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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 NEGOTIATIONS

Q: What is the White House response to Panamanian charges that the White House is dragging its feet on resuming the Canal negotiations?

A: The United States is not dragging its feet on the treaty negotiations. There is no change in the President's position regarding the importance of negotiating a new treaty with Panama. Many difficult and complex factors are involved in these negotiations. Our dialogue on these issues with the Government of Panama is continuing.

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PANAMA CANAL TREATY NEGOTIATIONS

Q: In view of the Snyder Amendment and approaching elections, do you continue to support negotiations and do you plan to present a treaty to the Senate soon?

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For*

3 adm, have discussed our relations

A: ~~As you know, we are engaged in an effort to modernize our relationship with Panama over the Canal.~~ There are a number of questions ^{with Panama over} ~~and.~~

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If pressed: ~~No decision has been taken with regard to the timing of submission of a treaty to the Senate and no such decision will be possible until we are closer to reaching an agreement. As I~~

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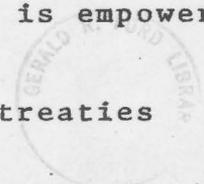


*Pat/Kerry
6/27/75* ~~In Response to~~ *Q's
presumably
or ~~to~~ to Congress*

The President has no intention of approving any agreement that would not protect our vital defense interests, with Panama or with anybody else.

The President supports the view of these negotiations stated by Secretary Kissinger, in his speech in Houston in February 1974 when he addressed the question of our interest in the Panama Canal. -- "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."

— 0 —
The President is concerned by ~~the~~ ^{this} action of the House ~~in~~ ^{and} ~~would~~ ^{would} be concerned about any action ~~voting~~ to cut off ~~the~~ funds for negotiations ~~with Panama~~ on any matter within the constitutional authority of the President ~~on the Canal~~. Under the Constitution, the President is empowered to negotiate, through his representatives, and sign treaties



with foreign governments, and to submit them to the Senate for its advice and consent.

If and when negotiations are concluded to the President's satisfaction, the conclusions ^{would} ~~will~~ be submitted to the Congress in accordance with Constitutional procedures. The President trusts that this House action will be remedied before final passage of the legislation.

HAK, Rumsfeld, Holtmann,
Marsh approve. RHN

GF approved

Panama Canal

Q: Can you tell us what is the status with our negotiations to turn over the Canal to Panama?

A: We are engaged in an effort to modernize our relationship with Panama over the Canal. Although progress has been made, difficult issues remain. Both the United States and Panama have important interests in the Canal. We believe we can reach an agreement which takes into account the interests of both countries. In our view it is possible to do this while protecting our basic interests in defense and operation of the Canal. Of course, any agreement we may reach would be submitted to the full constitutional process including Senate approval.

PANAMA CANAL TREATY NEGOTIATIONS

Q: In view of the Snyder Amendment and approaching elections, do you continue to support negotiations and do you plan to present a treaty to the Senate soon?

A: As you know, we are engaged in an effort to modernize our relationship with Panama over the Canal. There are a number of questions which remain at issue between us and the Panamanians. The talks are continuing and we believe it will be possible to reach an agreement which would accommodate the interests of both nations. I believe it is possible to do this while protecting our basic interests in defense and operation of the Canal. Naturally, any such agreement we may reach will be submitted to the full constitutional process, including Senate approval, and we will be consulting closely with the Congress as the talks continue -- that I believe is the appropriate channel for congressional consideration of the negotiations.

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PANAMA CANAL COMPANY
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WASHINGTON, D.C. 20004

OFFICE OF
THE SECRETARY

PROPOSED CHANGES IN RATES OF TOLLS
FOR THE PANAMA CANAL

Q. Why is a toll increase necessary?

A. An increase in the rates of tolls is necessary to comply with the requirement of law that tolls be established at rates sufficient to cover the costs of maintenance and operation of the Panama Canal. In July 1974, the rates of tolls for use of the Panama Canal were increased for the first time since the Canal was opened in 1914. Despite this increase and successful effort on the part of management to reduce cost to the maximum possible extent, the Company has incurred consecutive operating losses of \$8.2 million in FY 1975 and \$7.4 million in FY 1976. It is estimated that in FY 1977, revenues will fail to cover the cost of operations by about \$20 million. These deficits are the direct results of higher costs due to continuing inflation and reduced traffic levels brought about by the worldwide recession. In addition, political factors too have caused a downturn in traffic, such as the reopening of the Suez Canal on June 5, 1975.

Q. A recent article in the Wall Street Journal concluded that the increase in Panama Canal tolls has caused a diversion to the mini bridge operation. Is that correct?

A. That is an incorrect conclusion. The cost to the shipper for the merchandise is identical whether the merchandise moves via land bridge or via the Panama Canal. The increase in tolls has the effect of reducing the profit margin to the steamship companies (who pay the railroad for the service received) until such time as inland freight rates are increased to cover their inflationary cost. It is interesting to note that railroad rates have increased over 100% since 1961 in contrast to Panama Canal tolls which, assuming approval of the proposed increase, will have increased less than 50% since 1914.

Q. Will the toll increase reduce traffic through the Canal?

A. Studies made for the Panama Canal Company by outside consultants over a period of years, and one as recent as April 1976, based on analysis of commodity movements by trade route, uniformly conclude that increases in rates of tolls of this magnitude will not cause substantial diversion of traffic or affect the economies of the U.S. or other countries involved in commodity movements through the Canal.

Q. What is the extent of the increase?

A. Rates for laden vessels, i.e., ships carrying cargo or passengers, will go from \$1.08 to \$1.29 per Panama Canal net measurement ton (equivalent to 100 cubic feet of earning-capacity space); for vessels in ballast without cargo or passengers, rates will go from \$0.86 to \$1.03. For vessels not susceptible of measurement under Panama Canal rules such as warships, the rate will be increased from \$0.60 to \$0.72 per displacement ton. Assuming a reasonable level of inflation and traffic growth in the future, the new rates are anticipated to be sufficient to cover costs as required by statute. The change will approximate an average increase of 19.6%.

Q. How much money is involved?

A. It is projected that the new rates will generate approximately \$24.0 million in additional revenues for the Canal in FY 1977. This should provide sufficient revenue to cover the cost of maintenance and operation of the Canal for that year, including the repayment to the Treasury of part of interest payments unearned and withheld in FY 1976 and the Transition Quarter. It is estimated that approximately 28%, or \$6.7 million of the increased payment of \$24.0 million in tolls will be paid by U.S. sources and 72% or \$17.3 million will be paid by foreign sources.

Q. Is the accounting procedure followed by the Company consistent with proper accounting principles and procedures?

A. Yes, the Panama Canal Company is audited by the General Accounting Office. The report of the Comptroller General in its audit of the Panama Canal Company/Canal Zone Government states that the accounts are maintained in conformity with generally accepted accounting principles.

GUIDANCE: PANAMA CANAL

General answer in response to questions about using troops to keep the Canal open:

A. Obviously, any President would use troops if necessary to defend the Panama Canal.

That's not the point, however. What is important is the issue of whether or not we can avoid the use of troops through a process of negotiation and enhance our ability to protect our interests in the Canal.

Our interest in that area of the world involves maintaining good ties with our Latin American friends, in operating, maintaining and defending the Canal. Those interests would be jeopardized if we were to break off negotiations and permit a situation to develop which could lead to violence and require the use of troops.

Governor Reagan's harsh rhetoric, his reference to the head of the Panamanian government as a "tin horn dictator," and his obvious lack of knowledge about the facts, could quickly lead to a breakdown in our diplomatic efforts, which, in turn, would leave us no alternative but to use military force in an effort to keep the Canal open.

My position -- and that of my two predecessors -- is designed to avoid putting us in a position of having to choose between committing troops or losing access to the Canal. If our negotiations are successful, we will retain the right and enhance our ability to operate and defend the Canal. I believe that is the responsible course of action.

I agree with Senator Goldwater's observation that if former Governor Reagan understood the facts about Panama, he would not be critical of the current U.S. position.

X X X



PANAMA

Q: Governor Reagan has expressed his opposition to continuing treaty negotiations with Panama. Do you expect this to become a campaign issue and what are the prospects of concluding this year a new treaty for submission to the Congress?

A: Discussions with Panama relating to the Canal have been conducted during the last three Administrations and have had the support of five Presidents. The goal of these negotiations 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. We believe this should be possible, and we are now in the process of discussing with Panama the possibility of arriving at such an agreement. There are a number of difficult questions remaining to be resolved and the negotiations are continuing. At this stage it simply would not be useful or possible to predict when agreement on a treaty might be reached.

I have no intention of proposing to the Congress any agreement with Panama, or with anyone else, that would not protect our vital interests. Naturally, any treaty we conclude will be submitted to the full constitutional process, including Senate approval, and we will be consulting closely with Congress as the discussions continue.

CHRONOLOGY OF SEA WOLF SEIZURE BY PANAMANIAN GOVERNMENT

Sunday, May 23

9:40 p.m. - Vessel leaves Canal breakwater.

Vessel ordered to stop by Guardia Nacional (GN) ship.

Fearing seizure by another American disputing ownership, vessel attempt to return inside breakwater.

Shots fired, vessel seized.

Vessel taken to Panamanian Port of Colon.

Monday, May 24

Embassy duty officer informed of seizure by vessel captain.

Embassy consular officer contacts GN and GOP Finance and Treasury.

Embassy contacts Canal authorities and requests investigation of captain's claims.

Tuesday, May 25

Congressman Snyder raises matter on floor of House.

Panama Canal authorities informed Embassy of view that seizure was inside Canal Zone waters.

The Embassy continues to attempt to resolve legal problems with GOP authorities.

State Department contacts vessel owner in Miami.

Wednesday, May 26

Vessel owner requests US Government not intervene in order that matter can be worked out through legal channels in Panama.

PANAMA CANEL 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 Canel 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.

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.

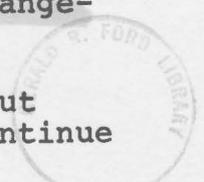
Clearly both Panama and the United States have vital interests in the Canal. The challenge is to reconcile the security needs of the United States with Panama's national honor and sovereignty. X X
Negotiations on this problem have gone on intermittently for eleven years; in the last year and a half they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

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



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.

PANAMA

Secretary Kissinger recently said that the United States must maintain the right, unilaterally, to defend the Panama Canal for an indefinite period. Given the Panamanian reaction to this statement and the action of the House in insisting on its Amendment to deny funds to continue the negotiations, do you expect the negotiations to continue? What are the prospects of concluding a treaty this year for submission to the Congress?

A: Discussions with Panama relating to the Canal have been conducted during the last three Administrations. The goal of these negotiations, as I believe Secretary Kissinger pointed out, 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. We believe this should be possible, and we are now in the process of discussing with Panama the possibility of arriving at such an agreement. There are a number of difficult questions remaining to be resolved and the negotiations are continuing. At this stage it simply would not be useful or possible to predict when agreement on a treaty might be reached.

The President has no intention of proposing to the Congress any agreement with Panama, or with anyone else, that would not protect our vital interests. Naturally, any treaty we reach will be submitted to the full constitutional process, including Senate approval, and we will be consulting closely with Congress as the discussions continue.

(If asked)

Q: But are we seeking agreement to enable the U.S. to defend the Canal for an indefinite period?

(continued)



We are talking about an arrangement which would protect U.S. defense interests in the Canal ~~for many decades and maintain our operating interest as well for several decades,~~ but this subject is still under discussion with the Panamanians.



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 conclusion of 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 agreement we 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. I have no intention of proposing to Congress any agreement with Panama or anyone else that would not protect our vital defense interests. Any amendment prohibiting negotiations is, in my view, unconstitutional. Any future agreement would be discussed fully with the Congress and submitted for ratification.

PANAMA

Q: Secretary Kissinger recently said that the United States must maintain the right, unilaterally, to defend the Panama Canal for an indefinite period. Given the Panamanian reaction to this statement and the action of the House in insisting on its Amendment to deny funds to continue the negotiations, do you expect the negotiations to continue? What are the prospects of concluding a treaty this year for submission to the Congress?

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PANAMA CANAL

Q: Can you tell us what is the status of our negotiations to turn over the Canal to Panamá?

A: We are engaged in an effort to modernize our relationship with Panama over the Canal. Although progress has been made, difficult issues remain. Both the United States and Panama have important interests in the Canal. We believe we can reach an agreement which takes into account the interests of both countries. In our view it is possible to do this while protecting our basic interests in defense and operation of the Canal. Of course, any agreement we may reach would be submitted to the full constitutional process.

(FYI: The subject of the negotiations was placed on the OAS General Assembly agenda. A joint statement by the U.S. and Panama on the status of the negotiations was read. It was a general statement noting that progress has been made in the talks, difficult questions remain, and both countries support the negotiating process and are working towards reaching a mutually acceptable agreement.)

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Mary*

U.S. and Panama Agree on Principles for Negotiation of New Panama Canal Treaty

On February 7 at Panamá, Secretary Kissinger and Juan Antonio Tack, Minister of Foreign Affairs of Panama, initialed a joint statement of principles for negotiation of a new Panama Canal treaty. Following is an address made by Secretary Kissinger at the ceremony, together with the text of the joint statement.

ADDRESS BY SECRETARY KISSINGER

Press release 42 dated February 7

We meet here today to embark upon a new adventure together. Our purpose is to begin replacing an old treaty and to move toward a new relationship. What we sign today, hopefully, marks as well the advent of a new era in the history of our hemisphere and thus makes a major contribution to the structure of world peace.

Meeting as we do on this isthmus which links North with South and Atlantic with Pacific, we cannot but be conscious of history—a history which has profoundly changed the course of human affairs. Four centuries ago the conquistadors landed here bringing faith and taking booty. They were representatives of the traditional style and use of power. Seventy years ago, when the Panama Canal was begun, strength and influence remained the foundations of world order.

Today we live in a profoundly transformed environment. Among the many revolutions of our time none is more significant than the change in the nature of world order. Power has grown so monstrous that it defies calculation; the quest for justice has become universal. A stable world cannot be imposed by

force; it must derive from consensus. Mankind can achieve community only on the basis of shared aspirations.

This is why the meeting today between representatives of the most powerful nation of the Western Hemisphere and one of the smallest holds great significance. In the past our negotiation would have been determined by relative strength. Today we have come together in an act of conciliation. We recognize that no agreement can endure unless the parties to it want to maintain it. Participation in partnership is far preferable to reluctant acquiescence.

What we do here today contains a message, as well, for our colleagues in the Western Hemisphere who, in their recent meeting in Bogotá, gave impetus to this negotiation. The method of solution and the spirit of partnership between Panama and the United States as embodied in this agreement are an example of what we mean by the spirit of community in the Western Hemisphere; it can be the first step toward a new era which we believe will be given fresh hope and purpose when we meet again with the Foreign Ministers of all the hemisphere in two weeks' time.

The United States and Panama

The relationship between Panama and the United States is rooted in extraordinary human accomplishment—the Panama Canal, a monument to man's energy and creative genius. But as is so often the case, man's technological triumph outstripped his political imagination:

—For 60 years the safe, efficient, and equitable operation of the canal has given to

Panama, to the United States, and to all nations benefits beyond calculation.

—Yet the canal still operates under the terms of a treaty signed in 1903, when the realities of international affairs were still shaped by traditional precepts of power.

—The tensions generated by these contradictions, the endless debates over the costs and benefits of the convention of 1903, have jeopardized the ability of our two countries not only to work together to meet future demands upon the canal but also to develop a constructive relationship as friends.

We must assess the document we have just signed against this background. Above all, we must judge it in the context of what it means for the peoples of the United States and Panama and what it can mean for the people of the Western Hemisphere.

The eight principles in this agreement constitute, as General Torrijos [Brig. Gen. Omar Torrijos, Head of Government of Panama] has said, a "philosophy of understanding." Sacrificing neither interest nor self-respect, Panama and the United States have made a choice for partnership. Meeting in dignity and negotiating with fairness, we have acknowledged that cooperation is imposed on us by our mutual need and by our mutual recognition of the necessity for a cooperative world order. Foreign Minister Tack and Ambassador Bunker [Ambassador at Large Ellsworth Bunker, U.S. chief negotiator for the Panama Canal treaty] have shown that Panama's sovereignty and the vital interests of the United States in the Panama Canal can be made compatible. They have engaged in an act of statesmanship impelled by the conviction that we are part of a larger community in the Americas and in the world.

In that spirit of partnership the United States and Panama have met as equals and have determined that a just solution must recognize:

—First, that Panama and the United States have a mutual stake in the isthmus: Panama in its greatest natural resource, and the United States in the use and defense of the canal.

—Second, that the arrangement which may have been suitable 70 years ago to both the United States and Panama must be adjusted to meet the realities of the contemporary world.

—Third, that a new treaty is required which will strengthen the relationship between us while protecting what is essential to each. A new agreement must restore Panama's territorial sovereignty while preserving the interests of the United States and its participation in what is for us an indispensable international waterway.

While we have taken a great stride forward, we must still travel a difficult distance to our goal. There is opposition in both our countries to a reasonable resolution of our differences. Old slogans are often more comforting than changes that reflect new realities. It is the essence of revolutions that to their contemporaries they appear as irritating interruptions in the course of a comfortable normalcy. But it is equally true that those who fail to understand new currents are inevitably engulfed by them.

We are determined to shape our own destiny. Our negotiators will require wisdom, purposefulness, tenacity. They will meet obstacles and disagreements. Yet they will succeed—for our relations and our commitments to a new community among us and in this hemisphere demand it.

In the President's name, I hereby commit the United States to complete this negotiation successfully and as quickly as possible.

The Western Hemisphere Community

We are here today not just as two sovereign nations, but as representatives of our hemisphere. We meet at the place where Simón Bolívar enunciated the concept of an inter-American system. We meet at a point of time between meetings of Foreign Ministers in Bogotá and Mexico City which can mark a historic turning point in making Bolívar's vision come true.

I know that many of my country's southern neighbors believe they have been the subject of too many surveys and too few policies.

The United States is accused of being better at finding slogans for its Latin American policy than at finding answers to the problems that face us all.

Some of these criticisms are justified. At times rhetoric has exceeded performance. But the United States has been torn by many problems; only from afar does it appear as if all choices are equally open to us. We have not been willfully neglectful. And in any case, we have recognized that the time for a new approach is overdue.

I have come here today to tell you on behalf of our President that we are fully committed to a major effort to build a vital Western Hemisphere community. We understand our own needs:

—To live in a hemisphere lifted by progress, not torn by hatreds;

—To insure that the millions of people south of us will lead lives of fulfillment not embittered by frustration and despair; and

—Above all, to recognize that in the great dialogue between the developed and the less developed nations, we cannot find answers anywhere if we do not find them here in the Western Hemisphere.

It is in this spirit that I shall meet my colleagues in Mexico City later this month to deal with the issues posed by them in their Bogotá meeting. We attach particular significance to the fact that the meeting in Mexico City—its substance and its impetus—is the product of Latin American initiative. It is a response to the necessities of the times such as the United States had hoped to achieve with partners elsewhere in the world.

The United States will not come to Mexico City with a program that presumes to have all the answers. Nor will we pretend that our lost opportunities can be remedied by yet another freshly packaged program labeled "Made in the U.S.A." But we shall come with an open mind and, perhaps more importantly, with an open heart. We are at a moment of truth, and we shall speak the truth.

We know that our neighbors are worried about the blackmail of the strong. We want them to know that we are sympathetic to this concern. At the same time, blackmail is no

more acceptable from any other source. We need each other. So let us all seek solutions free of pressure and confrontation, based on reciprocity and mutual respect. In Mexico City we can but lay the foundations for the future. But building upon what we achieve in Mexico City we can, over the months and years ahead, erect an edifice of true partnership, real trust, and fruitful collaboration.

Thus we approach the meeting in Mexico with but one prejudice: a profound belief that the Americas, too, have arrived at a moment of basic choice, a time of decision between fulfillment together and frustration apart. Our choice will be found in the answers we give to these critical questions:

—Can we make our diversity a source of strength, drawing on the richness of our material and moral heritage?

—In short, can the countries of Latin America, the Caribbean, and the United States, each conscious of its own identity, fashion a common vision of the world and of this hemisphere—not just as they are, but as they are becoming and as we feel they should be—so that we can move together toward the achievement of common goals?

We will conduct the broader dialogue we have all set for ourselves in Mexico City with the same commitment to reciprocity, the same consideration of each other's interests, that marked the negotiations between the United States and Panama.

For centuries men everywhere have seen this hemisphere as offering mankind the chance to break with their eternal tragedies and to achieve their eternal hopes. That was what was new about the New World. It was the drama of men choosing their own destinies.

An American poet has written:

We shall not cease from exploration
And the end of all our exploring
Will be to arrive where we started
And know the place for the first time.

Panama and the United States have now begun this exploration. Our sister republics can make the same choice. Our creativity, our energy, and our sense of community will be on trial. But if we are equal to the oppor-

tunity, we will indeed arrive where we started—a hemisphere which again inspires the world with hope by its example. Then we shall indeed know the place for the first time, because for the first time we shall truly have fulfilled its promise.

TEXT OF JOINT STATEMENT

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.¹ 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.

¹ For text of the joint declaration, see BULLETIN of Apr. 27, 1964, p. 656.

2. The concept of perpetuity will be eliminated. The new treaty concerning the lock canal shall have a fixed termination date.

3. Termination of United States jurisdiction over Panamanian territory shall take place promptly in accordance with terms specified in the treaty.

4. The Panamanian territory in which the canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, in its capacity as territorial sovereign, shall grant to the United States of America, for the duration of the new interoceanic canal treaty and in accordance with what that treaty states, the right to use the lands, waters and airspace which may be necessary for the operation, maintenance, protection and defense of the canal and the transit of ships.

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

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

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

8. The United States of America and the Republic of Panama, recognizing the important services rendered by the interoceanic Panama Canal to international maritime traffic, and bearing in mind the possibility that the present canal could become inadequate for said traffic, shall agree bilaterally

on provisions for new projects which will enlarge canal capacity. Such provisions will be incorporated in the new treaty in accord with the concepts established in principle 2.

Soviet Foreign Minister Gromyko Visits Washington

Following is the text of a communique issued on February 5 at the conclusion of a visit to Washington by Andrei A. Gromyko, Minister of Foreign Affairs of the U.S.S.R.

White House press release dated February 5

At the invitation of the United States Government, Andrei A. Gromyko, member of the Politburo of the CPSU [Communist Party of the Soviet Union] Central Committee and Minister of Foreign Affairs of the USSR, visited Washington, D.C., from February 3 to February 5, 1974. During his visit he held talks with President Nixon and Secretary of State Henry Kissinger.

Also taking part in the talks were:

On the American side:

Under Secretary-designate for Political Affairs Joseph Sisco; Counselor of the Department of State Helmut Sonnenfeldt; Assistant Secretary for European Affairs Arthur Hartman; Ambassador-designate to the USSR Walter Stoessel.

On the Soviet side:

Ambassador to the United States, A. F. Dobrynin; Member of the Collegium of the Foreign Ministry of the USSR G. M. Korniyenko; Assistant to the Foreign Minister of the USSR V. G. Makarov; and Y. M. Vorontsov, Minister-Counsellor of the Soviet Embassy.

In accordance with the understandings

reached in May 1972 and June 1973 that the practice of consultations between the two countries should continue, an exchange of views took place on a number of subjects of mutual interest.

Both sides reaffirmed their determination to continue developing their relations along the lines established during President Nixon's visit to the Soviet Union in 1972 and General Secretary Brezhnev's visit to the United States in 1973 and reflected in the agreements concluded on those occasions.

In reviewing their bilateral relations, the two Sides discussed questions relating to the further limitation of strategic arms and prospects for the development of trade and economic relations between the two countries, as well as other pertinent matters. They expressed their agreement on the desirability of achieving progress in these and other areas.

The two Sides also held discussions on a number of current international topics.

Special attention was devoted to the Middle East. Both Sides attached particular importance to their special role at the Geneva conference, the need for a peaceful Middle East settlement and for progress toward that end within the framework of the Geneva Peace Conference.

In exchanging views on the Conference on Security and Cooperation in Europe, both Sides agreed that the Conference should reach a successful conclusion as soon as possible. The question of mutual force reduction in Central Europe was touched on.

The exchange of views was conducted in a businesslike and constructive manner and was considered useful by both Sides.

It was agreed that Secretary Kissinger will visit Moscow in the second half of March 1974 in connection with preparations for the visit to the Soviet Union of President Nixon, which will take place this year in accordance with the agreement reached in June 1973.