954 the member nations of the OAS agreed collectively under the Rio Treaty of Reciprocal Assistance to sever diplomatic and trade relations with Cuba.

More than a decade has passed. The countries of Latin America have successfully resisted pressure and subversion; nations that in the early Sixties felt most threatened by Cuban revolutionary violence no longer feel the menace so acutely. This situation has generated a reconsideration of the OAS sanctions and raised questions about the future of our own bilateral relations with Cuba.

Last September several Latin American countries proposed a meeting to consider lifting the collective sanctions. We agreed that a consideration of the Cuban issue at a meeting in Quito of the Foreign Ministers of the Americas was appropriate. We determined to remain completely neutral in the debate and abstained in the vote. Our guiding principle then, as now, was to prevent the Cuba issue from dividing us from our Hemispheric neighbors.

A majority voted to lift the collective sanctions. But the Rio Treaty requires a two-thirds vote and the sanctions thus remain formally in force. The United States considers itself bound by the collective will as a matter of international law, and so there can be no change in our bilateral relations with Cuba as long as the OAS mandate remains in force.

Since the Quito meeting, however, several Latin American countries have announced that they are prepared to resume trade with Cuba. Also since the meeting at Quito, all the OAS nations have tentatively agreed that the Rio Treaty should be amended to permit the lifting of sanctions by a majority vote. Several of my Latin American colleagues have suggested that this agreement in principle might be applied to the existing Cuban sanctions. I will be consulting with them with respect to this initiative during my trip to South America with the attitude of finding a generally acceptable solution.

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If the OAS sanctions are eventually repealed, the United States will consider changes in its bilateral relations with Cuba and in its regulations. Our decision will be based on what we consider to be in our own best interests, and will be heavily influenced by the external policies of the Cuban government.

We see no virtue in perpetual antagonism between the United States and Cuba. Our concerns relate above all to Cuba's external policies and military relationships with countries outside the Hemisphere. We have taken some symbolic steps to indicate that we are prepared to move in a new direction if Cuba will. Fundamental change cannot come, however, unless Cuba demonstrates a readiness to assume the mutuality of obligation and regard upon which a new relationship must be founded.

Economic Relations -- Old political disputes must not distract us from the long-term challenge of the Hemisphere -- the common effort to improve the lives of our peoples.

The expansion of trade, and the establishment of a new trading equilibrium are vital to economic progress and development in the Hemisphere. As Latin American economies grow, so will opportunities for mutual trade. As our own economy grows, we will be able to buy more semi-processed and manufactured goods from Latin America.

In the next few days the President will take the first step to implement the preference system established by the 1974 Trade Act. We will announce the list of products on which the Administration proposes to eliminate all import tariffs for developing countries for ten years. Latin America, as the most advanced developing region and the one nearest the U.S. market, will be in the best position to take advantage of these preferences. The list will benefit nearly \$1 billion worth of Latin American exports.

Among the economic issues affecting Western Hemisphere relations none looms larger than the transnational corporation. The transnational corporation has a demonstrated record of achievement as an efficient -- and indeed indispensable -- source of technology, management skill, and capital for development. At the same time, the transnational character of these corporations raises complex problems of governmental regulation, and has aroused concern in Latin America over the relation of their activities to domestic political and economic priorities.

Most Latin American nations take the position that the laws of the host country are conclusive, and that a foreign investor cannot appeal to his own government for protection. The United States, on the other hand, has insisted on espousing the cause of U.S. investors when they are treated in a way which violates international legal standards. And the Congress has reflected this view in such acts as the Hickenlooper and

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Gonzalez Amendments which cut off aid in the event of nationalization without adequate and timely compensation.

The two legal positions are not easily reconciled. But the United States is prepared to make a serious effort to find a mutually acceptable solution which does not prejudice the principles of either side. A year ago, in Mexico City, at our initiative an inter-American working group was set up to examine the problem.

The United States is prepared in the context of this endeavor:

- to work out a new declaration of principles to govern the treatment of transnational enterprises and for the transfer of technology;
- to develop intergovernmental mechanisms to prevent and resolve investment disputes and the problems between governments that arise from them;
- to fashion new modes of cooperation to deal with conflicts of laws and jurisdiction relating to transnational corporations; and
- to encourage private enterprise to make its vital contributions to Latin America in forms congenial to the economic and political needs of the host countries.

We have, in the past, made significant progress in these areas on a pragmatic, case-by-case basis. We should now seek more general agreement as part of the New Dialogue. The transnational Working Group which was interrupted by the postponement of the Buenos Aires meeting should resume its important work. A mutually acceptable solution would go a long way toward removing trade and investment conflicts from U.S. decisions respecting aid relationships with the host countries.

This is important because Latin American sensitivity to the exercise of economic leverage has been finely honed by history. Experience has also demonstrated that automatic sanctions -- including the 1974 Trade Act's denial of preferences to such OPEC countries as Ecuador and Venezuela, which did not join the oil embargo -- are almost always harmful. Automatic sanctions allow no tactical flexibility. They present other governments with a public ultimatum; by seeming to challenge the recipient's sovereignty, they harden positions, encumber diplomacy and poison the entire relationship.

The Administration supports the purpose of the various bills which have been introduced into the Congress -- including one by your own Senator Bentsen -- to modify the provisions of the Trade Act which involve Venezuela and Ecuador. And it is prepared to seek the modification of legislation requiring the automatic cut off of aid. But as a matter of political reality a great deal will depend on our ability to work with the nations of Latin America on new approaches which give practical assurance of fair treatment. They must recognize that Congressional sanctions stem from perceived injuries to legitimate interests.

As part of the New Dialogue, the Administration is prepared to develop new principles and practices which may commend themselves to Congress as a better remedy than automatic sanctions.

What Latin America Can Do

What do we have a right to expect from Latin America?

In the past decade, progress in science, industry, agriculture, and education have done much to transform the Continent. Economic growth has been steady and sometimes spectacular. Political institutions have adapted to new social conditions and national traditions. A new sense of Latin American unity has promoted an awareness of common problems and opportunities.

We welcome the strength and self-confidence that this evolution implies. We have seen new leadership in Latin America and new Latin American leadership in the international arena. Panamanian and Peruvian soldiers serve with the UN peace-keeping forces in the Middle East. Last December the Andean countries, following a Peruvian initiative, pledged themselves to limit the acquisition of offensive weapons -- an initiative we support and encourage. Venezuela has taken the lead in stimulating regional cooperation by offering oil revenues to the Inter-American Bank and the Central American Bank for Economic Integration. Working with Bolivia, Paraguay, and Uruguay, Argentina and Brazil are pooling their technology and resources to harness the vast potential of the River Plate Basin.

However, with these welcome initiatives have come other less hopeful trends.

The United States is concerned by the growing tendency of some Latin American countries to participate in tactics of confrontation between the developing and developed worlds. We accept non-alignment as a necessary, largely positive force. We believe that the developed nations -- and particularly the United States as the most powerful industrial country -- have a special obligation to be sensitive both to the legacy of history and to the imperatives of change.

It is therefore ironic that some nations seek to exact by confrontation what can only be gained through cooperation, and that countries which once chose non-alignment to protect themselves from blocs are now tending to form a rigid bloc of their own. In doing so they obstruct the

association with the industrialized nations on which their own economic and social progress ultimately depends. Such tactics are particularly inappropriate for the Western Hemisphere where they threaten to repudiate a long tradition of cooperative relations with the United States at the very moment when the United States has dedicated itself to common progress.

As the most developed part of the Third World, Latin American nations will increasingly play roles in both the industrialized and developing sectors of the globe. They have a unique opportunity to foster the mutual accommodation of these groups globally.

To do so there is no better guidepost than the Declaration signed by all Western Hemisphere nations in Mexico City last year: ". . . *peace and progress, in order to be solid and enduring, must always be based on respect for the rights of others and the recognition of reciprocal responsibilities and obligations among developed and developing countries.*"

The temptation to blame disappointments on the intrigues and excesses of foreigners is as old as nations themselves. Latin America is perennially tempted to define its independence and unity through opposition to the United States.

The Latin American postponement of the Buenos Aires meeting of Foreign Ministers, ostensibly in reaction to the recent US Trade Act, is a case in point. Some Latin American nations chose to read into this legislation a coercive intent which did not exist, and asked for immediate remedies beyond the capacity of our constitutional processes to provide. As a result, the next step in the New Dialogue was delayed just when it was most needed. The nations of America face too many challenges to permit their energies to be expended in such fruitless and artificial confrontations.

We do not expect agreement with all our views, but neither can we accept a new version of paternalism, in which those with obligations have no rights, and those who claim rights accept no obligations. The choice for the United States is not between domination and indifference. The choice for Latin America is not between submission and confrontation.

Instead we should steer between those extremes toward a new equilibrium. After decades of oscillating between moods of euphoria and disillusionment, between charges of hegemony and neglect, it is time for the United States and Latin America to learn to work together, calmly and without confrontation, on the challenges to our common civilization.

The United States does not seek precise reciprocity. We recognize our special obligations as the richest and most powerful nation in the Hemisphere. But experience teaches that international problems cannot be resolved by any one country acting alone -- or by any group of nations acting as an exclusive bloc.

What We Must Do Together

With a new attitude, the nations of the Western Hemisphere can dedicate themselves to an agenda for the future. In the coming months, the United States will make proposals for such an agenda and present it to its partners in various forums including the meeting of the OAS General Assembly this spring.

Today I shall confine myself to two critical areas: hemispheric development and food.

Hemispheric Development -- In the past decade, Latin America's overall growth rate has exceeded the economic targets of the Alliance for Progress. The region has also made greater progress than any other developing area toward economic integration. The Central American Common Market, the Caribbean Common Market, the Andean Pact, and the Latin American Free Trade Association have begun to translate abstract hopes into realities. Nevertheless, Latin America's relative share of global trade has fallen. And economic progress has been unevenly distributed, both within and among countries.

Some Latin American countries have only recently begun the process of development. As with poor countries everywhere, they require large amounts of concessional assistance. The United States will continue to contribute its share.

The Administration will ask Congress to replenish the US contribution to the Inter-American Development Bank, both concessional funds and ordinary capital. Assuming other nations in the Hemisphere are willing to do their share, we will seek a US contribution as large as the last replenishment, or \$1.8 billion.

The proposal will be considered by the House of Representatives Subcommittee whose Chairman is the distinguished Henry B. Gonzalez -- from San Antonio. Coupled with the contribution of \$755 million from twelve new members -- the European countries, Japan and Israel -- and a \$500 million trust fund established by Venezuela, these fresh resources to the IDB will give a major new impetus to Western Hemisphere development.

But because the poorest countries must have first priority, concessional assistance is available only in limited quantities to a new and growing group of Latin American countries that have reached an intermediate stage of development. They have a diversified industrial sector, a significant consumer class, and an increasing capacity to compete in world markets. Their need for foreign exchange is growing.

Therefore, they require greater access to the markets of the developed countries, for exports are the chief source of their external funds. To this end, the Trade Act and the multilateral trade negotiations in Geneva are of great significance. As we have pledged in our New Dialogue, we will, in these negotiations, work in close collaboration with the countries of the Western Hemisphere.

-11-

But these countries also need investment capital. Significant amounts of capital continue to flow to the intermediate countries from the United States private sector through investment and from commercial bank lending. But these countries could also benefit substantially from improved access to capital markets.

While the United States long-term bond capital market is the world's largest, few developing countries have been able to borrow successfully in it.

To ease this problem, the United States has taken the initiative for a study by the IMF and World Bank Development Committee, of ways to promote the increased use of capital markets by developing countries. These will be neither aid programs nor recycling devices, but will facilitate independent access to such markets. The United States is prepared to explore ways in which it can be helpful to those Latin American countries with higher levels of income and credit standing to move toward self-reliance.

The countries of Latin America, regardless of their stage of development, are vulnerable to violent swings in the prices of their exports of raw materials. There is no more critical issue of economic relations in the Hemisphere today than commodities policy.

This issue has been extremely divisive in the Hemisphere -- partly because our attitude has been ambiguous. So let there be no doubt about our views any longer. We strongly favor a world trading system which meets the economic needs of both consumers and producers. Unilateral producer or unilateral consumer actions must not determine the equilibrium. A dialogue between them on commodity issues is therefore essential. A range of rich possibilities exists that can make our new interdependence a vehicle for more rapid and more equitable global development.

The time has come for the countries of the Western Hemisphere to consider together how commodity issues should be resolved. The United States pledges a serious effort to find a constructive solution which does justice to the concerns of all parties.

Food -- Let me turn now to a subject which must command our cooperative efforts -- food, man's most basic need.

Latin America matches the United States as a potential food surplus region. Yet over the past 15 years, Latin American agricultural production has barely kept pace with population. In an area rich in productive land, malnutrition is rife. Most Latin American countries are net food importers. We believe that with a concerted new effort, agricultural production can exceed population growth; adequate nutrition for all can be achieved in this century; and Latin America can become a major food exporter.

- 12 -

The immediate need is to improve food production. The U.S. proposes the establishment of a Hemisphere Agricultural Consultative Group under the Inter-American Development Bank. Its goal should be to generate annual production increases in the range of 3-1/2 to 4 percent, to be achieved through:

- new investment in regional and national agricultural programs;
- integration of agricultural research efforts throughout the Hemisphere;
- adoption of improved national food and nutrition programs.

The consultative group should also recommend urgent steps to reduce the waste and spoilage now consuming between 20 and 40 percent of total Latin American food output.

Agricultural research is a central element in attaining adequate nutrition for all. But too often research is unrelated to local needs and efforts elsewhere.

To make research more adequately serve local needs, we will assist the international research centers in Mexico, Colombia, and Peru to extend their projects and programs to other countries in the Hemisphere through closer collaboration with national research institutions.

To foster better exchange of agricultural research information, we propose that a new center be established for Latin America, under the auspices of the Hemisphere Consultative Group, and linked to the Agricultural Information Exchange Center of the Smithsonian Institute in the United States.

The United States is prepared to join with other countries and institutions to finance the local extension efforts of the international research centers and the information exchange center.

Finally, we propose that the U.S. and Latin America jointly establish and finance research centers in nutrition and food technology; that a new generation of Latin American agriculturalists be trained through internships and research in these centers as well as in government and private laboratories and institutions in both continents.

The Human Dimension

Our immediate economic, political, and technological imperatives must not lead us to neglect the human foundations of our common progress, including the free exchange of ideas and the priceless cultural heritage we share.

- 13 -

The discovery of America rekindled a belief in mankind's perfectibility. Our struggles for independence were among the first modern assertions of the fundamental rights of man. No part of the globe has shown a greater commitment to democratic principles. The free flow of ideas is one of the most powerful forces for both liberty and progress. Drawing on this resource, can we now fashion a common vision of the future? What will life in the Americas be like in the next century? The scientists, scholars and professionals of our countries should be exchanging ideas on the implications of current trends in such areas as education, health and social change. Our governments should stimulate the OAS to mobilize the best minds and institutions of the Hemisphere in new programs to define our common future.

Last year in Mexico City, I described our objectives in this Hemisphere as follows:

"Our common impulse ... is to fulfill the promise of America as a continent which beckoned men to fulfill what was best in them.

"Our common reality is the recognition of our diversity.

"Our common task is to forge our historical and geographical links into shared purpose and endeavor."

The United States continues to seek a genuine dialogue with its neighbors on all levels: multilaterally and bilaterally, within or outside the OAS, with subregional groups or individual states.

The dream of hope that has lifted the Americas for almost five centuries must be revitalized by our generation. We are entering another new world as strange and challenging as that found by the first settlers on America's shores. With imagination, we can build in this Hemisphere the model of that larger world community which must be our ultimate goal.

As Victor Hugo once wrote, *"The main highway lies open. May America travel it, and the world will follow."*

* * * * *

July 10, 1975

MEMORANDUM FOR:

GENERAL SCOWCROFT

FROM:

RON NESSEN

The President did some editing on your proposed Panama Canal answer for his news conference briefing book. He asked that you look it over and suggest any changes before it goes into the book.

The deadline for submitting the book to the President is 5:00 p.m. this afternoon.

Thank you.

Attachment

RN/pp

cc: Jim Shuman

July 10, 1975

MEMORANDUM FOR:

JIM SHUMAN

FROM:

RON NESSEN

Here is the Panama Canal answer for the President's briefing book as written and edited by the President. Brent Scowcroft is taking a final look at it before it goes into the book. Please be sure you check any changes Brent suggests with me before putting it into the President's briefing book.

Thanks.

RN/pp

PANAMA CANAL TREATY NEGOTIATIONS

Q: In light of the Snyder Amendment approved by the House and in light of a newspaper story which says you plan to postpone conclusions on Panama Canal Treaty negotiations until after the election for political reasons, can you tell us the status of these negotiations and your views on these negotiations.

A: As you know, during the last three Administrations the United States has been discussing our differences with Panama over the canal. There are a number of questions which still remain at issue between us and the Panamanians. The discussions are continuing. The goal is to reach an agreement which would accommodate the interests of both nations while protecting our basic interests in defense and operation of the canal. Naturally any such agreement we will reach will be submitted to the full constitutional process including Senate approval, and we will be consulting closely with the Congress as the discussions continue.

There are a number of difficult questions remaining to be resolved. The President has no intention of approving or proposing to Congress any agreement that would not protect our vital defense interests with Panama or any one else.

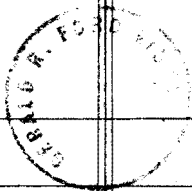
Panama

Our interest is to keep the canal
open, defended and well owned.

Negotiation is an affirmative
action, not a negative or
defensive action. It is the way to
assure continued ownership and
operation of the canal ~~canal~~

All Lat Am stop feel there
has to be a change

During usable
lifetime of
canal, 30-
50 years.
next
century



THE WHITE HOUSE
WASHINGTON

NOTE FOR:

John C

FROM

:

RON NESSEN

Classified

THE WHITE HOUSE
WASHINGTON

August 18, 1975

National Security Decision Memorandum 302

TO: The Secretary of State
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

After considering the views expressed by the Departments of State and Defense concerning proposals for negotiating instructions on a new United States-Panama Canal Treaty, I have decided to modify the negotiating instructions contained in NSDMs 131 and 115 and to supplement them as follows:

-- The negotiators are authorized to propose to the Panamanians that the treaty duration applicable for defense be separated from its application to operation of the Canal. With regard to duration applicable to operation of the Canal, the United States negotiators should seek to obtain the longest possible period, to terminate not earlier than December 31, 1999. With regard to duration applicable to defense of the Canal, they should seek to obtain a minimum of 50 years, but are authorized to recede to no less than 40 years. They should also make efforts to obtain a right in principle for the United States to participate in Canal defense, including a limited military presence in Panama, following the expiration of the treaty period applicable to defense, such participation to be of a nature and under terms to be agreed upon between the parties not less than one year prior to the treaty's expiration. As a fallback, if deemed necessary to achieve the objective of an extended period for Canal defense or other critical negotiating objectives, the Negotiators may offer a reduction of the duration period applicable to Canal operation to a period of not less than 20 years.

-- With regard to Canal expansion, the United States Negotiators should seek to obtain the longest possible period up to the termination of United States responsibility for operation for a

United States option to exercise definitive and exclusive rights to expand the Canal's capacity, whether by addition of a third lane of locks or the construction of a sea-level canal. As a fallback, they may seek to obtain -- either in lieu of or in combination with definitive rights -- commitments that: (a) Panama will not permit the construction of a sea level canal in its territory during the period of United States control of the existing Canal unless it has first offered to the United States the option to construct such a canal. That option should be under terms and conditions which would accord to the United States rights relating to operation and defense commensurate with the due protection and enjoyment of a United States investment of that magnitude; (b) no country other than the United States or Panama shall have responsibility for operation and defense of an interoceanic canal in Panama; and (c) the neutrality guarantee applicable to the existing Canal will apply to any new canal built in Panama.

-- With regard to land/water areas, the United States Negotiators should seek to obtain Panama's acceptance of the United States offer of January 18, 1975, modified by the addition of such of the following areas as the Negotiators find necessary in order to further our objectives:

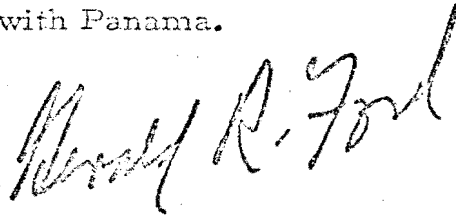
- Cristobal Piers
- Land and Water Areas in Gatun Lake
- Fort Sherman jungle training area south of the 22nd grid
- Coco Solo, Fort Randolph and access to them via Randolph Road
- Portions of the Albrook/Clayton Training Areas

If agreement is not possible on the basis of these offers, the United States Negotiators should request further instructions from the President.

-- With regard to the negotiating process, the United States Negotiators should seek to obtain Panama's agreement that the negotiations will remain confidential so that the Panama Canal issue will not be injected into the domestic political process in the United States in 1976.

-- With regard to the resumption of negotiations, the United States Negotiators should proceed promptly to continue their task.

-- With regard to the creation of a favorable national environment for treaty ratification, the Departments of State and Defense should join in regular consultations with the Congress on the course of treaty negotiations and should initiate an effort to build support for a new treaty with Panama.



cc: The Chairman, Joint Chiefs of Staff
 The Director of Central Intelligence
 The Chief Negotiator for the Panama Canal Treaty

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

June 5, 1970

National Security Decision Memorandum 64

TO: The Secretary of State
 The Secretary of Defense
 The Secretary of the Army

SUBJECT: Panama Canal

I have reviewed the paper prepared in response to NSSM 86 and agency comments on the issues contained therein, and I have decided the following:

1. We should be prepared to discuss with Panama our fundamental canal relationship and to negotiate new treaty arrangements if Panama asks us to do so and if there are reasonable prospects for achieving a satisfactory new treaty arrangement.
2. I authorize the Secretary of State to coordinate exploratory and preliminary talks with the Panamanian government designed to determine Panama's views in more detail and to reach a judgment as to whether mutually satisfactory new treaty arrangements can be expected. It should be made clear to the Panamanians that these talks are preliminary and exploratory and not themselves negotiations.
3. I authorize the Secretary of State and Ambassador Anderson to coordinate consultations with the US Congress at such time as they deem advisable on the question of our future canal relationship with Panama.
4. Inter-agency recommendations should be submitted to me, based on what is learned as a result of the steps authorized by 2 and 3 above as to a) whether and when to open formal negotiations on new treaties and b) what our specific negotiating objectives should be. These recommendations should be coordinated and submitted to me by the Under Secretaries Committee.
5. If formal negotiations appear desirable, I would prefer, in the absence of overriding reasons to the contrary, that these not begin

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NSC 80086, 12/30/80
By <i>qj</i> 12/17/84

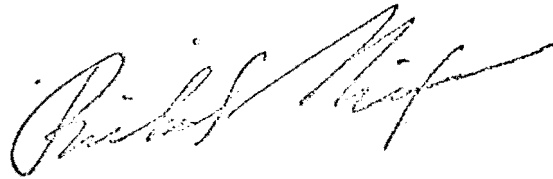
until early 1971 to permit receipt and evaluation of the Canal Study Commission report and soundings with the new Congress. These reasons may be used to explain to the Panamanian government why we suggest this time frame.

6. In any new negotiations three points are to be considered non-negotiable: a) effective US control of canal operations; b) effective US control of canal defense; and c) continuation of these controls for an extended period of time preferably open-ended.

7. In the exploratory talks our representatives should be guided by the following with respect to those issues raised by the NSSM-86 paper:

- a) On expanded canal capacity. Indicate in any new negotiations we would expect to negotiate definitive rights (but without obligation) to build a new sea-level canal and/or enlarge the present canal. However, our final position in this regard would be formed after we have evaluated the Canal Study Commission Report.
- b) On control of canal operations. Test first Panamanian receptivity to a continuation of exclusive USG control of canal operations and whether such a control pattern can be made palatable to Panama; if it is clear that Panama will not accept this, then agree to explore a pattern of joint US-Panamanian administration, with US majority control, along the lines of the 1967 draft treaties or some similar arrangement.
- c) On defense. Indicate that in any new negotiations we would seek rights for unilateral defense of the canal and canal areas. Defer for the time being discussion of the hemisphere defense issue in view of the pending Defense Department review of Southern Command status.
- d) On sovereignty and jurisdiction. Test first Panamanian receptivity to the idea of a markedly reduced Zone with continuance of USG control therein, but with negotiation for Panamanian jurisdiction over commercial and non-essential governmental functions (Option A of paper). If pursuing this course is clearly not fruitful, explore joint US-Panamanian jurisdiction along the 1967 draft treaty model (Option B).

- e) On duration. Our objective should be an open-ended arrangement; we should consider specific provision for periodic review.
- f) On economic benefits. Indicate the U.S. is prepared to seek ways to create substantial additional revenue for Panama.



cc: Chairman, Joint Chiefs of Staff
Director, Central Intelligence Agency
Ambassador Robert Anderson,
Special Representative for US/Panama Relations

THE WHITE HOUSE

WASHINGTON

~~SECRET/EXDIS~~

June 24, 1971

National Security Decision Memorandum 115

TO: The Secretary of State
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

I have reviewed Ambassador Anderson's letter of April 12, 1971, and the report of the NSC Under Secretaries Committee dated June 10, 1971, concerning United States goals and objectives for negotiations with Panama on canal treaty relations. On the basis of that review, I have decided to authorize Ambassador Anderson to undertake formal negotiations with Panama with a view to obtaining agreement on the text of a draft treaty this year. The principles set forth in NSDM 64 will continue to provide the basis for the United States position in the forthcoming negotiations, except insofar as they are modified or expanded by the following specific decisions.

- Recommendations B-3 through 7 contained in the June 10, 1971 report of the NSC Under Secretaries Committee are approved.
- With respect to Recommendation B-1 of the NSC Under Secretaries Committee report, concerning the duration of the treaty, I have decided that the United States negotiating objective should continue to be control of canal operations and defense for an open-ended period. Provision for review of this arrangement at some specific future date may be included in the U.S. position. Should Ambassador Anderson conclude, in the course of negotiations, that achievement of our major negotiating objective will require agreement to a fixed-term treaty, I will be prepared to consider promptly a revision of this objective.
- With respect to Recommendation B-2 of the NSC Under Secretaries report, concerning jurisdiction over the Canal Zone, I have decided that the initial United States negotiating objective should be to permit U.S. jurisdiction to be phased out within a minimum of twenty years while protecting non-negotiable rights for U.S. control and

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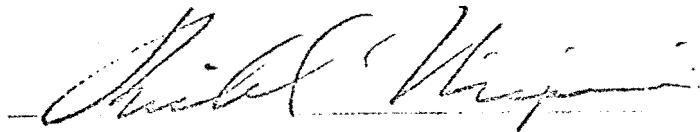
NSC 80086, 12/30/80
By <u>gp</u> 12/19/84

defense of the canal for the duration of the treaty. However, Ambassador Anderson is authorized to negotiate a shorter time period for the phase-out of jurisdiction if, after initial negotiations, he deems such action necessary to achieve our non-negotiable objectives. Such a fall-back position should be the maximum that can be successfully negotiated with the Government of Panama consistent with an orderly transfer of jurisdiction to Panama, effective U.S. control and defense of the canal after such jurisdiction is phased out, and Congressional acceptance.

-- Congressional consultations should be initiated as soon as possible to test support for a treaty along the lines outlined above.

The NSC Under Secretaries Committee should submit to me by July 15, 1971, recommendations and/or options for U.S. policy toward Panama in the event treaty negotiations reach an impasse or must be broken off.

Ambassador Anderson intends to remain in close consultation with the Secretaries of State and Defense during the period of negotiations and I have asked him to keep me closely and periodically informed as to the status of negotiations and Congressional consultations.



cc: The Chairman, NSC Under Secretaries Committee
The Secretary of the Army
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
Special Representative for Interocceanic Canal
Negotiations

THE WHITE HOUSE

WASHINGTON

~~SECRET/EXCIS~~

September 13, 1971

McHorn Specialty Decision Memorandum 131

TO: The Secretary of State
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

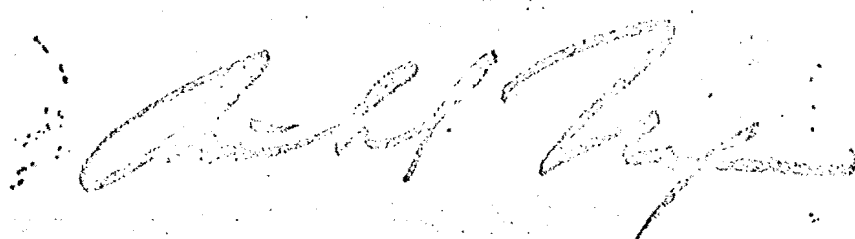
I have reviewed Ambassador Anderson's letter of August 20, 1971, as well as the views of the Departments of State and Defense concerning modification of Ambassador Anderson's negotiating instructions on duration of a new treaty as set forth in NSDM 115. On the basis of that review, I have made the following decisions:

- Ambassador Anderson is authorized at the time he feels most appropriate to inform Panama that the U. S. , while strongly preferring an open-ended treaty, is willing to consider the possibility of a termination formula, provided that the duration negotiated is a long one and that other provisions of the treaty package are satisfactory to the U. S. If such a formula appears unobtainable, he is authorized to fall back to consideration of a treaty providing for a fixed date of termination. In either case, the U. S. negotiating objective should be a duration of at least fifty years, with provision for an additional 30-50 years if Canal capacity is expanded.
- In addition, he should seek to obtain, as part of any new treaty providing a formula or specific date for termination, a joint U. S. -Panamanian guarantee that upon termination of the treaty, the Canal would be open to all world shipping without discrimination at reasonable tolls and that Panama would take no action that would hamper the efficient operation of the waterway.

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Congressional consultations should be continued to test support for a treaty along the lines outlined above.

A large, stylized handwritten signature in dark ink, possibly reading 'R. H. ...', is written across the middle of the page.

- cc: The Chairman, NSC Under Secretaries Committee
- The Secretary of the Army
- The Chairman, Joint Chiefs of Staff
- The Director of Central Intelligence
- Special Representative for Interoceanic Canal
Negotiations

IF ASKED ONLY

PRESS OFFICE STATEMENT

Secretary Kissinger has authorized me to say with reference to his remarks before the Southern Governors last Tuesday on the Panama Canal negotiations that they have been misinterpreted and taken out of context.

He fully supports without reservation the Joint Statement of Principles which he and Minister Tack signed on behalf of their respective Governments in February 1974. The Statement, as you may recall, calls in part for negotiation of a new, fixed term treaty, and joint participation by the United States and Panama in the protection and defense of the canal.

Secretary Kissinger anticipates that while during the treaty's lifetime the United States will have primary responsibility for canal defense. Panama will participate importantly in this defense.

The Administration remains firmly committed to successful conclusion of the negotiations. We are pleased that Ambassador Bunker was able to return to Panama earlier this month and look forward to a continuation of the talks in the same spirit of frankness, cordiality and common interest which has marked them to date.

Clearances:

ARA - Mr. Rogers

S/AM - Amb. Bunker

9/19/75

we have the strength to pursue both a policy of relaxation of tension and keep up our military defenses whether we are prepared to be flexible in our diplomacy and yet firm in our purposes and avoid oscillating between extremes of intransigence and extremes of conciliation -- which had been the case in previous periods.

This is what I would define to be the basic problem.

GOVERNOR MANDEL: Governor Wallace of Alabama.

GOVERNOR WALLACE: Mr. Secretary, after the unfortunate conclusion of the matter of Indochina, do you feel that the United States now can afford to give up control of the Panama Canal?

SECRETARY KISSINGER: On the issue of the Panama Canal, the question is, what is meant by control of the Panama Canal and how we define our vital interests in relation to the Panama Canal.

The United States must maintain the right, unilaterally, to defend the Panama Canal for an indefinite future, or for a long future. On the other hand, the United States can ease some of the other conditions in the Canal Zone.

Our problem with respect to the Panama Canal is this: how do we best defend our defense requirements that are vital in the Panama Canal area? Do we do it most effectively by digging in; turning Panama into a potential area of guerrilla conflict, backed by all of Latin America; and turning it into an issue of permanent confrontation between all of Latin America and the United States in which military force may have to be used for an indefinite period. Or is it possible to make arrangements in which our defense interests can be maintained for many decades and our operating interest can also be maintained for several decades and thereby defuse the immediate situation?

Nobody is in favor of turning over our defense of the Panama Canal, and nobody is in favor of turning over the essential operating requirements. What we are talking about is whether we can develop a status for the Panama Canal--and we're not sure yet that this can be done--that meets our essential defense requirements and avoids a situation in which we may have a Viet-Nam type situation in Central America for the indefinite future backed by all of Latin America.

If we can find an honorable way of doing it, we

would like to explore it. As we explore it, we will consult closely with the interested members of the Congress; and there will not be any secret negotiations that are sprung on people unexpectedly. This is really the issue. We are in the process of exploring it, and I do not know whether it is possible to achieve what I've described. If it isn't, then there can be no agreement.

GOVERNOR MANDEL: Governor Godwin of Virginia?

GOVERNOR GODWIN: Mr. Secretary, I was wondering if you could comment — if it would be appropriate for you to make any comment on what impact, short-termwise or longer, that the Soviet-American negotiations, in reference to our export of wheat and their making available to us oil, would have on our energy situation.

SECRETARY KISSINGER: I would like to stress that the negotiations on grain and oil are technically separate negotiations; they are not organically linked, though there is a conceptual connection between the two.

Our interest in a long-term agreement on grain is to prevent these fluctuations in Soviet demand, which can have a profound effect on our prices and in which the Soviet Union enters our market only in periods of severe

March 18, 1976

PANAMA CANAL LABOR SLOWDOWN

A group of U. S. lock and tugboat operators of the Panama Canal Company began a slowdown Monday and were joined by American teachers at the schools who have reported in sick. All together, about 20 percent of the American employees in the Zone are involved. Panamanian employees have not joined the Americans and are continuing at work. U. S. employee organizations are not overtly supporting the slowdown.

The Americans involved are protesting a proposal announced by the Company last month to eliminate the 15 percent tropical wage differential for Americans hired in Panama and to freeze pay for certain of the highest categories of Canal Company employees. Current employees would not be denied the tropical differential and the wage freeze would affect only about 10 to 20 percent of the workers.

The employees' problem, of course, is more fundamental. They have for some time been expressing concern that their legitimate interests be protected in the negotiations with Panama. Although General Torrijos has publicly stated that labor gains by Canal Company employees will be respected in any treaty finally negotiated. Americans working in the Zone nonetheless are fearful of losing many of the benefits which they now enjoy. The treaty negotiators have not yet discussed the details of labor relations to be included in the new treaty except very generally.

Another consideration is that the Canal has been operating at a deficit since FY 1974 when it lost \$11 million. The employees refuse to discuss the entire matter until these "proposals" are withdrawn, but the Army and Company feel that if they agree to withdraw the proposals before discussing them, it will be difficult to make any economy proposals.

Leonor Sullivan has been working with the Administration to resolve the labor slowdown, while reassuring U. S. employees concerned and Panamanians of our intentions vis a vis the canal operations and the treaty negotiations.

Any questions concerning this issue should be referred to DOD, as the Secretary of the Army is in charge of the Canal.

The World

not like... said the... from Los Angeles to the British capital tired her out and made her ill. She is set to appear on a London television show tomorrow.

Expulsions Trigger Strike Call in Panama

MEXICO CITY (UPI) — The Panama Businessmen's Association says it had closed down 60 percent of the country's banks and other businesses to protest the "arbitrary and illegal" expulsion of 10 Panamanian businessmen and lawyers by the government of Gen. Omar Torrijos.

Carlos Gonzalez de la Lastra, president of the association, told UPI by telephone last night that 60 percent of the nation's businesses would remain closed today and, "We won't open until these men are in Panama again and are free."

Gonzalez said the 10 were expelled "because this (the government in Panama) is a dictatorship."

"They spoke about their problems and the government didn't like it. In this country there is no press freedom. A small group of people own the country."

In a communique issued earlier yesterday, the government in Panama City said the men were deported

because they planned to "promote a class struggle." It said they were members of a right-wing group that was trying to divide the Panamanian people.

Gonzalez said the stoppage would affect apart from the banks, insurance companies, farms, "anything that has anything to do with the country's economy."

He said the 10 were taken from their homes and offices on Tuesday morning and put on a plane for Guayaquil, Ecuador.

Asked whether he or his association feared any reprisals from the government, Gonzalez said, "We live with permanent reprisals and we are tired of them."

Auto Recall Ordered

DETROIT (AP) — Ford Motor Co. said yesterday it is recalling 21,062 current-model Mavericks and Comets with factory-installed air conditioning to check for potentially defective heater-defroster vacuum motors.

Lebanese peace from eign Khadd

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ACCORDI sources, the • A cease- within six ho ing of the acc tions.

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Mutiny Reported on Soviet Ship

STOCKHOLM — Crewmen aboard a Soviet antisubmarine patrol vessel mutinied last Nov. 9 and tried to take their ship to Sweden, informed military and intelligence sources said today.

The sources said the mutiny by at least 20 of the 42 crewmembers was thwarted when Soviet aircraft flew over the ship — of the Kotlin class carrying the number 628 on its bow — and officials on shore radioed threats to sink it. They said the crewmen were imprisoned, and many are still awaiting trial. The sources included Eastern Europeans and military and intelligence contacts in both Western and neutral countries.

"There are only two of these ships in the Baltic," the sources said. "One is stationed permanently in Riga, Latvia, the other in Leningrad."

Panama, Businessmen Feud

PANAMA CITY — Government troops closed the headquarters of the Association of Panamanian Business Executives yesterday, adding new fuel to a government-business feud, a spokesman for the organization reported.

A simultaneous noon-hour traffic jam was created by cabdrivers blocking key roads with their vehicles. National guard traffic police ignored the snarled traffic. The cab drivers belong to a union closely associated with the government of Brig. Gen. Omar Torrijos, who is commander of the national guard, the country's only military force.

Spokesmen for the association, known here by its Spanish initials APEDE, said the guardsmen drove everyone out of the building and damaged office equipment.

The closing of the association headquarters appeared to destroy a fragile detente worked out last weekend. The executives agreed then to end a business-strike protesting the deportation to Ecuador of 13 Panamanian businessmen, lawyers and community leaders.

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*Rowland Evans
and Robert Novak*

Protests From Panama

An inexcusably vicious attack on the U.S. by the Panamanian ambassador to the usually soporific Organization of American States (OAS) is adding to President Ford's grave problems in arranging a new Panama Canal treaty and further embarrassing the U.S. throughout Latin America.

What makes this particularly significant is its coincidence with Washington's rising danger from the Communist political offensive in Southern Africa, Western Europe and Asia. Now, the hate-America campaign is exploding on Washington's back door.

The Jan. 23 attack accused the U.S. of a "policy of strangulation" of Panama, of "paternalism...colonialism...oppression." Panama's delegate, Ambassador Nader Pitty, told the shocked assembly he regards his mission in the OAS as "one of destroying the (U.S.) policy of arrogance" toward Panama—and by implication, all of Latin America.

Robert E. White, deputy chief of the U.S. delegation, coldly informed Pitty the U.S. could not acquiesce to such a misuse of the OAS forum to attack the U.S. He reminded Pitty that the U.S. and Panama are "reaching the final stages" of a new treaty. But that further infuriated Pitty, who then accused White of "blackmail."

Behind this tirade lie decades of grievances building in Panama against the U.S.-imposed canal treaty that gives the U.S. control of the canal "in perpetuity."

*"The Panamanian attack
seemed calculated to put
this nation in the worst
possible light at the
worst possible time."*

Pitty's brutal language particularly shocked members of the U.S. mission because of President Ford's effort to reach agreement on a new treaty more favorable to Panama.

Indeed, with elder statesman Ellsworth Bunker as his negotiator in Panama, Mr. Ford has provoked the outrage of the Republican right wing and endangered his nomination by tentatively agreeing to major treaty revisions.

With Secretary of State Henry Kissinger finally making his frequently postponed goodwill trip south of the border, the Panamanian attack seemed calculated to put this nation in the worst possible light at the worst possible time.

The possible explanation: a new U.S. demand for major changes in a proposed revision of the OAS charter, which Latin countries have been drafting the past three years with the U.S. sitting quietly on the sidelines. Pitty's explosion encapsulates anti-Washington emotions which more responsible OAS diplomats, also angered at the sudden U.S. demands, have expressed with far more restraint.

PANAMA CANAL

April 1976?
Revised

Q: Do you have any comment on Congressman Snyder's statement on the Panama Canal?

A: I have seen reports of the testimony presented at hearings before the Panama Canal Subcommittee of the HIRC last Thursday.

These discussions have provoked reckless charges which I want to address.

First, as you know, the US has been negotiating with the GOP for over two years. A year ago in February eight principles representing common goals of both governments were enunciated and made public. Nothing has changed since that time. Nor at any time has the United States varied from its stated objective of reaching an agreement which fully protects US interests. More specifically we have at all times, and will at all times, insist upon secure guarantees over US right to defend and operate the Panama Canal in any new treaty. We have never waived in this determination and never will.

Notwithstanding this public position -- on record for years -- in 1976 new alarmist provocations are being put forth based on semantic inference which seek to distort reality.

The Canal negotiations have proceeded under three Administrations toward the same goal -- secure US control over the operation and defense of the Canal. At issue today is the nature of the US presence not our control over Canal defense and operation. Unless, however, we recognize and adjust to reasonable requests concerning our presence, we face the serious risk of a return to the violence and riots which took place in 1964.

A treaty which meets our needs and takes into account Panamanian wishes for greater participation can be achieved with calm deliberation and good will. Such a treaty is in the interest of both countries and in the interest of improving US relations with other Latin American countries.

Obviously any treaty will only be concluded in the closest cooperation with the Congress. It is toward that end that this Administration has worked closely with the cognizant Congressional committees to keep them advised of the status of negotiations.

President Ford has stated on numerous occasions his intention to assure absolutely the protection of US interests. He remains firm in that pledge and calls upon the Congress to bring an end to disruptive rhetoric which misrepresents the facts.

[April 1976?]

PANAMA CANAL

- Q. Has the President given Ambassador Bunker instructions to give up the Panama Canal Zone *as Ronald Reagan and Congress-
man Snyder urge?*
- A. No.

- Q. Well, what do ~~the~~ ^{Bunker's} instructions say?

- A. His instructions are based on the principles agreed to more than two years ago by the United States and Panama. These were published at the time and have been available ever since, and

I'm just wondering why this ^{delicate} issue is raised now in a ~~political~~ political context. ~~It is a delicate issue to raise in any partisan political purposes.~~ *As President Ford has stated*

- Q. You didn't really answer the question. What are Bunker's ^{defense of} instructions? ~~the canal.~~

- A. You can get the principles issued in 1974 from the State Department, or I can get you a copy. Ambassador Bunker's

instructions are based on those principles. ~~to~~ ^{under} To bail them down for you: ~~Any~~ Any new treaty, the United States will continue to have the right to operate and defend the canal.

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[April 1976?]

You Keep / The President

Q: ~~He~~ saying ~~that~~ he will never give up the defense or operation of the Canal, but Bunker's testimony indicates that he is negotiating to do just that.

of Bunker's

A: I don't know what interpretation you place on a small, sealed portion of Bunker's testimony, but I can assure you that guaranteed that the

Any new treaty with Panam will protect the United States interest will maintain its rights to ~~the operation and defense of the Canal~~ operate and defend the Canal. ~~(Use this line in every answer).~~

Q: For how long? at least,
For the length of the treaty, ~~at least,~~ whatever

A: ~~That is an issue that is being negotiated~~
the treaty provides for.

Q: In other words, you are negotiating for U.S. operation and defense of the Canal to end at some time in the future?

A: You must not be familiar with the background on this story since that issue has been a matter of public record since 1964. ~~and~~
Again, because all this is so old, I have to wonder why it is being raised now. Nothing has changed since the principles were announced ^{subjects} early in 1974. Also I want to remind you that the three Presidents who have conducted these negotiations have consulted with Congress right along, and, of course, President Ford is continuing those consultations. When any treaty is agreed upon he would submit it to the Senate for ratification. But no treaty has been signed and no terms have been agreed on.



[April 1976?]

- Q. You keep saying the President will never give up the defense or operation of the Canal. But Bunker's testimony indicates that he is negotiating to do just that.
- A. I don't know what interpretation you place on a small, leaked portion of Bunker's testimony. But I can assure you that any new treaty with Panama will guarantee that the United States will maintain its rights to operate and defend the Canal.
- Q. For how long?
- A. For the length of the treaty, at least, whatever the treaty provides for.
- Q. In other words, you are negotiating for U. S. operation and defense of the Canal to end at some time in the future?
- A. You must be familiar with the background on this story since that issue has been a matter of public record since 1964. Again, because all this is so old, I have to wonder why it is being raised now.

Nothing has changed since the principles were announced publicly in 1974. Also, I want to remind you that the three Presidents who have conducted these negotiations have consulted with Congress right along, and, of course, President Ford is continuing those consultations.

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April 1976?
Purvis

PANAMA CANAL

Q. Has the President given Ambassador Bunker instructions to give up the Panama Canal Zone as Ronald Reagan and Congressman Snyder charge?

A. No.

Q. Well, what do Bunker's instructions say?

A. His instructions are based on the principles agreed to more than two years ago by the United States and Panama. These were published at the time and have been available ever since. I'm just wondering why this delicate issue is raised now in a political context. As President Ford has stated repeatedly, any new Treaty must guarantee continued American operation and defense of the Canal.

Q. You didn't really answer the question. What are Bunker's instructions

A. You can get the principles issued in 1974 from the State Department, or I can get you a copy. Ambassador Bunker's instructions are based on those principles. To boil them down for you: Under any new Treaty, the United States will continue to have the right to operate and defend the Canal.

Revised [April 1976?]

PANAMA CANAL

Q. Has the President given Ambassador Bunker instructions to give up the Panama Canal Zone?

A. No.

Q. Well, what do his instructions say?

A. His instructions are based on the principles agreed to more than two years ago by the United States and Panama. These were published at the time and have been available ever since, and I'm just wondering why this issue is raised now in a partisan, political context. The matter is too delicate to be used for any partisan political purposes.

Q. You didn't really answer the question. What are Bunker's instructions?

A. You can get the principles issued in 1974 from the State Department, or I can get you a copy. Ambassador Bunker's instructions are based on those principles.

[April 1976?]

PANAMA CANAL

Q. Has the President given Ambassador Bunker instructions to give up the Panama Canal Zone?

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Q. Well, what do his instructions say?

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[April 1976?]

Reps

PANAMA CANAL

Q: Has the President given Ambassador Bunker instructions to give up the Panama Canal Zone as Ronald Reagan and Congressman Snyder charge:

A: No

Q: Well, what do Bunker's instructions say?

A: His instructions are based on the principles agreed to more than two years ago by the United States and Panama. These were published at the time and have been available ever since. As President Ford has stated repeatedly, any new Treaty must guarantee continued American ^{responsibility in the} operation and defense of the Canal, while at the same time, seeking to resolve the outstanding issues between the U.S. and the Republic of Panama.

Q: You didn't really answer the question. What are Bunker's instructions?

A: You can get the principles issued in 1974 from the State Department, or I can get you a copy. Ambassador Bunker's instructions are based on those principles

Q: You keep saying the President will never give up the defense or operation of the Canal. But Bunker's testimony indicates that he is negotiating to do just that.

A: I don't know what interpretation you place on a small portion of Bunker's testimony. I can assure you that any new treaty with Panama will guarantee that the United States will maintain its rights to operate and defend the Canal.

Q: For how long?

A: For the duration of the Treaty, at least, whatever the Treaty provides for. It is expected that the Treaty will extend at least through the end of this century.

Q: In other words, you are negotiating for U.S. operation and defense of the Canal to end at some time in the future?

A: You must ^{NCT} be familiar with the background on this, ~~S~~ since that issue has been a matter of public record since 1964.

Nothing has changed since the principles were announced publicly in 1974. Also, I want to remind you that the three Presidents who have conducted these negotiations have consulted with Congress right along, and of course, President Ford is continuing those consultations.

When any treaty is agreed upon, he would submit it to the Senate for ratification. But no treaty has been signed and no terms have been agreed on. And no treaty will be agreed to unless it safeguards U.S. interests in the Canal and guarantees our right in the operation and defense of the Canal.

[April 1976?]

Lewis

PANAMA CANAL

- Q. Has the President given Ambassador Bunker instructions to give up the Panama Canal Zone as Ronald Reagan and Congressman Snyder charge?
- A. No.
- Q. Well, what do Bunker's instructions say?
- A. His instructions are based on the principles agreed to more than two years ago by the United States and Panama. These were published at the time and have been available ever since. (~~I'm just wondering why this delicate issue is raised now in a political~~
~~context.~~) As President Ford has stated repeatedly, any new Treaty must guarantee continued American operation and defense of the Canal,
- Q. You didn't really answer the question. What are Bunker's instructions?
- A. You can get the principles issued in 1974 from the State Department, or I can get you a copy. Ambassador Bunker's instructions are based on those principles. To boil them down for you: Under any new Treaty, the United States will continue to have the right to operate and defend the Canal.

- Q. You keep saying the President will never give up the defense or operation of the Canal. But Bunker's testimony indicates that he is negotiating to do just that.
- A. I don't know what interpretation you place on a small, leaked portion of Bunker's testimony. But I can assure you that any new treaty with Panama will guarantee that the United States will maintain its rights to operate and defend the Canal.
- Q. For how long?
- A. For the length of the treaty, at least, whatever the treaty provides for.
- Q. In other words, you are negotiating for U. S. operation and defense of the Canal to end at some time in the future?
- A. You must be familiar with the background on this story since that issue has been a matter of public record since 1964. Again, because all this is so old, I have to wonder why it is being raised now.

Nothing has changed since the principles were announced publicly in 1974. Also, I want to remind you that the three Presidents who have conducted these negotiations have consulted with Congress right along, and, of course, President Ford is continuing those consultations.

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