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[April 1976?]

Revised

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 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, ~~is~~ 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.

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[April 1976?]

Statement:

The Canal Zone is not a colonial possession. It is not a long-term lease. It is sovereign U. S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase. We should end those negotiations (on the Panama Canal) and tell the General: We bought it, we paid for it, we built it and we intend to keep it.

The Facts:

Negotiations between the United States and Panama on the Canal have been pursued by three successive American Presidents. The purpose of these negotiations is to protect our national security, not diminish it. The issue is not between us and Torrijos. It is between us and all other Western Hemisphere nations -- without exception. No responsible American can ignore the voices of the Latin American states.

Governor Reagan's view that the Canal Zone is "sovereign U. S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase is totally wrong. The Canal Zone is not and never has been "sovereign U. S. territory." Legal scholars have been ^{US} clear on this for three-quarters of a century. Unlike children born in the United States, for example, children born in the Canal Zone are not automatically citizens of the United States.

NATIONAL SECURITY COUNCIL

L. O. O.
UNCLASSIFIED

INFORMATION
April 9, 1976

MEMORANDUM FOR: BRENT SCOWCROFT

FROM: STEPHEN LOW ^{cl}

SUBJECT: The Sovereignty Issue in the Panama
Canal Negotiations

The United States is engaged in negotiations to modernize the Panama Canal treaty because it considers this to be the best way to protect its long-term interest in preserving access to the Canal. Whether we have full sovereignty or ownership over the Canal is not central to the issue. The fact that most legal judgment indicates there are limitations to our sovereign status there is not a reason for negotiating a new treaty.

Nevertheless, if the issue of sovereignty continues to be raised, it should be clarified, with the understanding, however, that it is a complicated legal matter on which considerable difference of opinion exists.

Under the 1903 treaty and its subsequent revisions in 1926 and 1955, the US acquired in perpetuity the "rights, power, and authority" it would have "if it were sovereign of the territory". This acquisition of certain rights is contrasted with the 1803 Louisiana Purchase which ceded to the US "forever and in full sovereignty the . . . territory with all its rights and appurtenances" and the Alaska acquisition in which the Russian Emperor ceded to the US all his territory and dominions in this continent.

The Frenchman who negotiated the treaty for the Panamanians wrote that "the United States, without becoming the sovereign, received exclusive use of the rights of sovereignty, while respecting the sovereignty itself of the Panama Republic". William Howard Taft wrote President Teddy Roosevelt in 1905 that "the truth is that while we have all the attributes of sovereignty . . . the treaty seems to preserve the titular sovereignty over the Canal Zone in the Republic of Panama."

UNCLASSIFIED

There are significant differences between the Panama situation and our acquisition of sovereign territory in the Louisiana Purchase, Alaska, Hawaii, and even the Virgin Islands.

- Persons born in the Zone are not automatically American citizens or nationals as are those born in the US and all its other territories and possessions. (Only those born of one or two US parents are citizens.)
- Not every American may reside in the Zone; we are limited by a treaty with Panama on which categories of Americans may reside there. Others are prohibited from doing so. (For the most part, only employees of the Canal Company, of the Zone Government, and of certain business firms permitted to operate in the Zone and their dependents may reside there according to the 1936 treaty.)
- We continue to pay an annual fee to Panama for the rights we exercise there; there was no outright purchase.
- All US law does not apply in the Zone (like customs duties). The Supreme Court has found that the ports of the Zone are foreign for purposes of transportation of US mail.
- Our rights in the Zone continue to be limited by international treaties which also recognize certain Panamanian rights.

The United States Supreme Court decision of 1907 (Wilson vs. Shaw) is often quoted to prove that the US "owns" the Canal. In that case, a disgruntled taxpayer challenged the power of the US Government to expend funds for canal construction in the Zone. The Court found that the US could expend such funds there or elsewhere and added that, "It is hypercritical to contend that the title of the US is imperfect, and that the territory described does not belong to this nation because of the omission of some of the technical terms used in ordinary conveyances of real estate." It is also contended that US sovereignty follows from the simple fact of having been granted in perpetuity the right to act in the Canal in the same way it would "if it were sovereign".

At the 1974 Universal Postal Union Congress and in other international congresses, the United States has officially taken the position that we recognize the Zone as constituting territory of the Republic of Panama while holding that the United States, under the Treaty of 1903, has the authority to operate specific services in the Zone.

The argument can go on and become very complex, as well as sterile. The important point is that it is not central to continuing the negotiations, which are based on an assessment of our national interests. Furthermore, discussion of the issue is highly irritating to the Zonians, who are hypersensitive to any aspersions cast on their fully equal status. Whenever possible, therefore, it seems better to avoid the argument.

Talking Points

- This is a complicated legal matter quite separate from our need to continue these negotiations which is based on national interest.
- Nevertheless, it is quite clear that the right of sovereignty which the US acquired in the Zone is limited. For instance:
 - Everyone born in the Zone is not automatically an American citizen.
 - Not every American can live in the Zone.
 - All US laws do not apply in the Zone.
 - We continue to pay Panama for the rights we exercise there.
 - The Supreme Court has found that in some cases and for some purposes the Zone can be considered foreign territory.
- On the other hand, the Court has found that in some cases and for some purposes the Zone is US territory.

- We are continuing these negotiations because the last three Presidents have all examined the matter carefully and found that our national interest in preserving access to the Canal over the long term is better served by negotiating a new arrangement with Panama.

[April 1976?]

LATIN AMERICAN SUPPORT FOR A NEW CANAL TREATY

- Panama's view in opposition to the 1903 Treaty is shared by all Latin American nations which [redacted] regard the treaty as no longer acceptable in today's world.

- All Latin American nations support Panama's aspiration for a new treaty.

- Recent comments by important Latin American leaders include:

-- Secretary General Orfila of the OAS commented last year on United States TV that failure in the canal negotiations would produce a strongly negative reaction "from Mexico to Argentina". He added during his "Meet the Press" interview, "I would hope there won't be violence, but, believe me, we would set back the relations between the countries, the US and Latin America, many, many years". Speaking more recently in Washington on April 1 on the negotiations he remarked, "This is one of the things that would either put us closer together or would put us apart and let me say frankly that I see an Administration that is very honest and very efficient and in my opinion tackling this problem within the parameters and within the limitations that the issue of Panama has in this country."

-- Last year in the Declaration of Panama the Presidents of Colombia, Costa Rica and Venezuela reaffirmed "the full support of their respective Peoples and Governments for the just Panamanian aspirations on the Panama Canal Question"

-- Last year also the foreign ministers of all the Latin American countries attending the fifth general assembly of the Organization of American States unanimously expressed hope for a "prompt and successful conclusion" of the canal negotiations.

-- In a meeting with visiting US newsmen on November 28, 1975, Venezuela's President Perez commented with regard to the negotiations that a fair solution to the canal problem, "□ would be a great triumph for United States democracy and a tribute to the founders of the free nation in its bicentennial year" if the Canal Zone problem were solved with justice and the danger of frustration or the betrayal of democratic principles was avoided. "The worst thing the United States could do would be to separate its words from its deeds".

-- During last year's United Nations General Assembly Bolivia's President Banzar Suarez remarked " we fervently hope that in keeping with the mutual interests of both countries, the United States and Panama, the Panamanian canal problem will be settled soon in favor of the rights of sovereignty and the Panamanian people."

-- President Echeverria, leader of our good neighbor to the south, Mexico, said last July 4 "Latin America eagerly awaits the solution of the Panama Canal problem and the establishment of new standards of justice and reciprocal respect. Of the Canal question he remarked "our historical experience moves us to

solidarity with Panama. The greatness of a country is not measured by its military but by its moral strength."

GOP Reception - San Antonio Civic Center April 9, 1976

QUESTION: Mr. President, please do not give away the Panama Canal.

(Laughter)

THE PRESIDENT: Sir, I don't think you have to worry about that.

(Laughter) The United States, as far as I am concerned, will never give up its defense responsibilities and capability. It will never give up the rights of navigation and so forth. You just don't have to worry.

QUESTION: Thank you very much.

PRESIDENTIAL STATEMENT IN DALLAS

I think it is premature to come to any conclusion as to what might be the final resolution of the longstanding differences between the United States and Panama. Three previous Presidents have had representatives negotiating on this very controversial issue. I can simply say and say it very emphatically, that the United States will never give up its defense rights to the Panama Canal and will never give up its operational rights as far as Panama is concerned. Since there is no resolution today, I don't think I should prejudge any detailed final settlement in the conflict or controversy. I can assure everybody in the United States that we will protect defense and operational responsibilities as far as the Panama Canal is concerned.

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
EVERETT MCKINLEY DIRKSEN FORUM

BRADLEY UNIVERSITY

QUESTION: Mr. President, I am pastor of a church here in Peoria. From time to time we get reports, printed sometimes, to the effect that Mr. Kissinger and the State Department have already made promises and commitments regarding the Panama Canal to a Government which is something less than friendly to us, and, furthermore, it has been suggested that the constitutional clause which forbids any United States property to be sold without approval of the Congress, that that will be circumvented by retaining title to it but nevertheless technically not selling it, but in reality giving all the controls and direction and jurisdiction to the Panama Government which only the owner of the property should have.

I would like you, Mr. President, to comment on that if you would.

THE PRESIDENT: First, let me say that whatever is done, if it reaches that point, will be fully submitted to the United States Congress, both the House as well as the Senate. If property is sold -- and I am not saying it is -- or is transferred, it would have to be approved by both the House and the Senate and, of course, if it is a treaty, it would have to be approved by the Senate alone, so you can rest assured that whatever is done, if anything is done, will be submitted in its entirety and completely open and above board.

Now the situation is that since 1964 when they had a series of riots in the Panama area, the Canal Zone and the Government of Panama, some 30 people were killed in these riots, including a significant number of Americans. Those circumstances precipitated negotiations that have been carried on by three Presidents. Those negotiations are going on today between the Government of Panama and the United States.

I can only assure you -- because the negotiations have not been completed -- that the United States, as far as I am concerned, will never give up its national defense interests, nor give up its interests in the operation of the Panama Canal. And whatever is negotiated -- and nothing has been concluded -- will be submitted in its entirety to the Congress of the United States.

MORE

PRESS CONFERENCE NO. 28

of the
PRESIDENT OF THE UNITED STATES

file

At 12:02 P.M. EST
March 13, 1976
Saturday

At Guilford College
Greensboro, North Carolina

QUESTION: Mr. President, my question is this. Do you see the United States relinquishing control of the Panama Canal in the next four years, and, if so, under what circumstances?

THE PRESIDENT: Three Presidents have been negotiating since 1955 with the Government of Panama to resolve the dispute that arose following the very sad and tragic incident that happened at that time where some 30 people were killed, including, as I recall, approximately 10 Americans.

These negotiations have gone on for about 10-plus years.

I can assure you of this: The United States, as long as I am President, will do nothing to give up the control of the operations of the Canal, and will do nothing to give up the military protection of the Canal, and that is what the experts in our Government are most concerned about. And whatever is agreed to, if anything, will be submitted openly to the United States Congress for consideration.

10:17 A.M. CST
APRIL 7, 1976
FRIDAY

In the Crystal Ballroom
At the Mare Plaza Hotel
Milwaukee, Wisconsin

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p. 10
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THE PRESIDENT: Thank you very much, Mr. Thompson. If I could take one minute.

Flying out here this morning I learned that the Department of Labor issued some more good economic news. They indicated that the unemployment figure went down again for the month of March to 7.5 percent. I ask you to compare that with 8.9, as I recall, in May of 1975.

The most encouraging news was the fact that this report indicates that 86,700,000 people are gainfully employed -- the highest number of people employed in the history of the United States -- and since March of last year we have added 2,000,000 more jobs in the United States. So we are making real progress in reducing unemployment and, at the same time, increasing employment.

With that, I will be glad to answer any questions.

QUESTION: Mr. President, I really have two questions, if you will.

Milwaukee has been ordered to integrate its public schools. Do you have any thoughts on how to achieve racial integration?

THE PRESIDENT: Well, I have always believed that the Constitutional right of equality must be protected by the courts of the land and by all other public officials. On the other hand, I do not believe that court ordered forced busing to achieve racial balance is the right way to get quality education.

We have ample evidence that in those instances where it has been applied--court ordered forced busing--there has not been an increase in quality education. It is my belief that there is a better way to improve educational opportunities and, at the same time, to improve the integration of our society as guaranteed by the Constitution.

The Equal Amendment, which was passed by the Congress in 1974 and signed by me, provides a series of steps whereby we can desegregate and, at the same time, improve educational opportunity with an emphasis on the neighborhood schools.

MORE

because that is a responsibility of the judicial system, and I will, of course, under the oath of office that I took, have to enforce the law as decided by the courts, but if you want quality education, which I think we all want, court ordered forced busing is not the best remedy.

QUESTION: Every indication we have says that you will win in Wisconsin. How do you predict that you will do on April 6?

THE PRESIDENT: I always assume -- I think it is true here in Wisconsin -- that we will win, but I am not going to get in any numbers game. It is a hard battle. I think we have the affirmative progress and affirmative policies both at home and abroad, and I believe that a majority of the people voting in the Republican primary in Wisconsin will support my candidacy.

QUESTION: Mr. President, in regard to the good job news, now there is a Teamsters strike that might cloud up the job picture. How long will you wait before invoking the Taft-Hartley Act as the talks progress?

THE PRESIDENT: We are counting on the labor-management negotiations to settle the differences. I have been in constant communication with the Secretary of Labor, Mr. Bill Usery, who is working with both labor and management trying to get an agreement. As a matter of fact, I talked to him last night late and he called me this morning as we arrived here in Milwaukee, and no settlement has been agreed to, but progress is being made and I don't think it is advisable for me to comment as long as the two parties are negotiating.

I am optimistic and hopeful and, therefore, it is my belief that the proper procedure is to let the negotiations take their course and I think a settlement will be accomplished.

QUESTION: Mr. President, Governor Reagan has raised questions about the sovereignty of the Panama Canal. Will you tell us who owns the Panama Canal and who will own it in 10 years?

THE PRESIDENT: Well, the United States made an agreement a good many years ago for the utilization of a strip of land and for the construction of a canal. The United States over the years has maintained the national security of that strip of land and the operation of that canal, and we have operated the canal.

The White House, with President Johnson first, President Nixon second, and myself third, has been negotiating with the Panamanian Government to find a way to avoid the kind of incident that took place in 1988 where 30 people were killed, including, as I recall, some 10 Americans. If we can negotiate an agreement which will protect our right to defend that canal and to maintain and operate that canal, there is a possibility that an agreement will be reached but none has yet, and it is something that is in the negotiating process and no further.

PRESS CONFERENCE NO. 30

of the
PRESIDENT OF THE UNITED STATES

9:13 A.M. CST
April 10, 1976
Saturday

In the International Ballroom
At the Fairmont Hotel
Dallas, Texas

THE PRESIDENT: Good morning. Won't you all sit down, please.

We had a great day in Texas yesterday. One regret, I wish I could have stayed and watched the Rangers win that ball game last night. It must have been a real fine game, 11 innings, excellent. You all loved it in Texas, didn't you?

Yes?

QUESTION: Welcome to Texas, Mr. President. The Dallas Sigma Delta Chi is pleased to have a chance to ask you this question.

The first question is, last night you talked about stopping the flow of illegal drugs across the Mexican border. What is your Administration doing to stop the flow of illegal immigrants across the Mexican border?

THE PRESIDENT: First, in the budget I submitted for fiscal 1977, we have increased the funds or will make available more personnel to work with local authorities. I have discussed the problem with the President of Mexico, President Echeverria.

The top legal authorities in this country have continued their work with the authorities on a comparable level in Mexico. It is a very serious matter, and we are doing our utmost in every way possible to prevent the flow of illegal aliens into the United States.

Yes, sir?

QUESTION: Mr. President, a few weeks ago Deputy Secretary of Defense Bill Clements was in Dallas, and at a press conference he was asked a question about the Panama Canal negotiations. He said that there is a possibility that those negotiations might result in a partnership between the United States and Panama in the operation and defense of that canal. Is there such a possibility?

MORE

THE PRESIDENT: I think it is premature to come to any conclusion as to what might be the final resolution of the longstanding differences between the United States and Panama. Three Presidents have had representatives negotiating on this very controversial issue.

I can simply say -- and say it very emphatically -- that the United States will never give up its defense rights to the Panama Canal and will never give up its operational rights as far as Panama is concerned. Since there is no resolution today, I don't think I should prejudge any detailed final settlement in this conflict or controversy.

I can assure everybody in the United States that we will protect defense and operational responsibilities as far as the Panama Canal is concerned.

QUESTION: Mr. President, if requested, will you commute the sentences of or pardon any other Watergate conspirators?

THE PRESIDENT: I would expect that all requests for pardon or any other action would come through the normal channels, through the Pardon Attorney in the Department of Justice. It would be inappropriate for me to make any comment because none of those requests have come to me through the proper authorities. Until and unless they do, it is inadvisable for me to make any conclusion one way or another.

QUESTION: Mr. President, in view of the heightened tension in the Middle East, especially with the Soviet-backed penetration of Syria into Lebanon and increased activity of the PLO, do you think your policy of curtailing defense funds for Israel is expedient or do you plan to re-examine that policy with regard to restoration of the \$550 million in interim funds? Also, what is our Government going to do to prevent the Syrian-Soviet takeover of Lebanon?

THE PRESIDENT: First, let me set the record straight. In the fiscal year 1976 budget for foreign aid, I recommended \$1.5 billion for military assistance for Israel, half of which would be forgiven, which means half of it is a grant -- not a sale or loan -- and in addition I recommended \$700 million in economic aid and assistance to Israel for a total of \$2.2 billion for Israel in a 12-month period.

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April 10, 1976

INTERVIEW OF THE PRESIDENT

BY

JOHN McCRORY

KDFW

DALLAS, TEXAS

MR. McCRORY: Do you think we should give the Panama Canal to Panama?

THE PRESIDENT: We certainly shouldn't, under any circumstances, and we don't intend to.

MR. McCRORY: Is the Canal as important today as it once was, say 20 years ago?

THE PRESIDENT: If you look at the traffic on a worldwide basis and relate it to Panama, it does not have quite the significance today that it had in the past, but it is a very important method of transportation between the Atlantic and the Pacific, but I can assure you we are going to protect our national security interest and our operational interest in the Panama Canal and under no circumstances are we going to give it away, as some people have indicated.

MR. McCRORY: Is there any chance of a Vietnam type guerilla war type of thing starting down in Panama?

THE PRESIDENT: I think you have to be cognizant of what happened in 1965 when there was a very sharp military engagement, some 30 to 40 people were killed, including, as I recall, ten Americans, a potential tinterbox and I think it is important to note that every Latin American country feels that the United States ought to negotiate with Panama, which we are doing.

So, it is a potential area of great volatility and in order to avoid that we are negotiating, as Mr. Johnson did, as Mr. Nixon did, to see why there isn't a peaceful solution to the problem.

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MORE

THE PRESIDENT: I think it is premature to come to any conclusion as to what might be the final resolution of the longstanding differences between the United States and Panama. Three Presidents have had representatives negotiating on this very controversial issue.

I can simply say -- and say it very emphatically -- that the United States will never give up its defense rights to the Panama Canal and will never give up its operational rights as far as Panama is concerned. Since there is no resolution today, I don't think I should prejudge any detailed final settlement in this conflict or controversy.

I can assure everybody in the United States that we will protect defense and operational responsibilities as far as the Panama Canal is concerned.

QUESTION: Mr. President, if requested, will you commute the sentences of or pardon any other Watergate conspirators?

THE PRESIDENT: I would expect that all requests for pardon or any other action would come through the normal channels, through the Pardon Attorney in the Department of Justice. It would be inappropriate for me to make any comment because none of those requests have come to me through the proper authorities. Until and unless they do, it is inadvisable for me to make any conclusion one way or another.

QUESTION: Mr. President, in view of the heightened tension in the Middle East, especially with the Soviet-backed penetration of Syria into Lebanon and increased activity of the PLO, do you think your policy of curtailing defense funds for Israel is expedient or do you plan to re-examine that policy with regard to restoration of the \$550 million in interim funds? Also, what is our Government going to do to prevent the Syrian-Soviet takeover of Lebanon?

THE PRESIDENT: First, let me set the record straight. In the fiscal year 1976 budget for foreign aid, I recommended \$1.5 billion for military assistance for Israel, half of which would be forgiven, which means half of it is a grant -- not a sale or loan -- and in addition I recommended \$700 million in economic aid and assistance to Israel for a total of \$2.2 billion for Israel in a 12-month period.

MORE

THE WHITE HOUSE
WASHINGTON

April 14, 1976

Dick:

Here is a set of Q & A's agreed upon by
Brent Scowcroft.

May I have the President's approval to use
them at my briefing?

R.H.N.

Ron Nessen

April 14, 1976

Passed

PANAMA CANAL

Q: Did the President instruct the State Department to negotiate a new treaty with Panama which would give up the Canal and our authority in the Zone?

A: *No.*

A: Let me make clear that Presidential instructions to the State Department relate to negotiations which have been carried on since 1964 with Panama. These negotiations are aimed at achieving a new treaty relationship with Panama relating to the Canal. That treaty, which would continue in force for a ~~period~~ period of time, would maintain US control of the Canal's operation and defense. Negotiations which the President has authorized relate only to the effort currently underway to negotiate a modernized treaty relationship that will protect US basic long-term interests in the efficient operation and security of the Panama Canal. Those negotiations are still in progress and important issues remain to be discussed and agreed upon. It is therefore not possible or useful at this stage to predict the final form of such an agreement or when and if such an arrangement may be possible. ~~However,~~ the President has repeatedly stressed that he will not approve or support any agreement that does not protect vital US interests in the operation and defense of the Canal.

D W

PM-CANAL 4-14

BY NICHOLAS DANILOFF

WASHINGTON (UPI) -- AMBASSADOR ELLSWORTH BUNKER SAYS IT HAS BEEN "PERFECTLY CLEAR" SINCE 1974 THAT PANAMA EVENTUALLY WILL GAIN FULL CONTROL OF THE PANAMA CANAL.

BUNKER MADE THE COMMENT IN A TELEPHONE INTERVIEW IN REACTION TO A PROTEST BY REP. GENE SNYDER, R-KY., AGAINST RELINQUISHING JURISDICTION AND RIGHTS WHICH THE UNITED STATES HAS HELD IN THE CANAL ZONE SINCE 1903.

SNYDER RELEASED PORTIONS OF BUNKER'S SECRET TESTIMONY BEFORE THE HOUSE PANAMA CANAL SUBCOMMITTEE APRIL 8.

ACCORDING TO THE PARTIAL TRANSCRIPT, SNYDER ASKED BUNKER WHETHER THE OBJECT OF THE NEGOTIATIONS WAS TO GIVE UP THE CANAL ZONE TO PANAMA.

BUNKER REPLIED: "TO GIVE UP THE CANAL ZONE AFTER A PERIOD OF TIME, THAT IS CORRECT."

SNYDER: "AND THE CANAL OVER A LONGER PERIOD OF TIME?"

BUNKER: "OVER A LONGER PERIOD OF TIME."

THE KENTUCKY REPUBLICAN SAID UNTIL BUNKER'S SECRET TESTIMONY PRESIDENT FORD'S ULTIMATE INTENTIONS ON THE FUTURE OF THE CANAL "HAD NOT BEEN AT ALL CLEAR."

"AS OF LAST THURSDAY, THERE IS NO MORE QUESTION. AMBASSADOR ELLSWORTH BUNKER, CHIEF U.S. NEGOTIATOR WITH THE REPUBLIC OF PANAMA ... FLATLY DECLARED THAT PRESIDENT FORD HAS DIRECTED THE SECRETARY OF STATE AND THE NEGOTIATORS TO COME UP WITH A TREATY ... BY WHICH WE WILL GIVE UP THE CANAL ZONE ENTIRELY AFTER A PERIOD OF TIME, AND THE CANAL OVER A LONGER PERIOD OF TIME."

SNYDER SAID ON CONCLUSION OF A NEW U.S.-PANAMA TREATY THE UNITED STATES WOULD ABOLISH THE CURRENT CANAL ZONE GOVERNMENT IN SIX MONTHS, AND RELINQUISH JURISDICTION IN THE ZONE WITHIN THREE YEARS. THE CANAL WOULD BE TURNED OVER IN 25-50 YEARS, SNYDER SAID.

BUNKER DECLINED TO COMMENT ON SUCH SPECIFICS AND WOULD NOT SAY WHEN THE PANAMA CANAL MIGHT BE TURNED OVER TO PANAMA.

HE SAID, "THE NEGOTIATIONS ARE PROCEEDING STEADILY." HE SAID NO DATE HAS BEEN SET FOR THE NEXT NEGOTIATING SESSION.

UPI 04-14 06:54 AES

April 14, 1976

PANAMA CANAL

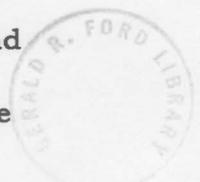
Q: Did the President instruct the State Department to negotiate a new treaty with Panama which would give up the Canal and our authority in the Zone?

A: Let me make clear that Presidential instructions to the State Department relate to negotiations which have been carried on since 1964 with Panama. These negotiations are aimed at achieving a new treaty relationship with Panama relating to the Canal. That treaty, which would continue in force for a substantial period of time, would maintain US control of the Canal's operation and defense. Negotiations which the President has authorized relate only to the effort currently underway to negotiate a modernized treaty relationship that will protect US basic long-term interests in the efficient operation and security of the Panama Canal. Those negotiations are still in progress and important issues remain to be discussed and agreed upon. It is therefore not possible or useful at this stage to predict the final form of such an agreement or when and if such an arrangement may be possible. ~~However~~, the President has repeatedly stressed that he will not approve or support any agreement that does not protect vital US interests in the operation and defense of the Canal.

PANAMA CANAL

Q: Yesterday someone raised the question of US sovereignty in the Canal Zone and pointed out that there were two Supreme Court decisions and numerous Attorney^s General^s who had decided that the US was sovereign. Have you been able to look into this to give us a further answer?

A: Contrary to the impression given yesterday, there is no unanimity on this subject. It is a complicated legal issue which I would not want to get into in detail, and the important point is that it is not central to the negotiations for the Canal which are based on our interest in preserving access to the Canal over the long term. There have been a number of historical cases in which we have disposed of ^{territory over which we were} sovereign ^(ie the Philippines and Okinawa) territory when we felt it was in our interest. In this case, ^{Account} whether we consider the US as sovereign in the Zone or not the Court has found that ~~our sovereignty~~ depends on the specific subject under consideration. For some purposes, like extradition and expenditure of funds, our sovereignty appears to be quite clear, but for other purposes, ^{The Law} it is treated as foreign territory, for instance for purposes of customs duties, ~~and~~ ^T the Supreme Court found on at least one occasion that ^{The Zone's} ~~ports~~ are considered foreign ports for the purpose of transportation of mail. The famous case which is always cited to ^{prove} ~~indicate~~ our sovereignty ^{in the Zone,} ~~which~~ I understand is Wilson vs. Shaw, ~~equated~~ the Canal Zone with territory belonging to the United States in the context of establishing the authority of the Federal Government to expend funds and to engage in construction work in the Zone, ~~and~~ ^T the



decision talked about "title" of the US in the Zone ^{the} What I would like ^{not necessarily}
to point out again is that ^{the reason} we are carrying on these negotiations ^{is} because
we consider our vital interests are at stake.



AT THE WHITE HOUSE

WITH RON NESSEN

AT 1:17 P.M. EST

APRIL 14, 1976

WEDNESDAY

MR. NESSEN: There was a Cabinet meeting this morning, as you know, which partly accounts for the delay of the briefing. Basically, Dr. Kissinger, who came in late after testifying on the Hill -- some of you asked about his whereabouts -- he did come in later, gave a kind of general wrap-up of foreign policy, where it stands today, Alan Greenspan gave an update on the economic situation, Jim Lynn talked about the Congressional Budget Committee activities and Rog Morton spoke briefly on where the campaign stands.

You saw the Thomas Gates swearing in ceremony and --

Q Can you be a little more specific on these? These are very interesting things.

Q Particularly Morton.

MR. NESSEN: Actually, I missed most of Morton's part of the Cabinet meeting because I had to step out to do something else.

Q How about the economic?

MR. NESSEN: I don't think any of it broke any new ground. I think it was to bring the Cabinet members up to date.

Q Morton said the other night that Texas was too close to call. Does he still maintain that?

MR. NESSEN: As I say, I was not in there for most of the Morton presentation.

Q Did Kissinger discuss the Panama Canal?

MR. NESSEN: He did not.

MORE

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*6563-104-08
Gunn
Smith
James*

We are also announcing today that the President has designated Mayor Ralph Perk of Cleveland to be his representative at the Fifth Annual Conference of the Mayors of the Great Cities of the World. This takes place in Milan, Italy.

Q Is that a junket?

MR. NESSEN: No, it is a Conference in Milan, Italy.

Q Was Mayor Perk going anyway?

MR. NESSEN: Mayor Perk departed yesterday.

The purpose of the Conference is to provide a forum for the exchange of views between the leaders of the world's great cities and to consolidate and strengthen the international links between local administrators of large cities and metropolitan areas. The Conference will be useful in preparing for the United Nations' Habitat Meeting later this year in Vancouver concerning the problems and challenges facing urban areas.

Q What great city will Perk say he represents?

MR. NESSEN: He represents the great City of Cleveland.

Q How much are we spending on this junket?

MR. NESSEN: I don't know.

Mayor Perk was going on his own, presumably paid for by his city -- his great city. (Laughter)

Q What other mayors did the President pass over to choose Perk? (Laughter)

MR. NESSEN: I don't have much else, I guess.

Q Ron, speaking of cities, first of all, is Mayor Washington going to this to represent the great City of Washington?

MR. NESSEN: I do not know.

Q In that connection, in the Rose Garden two days ago Mayor Washington said that Canon Jeffrey Cave's warning to Bicentennial visitors that Washington is a slaughterhouse has gone all over the country. That's what he said. Now, since you said you would check to find out what the President's reaction to Canon Cave's sermon was and since the President is scheduled to go to that church this summer with Queen Elizabeth, could you tell us what is the President's reaction to the Cave statement?

MR. NESSEN: I don't have any Presidential reaction to give you to the Cave statement.

Q He had no reaction to the claim that is going all over the country that Washington is a slaughterhouse?

MR. NESSEN: I don't have any reaction of the President to that statement.

Q You said you would check, Ron.

MR. NESSEN: That is correct.

Q Did you check?

MR. NESSEN: I tell you I don't have any Presidential reaction to that statement.

Q In other words, the President has no comment on it?

MR. NESSEN: That is essentially correct.

Q Ron, there is a report on the Hill that Ambassador Bunker told a Congressional subcommittee that the treaty being negotiated with Panama would ultimately give unto Panama control of the Canal, which seems diametrically opposed to what the President said Saturday in Dallas. How do you square those statements?

MR. NESSEN: I have not seen Ambassador Bunker's testimony. I saw the press release from Congressman Snyder, I believe it was, or saw a story based on the press release from Congressman Snyder.

Q There is no reaction? Aren't you looking into it?

MR. NESSEN: I find it a little hard to know what to look into, though.

Q Do you think they coincide with the President's views?

MR. NESSEN: Does what coincide?

Q That eventually the Panama Canal will revert to the hands of Panama.

MR. NESSEN: That is something that was announced, I guess, in 1964 at the time that the negotiations began, and it has obviously been on the record. In fact, somebody gave me a State Department press release put out, I guess, nearly a year and a half ago tracing the history of the negotiations and pointing out that in late 1964 -- following the riots in which ten Americans were killed, if I am not mistaken -- negotiations began in 1964, which was 12 years ago, when the United States announced what its aims or objectives were, one of the objectives was to negotiate a treaty with a terminal date on it. But, as I say, that is 12-year-old news. I don't know that it is any news coming out of whatever it is that Congressman Snyder --

Q To follow up, the dispute seems to center on the negotiating directives that the President gave to Ambassador Bunker. What were those directives?

MR. NESSEN: As you know, these negotiations have gone on under three Presidents.

Q We are interested in this President.

MR. NESSEN: Ambassador Bunker's directives are based on, again, a publicly announced position of more than two years ago, the so-called principles agreed to by the Secretary of State of the United States and the Foreign Minister of Panama announced on February 7, 1974 in Panama and available as press releases ever since at the State Department, eight principles. Ambassador Bunker's instructions, or whatever, are based on those eight principles.

Q What did the President mean Saturday in Dallas when he said he could assure the American people that the United States will never give up its defense rights to the Panama Canal and will never give up its operational rights?

MR. NESSEN: That is correct, that any new treaty -- this is in the principles of 1974. This sounds like something new has happened, and nothing new has happened since the principles of 1974 were announced. If you look at those principles, you will see that any new treaty must guarantee that the United States will maintain its vital interests in the operation and the defense of the Canal. That was true then and true now.

Q How can you say "never?"

Q How long, Ron?

MR. NESSEN: What do you mean how long?

Q It does not say "maintain these rights in perpetuity," does it, not according to those agreements signed by TAC and Kissinger, to my knowledge, Ron. I may be mistaken.

MR. NESSEN: As I say, Les, the decision to negotiate a new treaty with the terminal date to it was made and announced in 1964. It is not news in 1976 that the new treaty will have a termination date on it.

Q More than a third of the Senate has strongly resolved against it. More than a majority of the House have resolved against it. You cannot do such a treaty without the permission of Congress. Why does the State Department, why is it allowed to continue these negotiations in the --

MR. NESSEN: This is, obviously, a delicate issue. It is a complicated issue. It has a long history to it. The fact is all three of the Presidents who have been involved in these negotiations have consulted with Congress. This President certainly has consulted with Congress. When a treaty is concluded, it, obviously, will be submitted to the Senate for ratification. But, there has not been any treaty either signed or its terms agreed to.

As the President has said repeatedly, no treaty will be agreed to unless it safeguards the U.S. interests in the Canal and guarantees our interest in the operation and defense of the Canal. That is what he has said every time he is asked about this question.

Q Is it fair to assume when the treaty finally reaches its termination date those rights go with it?

MR. NESSEN: What the treaty provides for I have no idea because it has not been negotiated.

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Q Ron, what has been blocking the treaty all these years? Why have we failed to get an understanding?

MR. NESSEN: I don't really know, Howard. The negotiations, like all negotiations, have been conducted in privacy and what the specific outstanding issues are remaining, I don't know myself.

Q Does the President uphold the eight principles?

MR. NESSEN: Ambassador Bunker's instructions are based on the eight principles. They were agreed to by the Secretary of State and the Foreign Minister. They are still in force.

Q In February 1974?

MR. NESSEN: That is correct.

Q Before he was President?

MR. NESSEN: They continue to remain the principle upon which these negotiations are conducted by both sides.

Q Ron, there is a difference between saying the treaty will preserve the American interest in the operation and defense of the Canal and saying, as the President did Saturday, that he would never give up the defense and the operation of the Canal. Did he overstate the case?

MR. NESSEN: Let me see what he said on Saturday, if I have it here. Where was that at, San Antonio?

Q Dallas.

Q Could you read that, please?

MR. NESSEN: I will get you a copy of it, Walt, if you want one.

No, I think if you read it he is saying just what I said, which is any new treaty will have to guarantee the interest of the United States and the continued rights to defend and operate the Canal. Any new treaty will have to do that or else there won't be a new treaty.

Q Why is it then that on April 8, which was just a couple of days before that, that Bunker said in answer to the question, "Is the object of the negotiations to give up the Canal zone?" Answer, "To give up the Canal zone over a period of time, that is correct." In the next question, "And the Canal over a longer period?" Answer, "That is correct." Now, that is a guy that is negotiating for the President. Why would he say that?

MR. NESSEN: I suppose he is going back to 1964, Bob, at which time -- following the riots in which ten Americans were killed -- it was decided to negotiate a new treaty which would have a termination date to it.

Q The President is saying we are going to maintain our operational rights. He seems to be saying we are going to give up the operational rights.

MR. NESSEN: No, I think you are sort of mixing apples and oranges there.

Q Then you put them together.

MR. NESSEN: The point is today there is nothing new except that a Congressman has chosen to leak part of a document for some reason in a political season. The fact is that Ambassador Ellsworth Bunker's instructions have not changed. The negotiations are based on the principles agreed to more than two years ago.

The objective is to negotiate a treaty with a termination date. That was decided on 12 years ago, and I don't know why these -- except that it is a political season -- why these questions are raised now as if something was changed or something was new.

Q If you are going to terminate the thing, why is the President saying you are going to maintain your operational rights?

MR. NESSEN: Any new treaty will maintain the interest of the United States and the continued operation and the defense of the Canal.

Q Temporarily, isn't that right?

MR. NESSEN: For the duration of the treaty.

Q What will happen at the conclusion of the treaty?

MR. NESSEN: I don't know, Ralph. We don't have a treaty. How can I tell you what happens at the expiration of the treaty when we don't have a treaty?

Q What are we shooting for in terms of time limit?

MR. NESSEN: I don't know. That is something negotiators are working on.

Q Does that terminal date have the objective of the Panamanian Government. assuming the operating control of the canal?

MR. NESSEN: I don't know what any treaty will provide for because there is no treaty agreed upon.

Q Is that the objective?

MR. NESSEN: What the length of the treaty will be -- I suggest if you need a little background on this, to understand that nothing really new has happened, you can get from the State Department what I think is a very good history review. It has the 1964 aims that the United States announced when it undertook the negotiations. It has the eight principles agreed to in 1974. It lists also six of the issues in the negotiations and so forth. There is just nothing new.

Q What is the aim of the negotiations? What is the President's aim of the negotiations?

MR. NESSEN: It is all in the eight principles, Helen.

Q What is it?

MR. NESSEN: I don't want to stand here and have a story written about "The White House announced today that the President's aim in the negotiations is" --

Q The stories have already been written.

MR. NESSEN: Well, I don't know what the story is because it is a story of something that was announced in 1974 in some of the matters we have discussed and something announced in 1964, when it comes to other matters we have discussed.

Q Does the President stand today behind the statement he made Saturday that "The United States will never give up its operational rights"?

MR. NESSEN: Any new treaty will never give up the rights or interests -- or however he worded it -- of the United States to operate in the Panama Canal. That will not happen in any new treaty. There won't be a new treaty if it does not provide for that.

Q Ron, what is Bunker saying, that it is to give up the Canal? Ron, don't you see the contradiction here?

MR. NESSEN: I certainly don't.

Q Bunker says to give up the Canal, as was quoted. The President says never give up the operational rights of the Canal. Do you see no difference?

MR. NESSEN: Look, Les, it is a complex subject and it has been going on for a long time and I think you should look carefully at the record and at the principles that were agreed to and what was stated in 1964, what the President has said.

Now, what Bunker has said we don't know because it is only a few sentences leaked by a Congressman, but I can take you through the thing very briefly.

Q But you say there is no contradiction?

MR. NESSEN: Between the President saying no treaty will give up --

Q He did not say a treaty.

MR. NESSEN: It was in that context. The question, I believe, was asked in the context of, will a new treaty give away Panama or however the question was worded.

Q You are telling us today there was no contradiction in what Bunker is reported to have said and what he indeed has confirmed himself?

MR. NESSEN: Not only no contradiction, but nothing new.

Q No contradiction and nothing new?

MR. NESSEN: That is my view, from reviewing, I think carefully, what has been said, going back 12 years on that matter, up to and including today. There was an announcement made in 1964 that a new treaty would be negotiated following riots in which ten Americans were killed.

At the time the negotiations were announced, it was announced that this new treaty would have a termination date to it. The negotiations have gone, off or on, through the years. The next sort of major event was in 1974 when the United States and Panama reached agreement on eight principles that would guide the further negotiations.

Those eight principles, which you can get, are still in force. They also refer to a termination date of the treaty and it is from those principles that Bunker's instructions have been drawn and that is where it stands. The fact is that because of the principles and because of American policy, no treaty will be agreed upon unless it does what the President said on Saturday or whatever day or what he says every time, which is to continue and maintain the American interest in the operation of the Canal. That is sort of a concise statement of where I see things standing today.

Q Ron, has the President given Bunker instructions that the treaty will provide that the United States will never give up operational and defense rights of the Canal, never?

MR. NESSEN: I am not going to be able to give you the wording of the Ambassador's instructions, obviously. What I want to say is his instructions are based on the principles announced in 1974.

Q Wait. You seem to be revising what the President said last week.

MR. NESSEN: No, not at all.

Q You were saying the treaty will never relinquish those rights?

MR. NESSEN: That is correct.

Q However, the treaty has a termination date. And a termination date implies the exact opposite from the word "never." Never means in perpetuity.

MR. NESSEN: For one thing, we don't know if there is going to be a treaty or when it is going to be, what the terms will be, what the termination date is and what happens after the termination date, so it is not possible to answer what I think your question was.

Q My question was, has the President instructed the negotiators that the basis of American policy is that the United States will never give up defense and operation of the Canal?

MORE

MR. NESSEN: The basis of the American policy in negotiations on Panama are in the eight principles of 1974. We have the requirement that the President has stated again and again which is that we will not agree to a new treaty which requires or forces the United States to relinquish its interest in the continued operation.

Q Until the termination of the treaty.

MR. NESSEN: Or, you know, there may be terms that go beyond the termination of the treaty, if they negotiate such terms. I don't know what the terms are going to be because they have not agreed to it.

Q What he is asking is quite simply will the President require his negotiators to negotiate only a treaty that will have in it beyond a termination point the extension of American operational rights and defense rights in the Canal Zone?

MR. NESSEN: Beyond the termination of the treaty?

Q Beyond the termination date of a treaty that is now negotiated. That is the basis of the question. When the President says "never give it up," does he mean beyond -- does he mean a treaty with a terminal point?

MR. NESSEN: A treaty will never give up these interests.

Q A treaty will not, but when the treaty expires, what happens then?

MR. NESSEN: We don't know. How do we know, Bob?

Q You are playing silly games.

MR. NESSEN: Just a moment, Bob. I have read the instructions to the Ambassador. I know what they say and the matter of what happens at termination point of the treaty is one of the matters of discussion.

Q But Mr. Bunker said in the committee hearing, "To give up the Canal, correct. To give up the Canal Zone, correct." He said that that was his instructions.

MR. NESSEN: That is what was announced in 1964, Bob, and if it strikes you as news 12 years later, I don't know how it could.

Q So he is negotiating to give up the Canal?

MR. NESSEN: He is negotiating based on the principles announced two years ago and on the goals announced 12 years ago.

Q Is he negotiating to give up the Canal?

MR. NESSEN: Have you read the principles?

Q Is he negotiating to give up the Canal?

MR. NESSEN: Bob, I am not going to force you to make me say something that will enable you to write a news story that is 12 years old.

Q Is Bunker wrong then?

MR. NESSEN: I think I have explained to you what the American policy is, what his instructions are and where the state of the play is.

Q Would you concede the possibility that once a treaty is negotiated, based on what Bunker has to work with, the principles and the agreement of 1964, that there is very real possibility that the United States would have to give up operational rights?

MR. NESSEN: I have no idea, Tom, because that is a matter of negotiation, what happens after the termination of the treaty.

Q You keep referring us to the principles.

MR. NESSEN: That is correct.

Q And the principles include a termination point, a terminal point.

MR. NESSEN: That was announced two years ago, that is correct. And 12 years ago it was announced that the Canal be operated and defended by the United States for a reasonable extended but definite period of time. That is 12 year old news. Now if you think something has happened today that makes that a new story, I can't understand it.

Q The President made it a new story on Saturday by saying something which seems to be in conflict.

Q Why are you so upset, then, about this so-called leak?

MR. NESSEN: I am not upset at all, Helen. I have spent some time researching this item today. I think I am fairly well versed on how we got from there to here and I am trying to share some of that information.

Q You are acting as though you did not know what Bunker has said.

MR. NESSEN: I don't know what Bunker has said because I have not read his transcript.

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Q Ron, this has been going on for 12 years mainly because the Panamanians want us to give them exactly what the President said we would not.

MR. NESSEN: The principles announced in 1974 were agreed upon by both the United States and Panama, so those are the principles upon which the treaty is being negotiated on both sides.

Q Ron, that phrase you just read, was that one of the principles that was announced in 1964?

MR. NESSEN: 1964 was not the principles. Those were sort of guiding "with a view to insuring that" --

Q They form the basis of some of the instructions to Bunker, is that correct?

MR. NESSEN: To the earlier Ambassador.

Q I am not sure I got the whole phrase.

MR. NESSEN: I am going to let you read this yourself because I am not announcing from the platform something 12 years old.

Q I understand one of those goals to be the United States would operate and defend the Canal for an extended but definite period of time.

MR. NESSEN: That is a 12-year-old statement and anybody that makes that, saying that I announced that today, is doing a disservice, I think.

Q I am not suggesting that is news.

MR. NESSEN: I would like you to get it from the State Department.

Q That strikes me as being something different from what the President said Saturday in Dallas.

MR. NESSEN: We are going around and around. What the President said in Dallas was -- the question referred to treaty negotiations or negotiations or whatever, I believe, and what he was saying is that no treaty will be agreed to if it requires that the United States give up its interest in operating and defending the Canal.

Q Under the existing treaty, does the United States own the Canal and the Canal zone?

MR. NESSEN: Again, if you go back to 1903 the issue was left somewhat ambiguous. It referred to that the United States would operate as if sovereign in the Canal. The language was changed somewhat in 1905 and in 1936 the United States declared that it was not sovereign in the Canal.

Q Ron, I disagree with that. That is wrong, Ron. That is just simply wrong.

Q Why has Reagan been able to take this 12-year-old story --

MR. NESSEN: I was wondering the same thing. I thought you might want to look into that.

Q And not only raise it as an issue, but cause so many people to take it seriously.

MR. NESSEN: I have had that same question in my mind all morning, Bob, and I thought you folks might want to look into it yourselves.

Q So, all you are saying is he has just revived a 12-year-old issue?

MR. NESSEN: I am not going to get into political comments here.

Q Ron, are you certain of your facts because there have been two Supreme Court decisions and here is the statement right here, if you want to look at it. Two Supreme Court decisions on it. Three Attorney Generals have stated it and two Secretaries of State -- Hughes and Hay -- have all pointed out that it is sovereign; in other words, we have sovereign rights there and all sovereign rights of the Republic of Panama are excluded under the existing treaty in 1903, if you want to look at it.

I also wonder how you can say it was ten. Are you certain it was ten Americans who were killed or was it ten Panamanians? I am not sure, and I wonder if you are.

MR. NESSEN: In the 1964 riots -- I am sorry, 20 Panamanians and four Americans were killed in the riots that year.

Q Can we assume President's Ford's objectives in the Panama Canal negotiations are precisely as stated in the State Department document to which you referred?

MR. NESSEN: The President's aims and goals in the Panama Canal negotiation?

Q Yes, sir.

MR. NESSEN: They are based on the eight principles that are stated here and have been in many previous documents.

Q Ron, did the President in any way inadvertently misstate himself on Saturday in Dallas, in any way?

MR. NESSEN: To tie up some of the questions, for instance, that Jim has raised -- and if you are going to get into all the legalese and the background and what was said years ago and I am referring to the term of the treaty and so forth, obviously there could have been a lot more precision and detail given, but that is all that I see.

Q Can you Xerox the eight principles?

MR. NESSEN: I would rather you got them from the State Department, Helen.

Q Why not?

MR. NESSEN: This is about the 12th Xerox I have got, and you would barely be able to read it, and I have made some marks and notes on it, anyhow.

Q Ron, to follow up Bob's question, in all fairness, I can't recall before last Saturday the President having varied from the statement you used frequently here today that the interest of the United States would be protected by any new treaty. Yet, on Saturday he said he could assure the American people we would not give up the defense or the operation of the Canal.

Q Never.

Q Was that not a slight misstatement of his intentions?

MR. NESSEN: I pulled together some recent things he said about Panama. His wording differs from time to time. He has not used the same language each time, but I think the thought has been there each time.

Q But he had referred, had he not, to protecting American interests?

MR. NESSEN: No, not really.. He talked one time about "protect our right to defend the Canal and to maintain and operate the Canal" in one place. Another time he talked about "control of the operations of the Canal, military protection of the Canal." He has used different formulations and they all add up to the same thing.

Q Would it be possible for you to get us some materials you have, Ron, and is it humanly possible that Mr. Bunker -- the State Department has often taken a position that is just a little bit different from the President?

MR. NESSEN: This is not one of those cases.

Q You are certain of that, Ron?

MR. NESSEN: Absolutely.

MORE

Q It sure looks like it, Ron, that there is a vast differentiation between what Bunker says, "we are going to give it up," and the President says "never." Never is a long time.

MR. NESSEN: I think I explained to you, first of all, that Bunker's remarks referred back to the original intent of 1964 when these negotiations began. The President's statement in Dallas referred to never giving up our interest to defend and operate the Canal during the period of any new treaty.

Q You have tried, Ron, really, seriously, and I think you are in a really serious dilemma here, Ron. You may be entirely right. We should know tomorrow.

MR. NESSEN: How will we know tomorrow?

Q I imagine a lot of people will be doing some research and we hope to get that transcript out early and so forth.

Q Aside from the differences in terminology, does the President buy the interpretation that is in all the papers today that his views and Carter's views are the same on open housing?

MR. NESSEN: I am not going to try to contribute to an interpretation of his views.

Q Do you see any differences?

MR. NESSEN: I am not going to offer my own opinion, Helen.

Q Does he feel his own views were properly interpreted, that he would not go for any Federal intervention in settled established neighborhoods?

MR. NESSEN: I did not really talk to him on this subject this morning.

Q Why not? It seems to me that was the key thing out of his press conference.

MR. NESSEN: He said what he wanted to say and I didn't know what follow up questions to proceed on since I thought he had said it the way he wanted to say it.

Q He did not say what he wanted to say because you had to correct part of what he said.

MR. NESSEN: No, I didn't correct it. I wanted to make sure everybody understood what the reference was to.

Q The reference, in reading that transcript, is a little different than what you told us.

MR. NESSEN: But I knew what he had thought over in his own mind to say and I knew what he was referring to.

Q Did you ask him about this Canal thing, if he said it the way he wanted to say it?

MR. NESSEN: This morning?

Q Yes.

MR. NESSEN: We discussed the Panama Canal question this morning.

Q Ron, you said earlier the Panamanian Government had agreed to these guiding principles and negotiations. If I am not mistaken, there has been at least one change in the Government of Panama since then. Was General Torrijos in power when these principles were agreed to?

MR. NESSEN: I don't know that much about Panamanian history.

Q It would seem that is a relevant factor.

MR. NESSEN: I don't know. Then you get into the question of do succeeding governments assume the obligation of preceding governments, all that diplomatic stuff.

Q Ron, regarding the President's talk with Connally yesterday, he said he wanted to get the former Governor's assessment of how he is doing in Texas. Mr. Tower has said the President is going to get a majority of the votes in the primary. Mr. Morton apparently said that it is too close to call. And the President himself called himself an underdog. What was Mr. Connally's assessment?

MR. NESSEN: I don't know what Mr. Connally's assessment was.

Q Was the President pleased with Mr. Connally's assessment?

MR. NESSEN: I haven't talked to him about it since he got it.

Q Did you talk to him at all about what Mr. Connally talked about?

MR. NESSEN: A little bit.

Q What did he say?

MR. NESSEN: Well, it was a private conversation, as he said yesterday at his news conference. Don't forget, though, the Texas primary is a very -- you have essentially 24 separate primaries in Texas, each district, and it is very possible, for instance, for someone to get a majority of the popular vote and not a majority of the delegates, or to narrowly win the delegates and widely win the popular vote or widely lose the popular vote, so it is difficult to get a peg on where everybody stands.

Q When the President said he was an underdog, was he referring to the popular vote or the delegate vote?

MR. NESSEN: Both.

Q Can you clear up whether Connally has agreed to appear at an event with Mrs. Ford or at a Ford fund raiser.

MR. NESSEN: To my knowledge, I have not heard that he has. I know there are lots of rumors that he has, but I have not heard of it.

Q Ron, what was Dick Rosenbaum, the New York State Republican Chairman, doing out here?

MR. NESSEN: Dick Cheney invited him to lunch and they were late going to lunch because the ceremony was delayed so he asked Dick to come out and watch the ceremony and then they went to lunch.

Q And the President did not see him?

MR. NESSEN: He may have seen him as he walked by but they had no meeting scheduled.

Q What is the purpose of the lunch?

MR. NESSEN: I don't know.

Q When the President said he was an underdog, did he mean he expects to lose or that he is going to have to work hard to win?

MR. NESSEN: I think what he said in Texas was he was going to work hard and he hoped to win.

Q Does he expect to win?

MR. NESSEN: I don't know that he has expressed anything more than hope at the moment.

Q Does the President know this place is going to be picketed by the wives of policemen and does he have any concern about their grievances?

MR. NESSEN: What do you mean wives of policemen?

Q April 24.

Q White House Police?

MR. NESSEN: I didn't know that myself. I don't think he does.

Q Will you find out what his views are on that question?

MR. NESSEN: Yes.

Q Does the President have a reaction to that \$5.3 billion authorization vote by the Senate yesterday on public works? Is he going to veto that again?

MR. NESSEN: It is not much different from the bill he vetoed before, I think a couple of hundred million smaller, maybe, but not much different. He wants to look at it. After all, it has not gotten here yet. It has some other steps to go through so he will take a look at it. It has not really been analyzed closely but a first look at it indicates it is just as bad as the other one for all the same reasons.

Q Ron, does the President feel like Morton does, that the Texas race is too close to call at this point and could swing either way?

MR. NESSEN: I would rather have him use his own words which is he is an underdog, he feels, and he hopes to close that gap and win.

Q Does he agree with what Morton says?

MR. NESSEN: I would rather let him use his own words.

Q Ron, what is the President's reaction to the Federal Election Commission bill that has just come out of Congress?

MR. NESSEN: Actually he has not had a chance to analyze it yet and he does not have any reaction to it because he does not know exactly what is in it. His own personal feeling has not changed, which is the best way to get this thing resolved and have the candidates start getting their matching funds again -- and also, so as you don't change the rules of the game in the middle of the game -- he thinks a simple extension which he proposed is still the best way to do it.

Q Ron, you told us the Panama Canal story is 12 years old and there is nothing new in it. Would you like to tell us how the President feels about Mr. Reagan dredging up this issue?

MR. NESSEN: No, I said I am sure that job that reporters do is to examine why people say things and so forth. I am sure it will be done.

Q I am asking you if you would reflect on the President's feelings about the Canal becoming a campaign issue.

MR. NESSEN: I don't know that it is a campaign issue. I think I will just stick to the facts.

Q Ron, I am wondering, on this, if we were to negotiate a treaty which allowed for a certain period of control to end with the termination of the treaty, and then the Congress voted it down, does the President feel that the alleged uproar of the Panamanians would be greater or less than if we just stopped the negotiations?

MR. NESSEN: I don't understand the question.

Q All right. Here is the point. The State Department is claiming that we really ought to negotiate this Panama treaty and what some critics call giveaway because the Latin American countries are all pushing for it. They have stated so much in a release. And the point is that if we negotiate and sign a treaty and it has to come back to the Senate and the Senate votes it down and so does the House, then what does the President feel will be the degree of uproar in Latin America?

MR. NESSEN: I think that has too many ifs in it for me. Let me say this, I do think that the State Department has pulled together a good kind of historic review including -- attached to this is the full text of statement of principles. It is called "Department of State News Release, Panama Canal Treaty Negotiations: Background and Current Status." This one that I have is dated January 1975. It could well be that this has been updated since then. But it gives you the history straight through from 1903. It does talk about what the aims were when the negotiations started in 1964. It has a little history of a period of breakdown and then the resumption of talks and it has, as I say, the full statement of principles upon which the treaty is now being negotiated and it is dated January 1975.

THE PRESS: Thank you, Ron.

END (AT 1:55 P.M. EST)

D W

PN-CANAL 4-14

BY NICHOLAS DANILOFF

WASHINGTON (UPI) -- AMBASSADOR ELLSWORTH BUNKER SAYS IT HAS BEEN "PERFECTLY CLEAR" SINCE 1974 THAT PANAMA EVENTUALLY WILL GAIN FULL CONTROL OF THE PANAMA CANAL.

BUNKER MADE THE COMMENT IN A TELEPHONE INTERVIEW IN REACTION TO A PROTEST BY REP. GENE SNYDER, R-KY., AGAINST RELINQUISHING JURISDICTION AND RIGHTS WHICH THE UNITED STATES HAS HELD IN THE CANAL ZONE SINCE 1903.

SNYDER RELEASED PORTIONS OF BUNKER'S SECRET TESTIMONY BEFORE THE HOUSE PANAMA CANAL SUBCOMMITTEE APRIL 8.

ACCORDING TO THE PARTIAL TRANSCRIPT, SNYDER ASKED BUNKER WHETHER THE OBJECT OF THE NEGOTIATIONS WAS TO GIVE UP THE CANAL ZONE TO PANAMA.

BUNKER REPLIED: "TO GIVE UP THE CANAL ZONE AFTER A PERIOD OF TIME, THAT IS CORRECT."

SNYDER: "AND THE CANAL OVER A LONGER PERIOD OF TIME?"

BUNKER: "OVER A LONGER PERIOD OF TIME."

THE KENTUCKY REPUBLICAN SAID UNTIL BUNKER'S SECRET TESTIMONY PRESIDENT FORD'S ULTIMATE INTENTIONS ON THE FUTURE OF THE CANAL "HAD NOT BEEN AT ALL CLEAR."

"AS OF LAST THURSDAY, THERE IS NO MORE QUESTION. AMBASSADOR ELLSWORTH BUNKER, CHIEF U.S. NEGOTIATOR WITH THE REPUBLIC OF PANAMA ... FLATLY DECLARED THAT PRESIDENT FORD HAS DIRECTED THE SECRETARY OF STATE AND THE NEGOTIATORS TO COME UP WITH A TREATY ... BY WHICH WE WILL GIVE UP THE CANAL ZONE ENTIRELY AFTER A PERIOD OF TIME, AND THE CANAL OVER A LONGER PERIOD OF TIME."

SNYDER SAID ON CONCLUSION OF A NEW U.S.-PANAMA TREATY THE UNITED STATES WOULD ABOLISH THE CURRENT CANAL ZONE GOVERNMENT IN SIX MONTHS, AND RELINQUISH JURISDICTION IN THE ZONE WITHIN THREE YEARS. THE CANAL WOULD BE TURNED OVER IN 25-50 YEARS, SNYDER SAID.

BUNKER DECLINED TO COMMENT ON SUCH SPECIFICS AND WOULD NOT SAY WHEN THE PANAMA CANAL MIGHT BE TURNED OVER TO PANAMA.

HE SAID, "THE NEGOTIATIONS ARE PROCEEDING STEADILY." HE SAID NO DATE HAS BEEN SET FOR THE NEXT NEGOTIATING SESSION.

UPI 04-14 06:54 AES

RON NESSEN BRIEFING - Thursday, April 15, 1976

ANNOUNCEMENTS: Intention to nominate four persons to be members of the National Commission on Libraries and Information Science.

POSTINGS: Intention to nominate Frank Spies to be U.S. Attorney for the Western District of Michigan.

Intention to nominate Laughlin E. Waters to be U.S. District Judge for the Central District of California.

FYI EARWIGS: No briefing tomorrow!!!!!! Also, the President's weekend plans are still up in the air, possibility of golf, but not sure of Camp David. The President will go to church for First Friday services at St. John's about 11:00 a.m.

GREEK FOREIGN MINISTER: The Greek foreign minister is here at the invitation of the U.S. There will probably be a readout after the meeting. The reason for the meeting is for renegotiation for American bases. ADDITIONAL SCHEDULE ITEMS: The President will be meeting with a group of Middle East Christians and Moslems (American). This meeting is at their request to discuss issues of mutual concern, among the others, the subject of Lebanon will be addressed. There will be a photo op at the beginning of the meeting but there will be no briefing following.

PANAMA CANAL: The negotiations are an affirmative action by the U.S. growing out of the 1964 situation there. These negotiations are to assure that the canal remains open; that the U.S. has access to the canal, and to continue our interests in maintaining its defenses. Also, the other countries of Latin America feel that there is a need for a change (especially the Treaty of 1903), another reason to maintain negotiations. RN went on to say that there has been a heavy load of rhetoric emptied into this issue. On canal sovereignty, there is not a clear cut legal agreement on sovereignty in the canal zone. It is a complex legal matter and RN indicated that he is not qualified to handle it. As to when the negotiations will end, it is not possible to determine.

PRESIDENT'S INCOME TAX RETURNS: They were mailed about April 1, or so, and we will have available soon.

Your faithful pooler.....cm.....

THE WHITE HOUSE
WASHINGTON

TO: *Jan*

FROM: CONNIE ~~GERARD~~

*Do you want this
for Panama file?*

THE WHITE HOUSE
WASHINGTON

Date

4/17

TO:

Ron

FROM:

John G. Carlson

*You will
want to read
the attached. A
copy was given
to the P.*

April 16, 1976

INTERVIEW OF AQUILINO BOYD
FOREIGN MINISTER OF PANAMA
ON THE
CBS MORNING NEWS

7:41 A.M. EST

QUESTION: Dr. Boyd, you heard what Ronald Reagan has to say. What do you have to say?

MR. BOYD: I think that without trying to mingle into the political campaign of the United States, since this is a very important issue for my country, I must say that Mr. Reagan is willfully deceiving the people of the United States.

One clear proof of this is that if you are born in the Canal zone, you don't become automatically a citizen of the United States. The United States only bought rights for specific purposes in Panama, for the construction, maintenance and protection of the Panama Canal. Panama has never given up sovereignty. What we are now doing is negotiating within a reasonable time of duration for the reversal to Panama of the jurisdictional rights that we granted to the United States in the treaty that was approved in 1903.

QUESTION: What effect is the appearance of this issue as a major campaign issue going to have on the conclusion of the treaty?

MR. BOYD: Well, I think that that all depends on the outcome of the political campaign in the United States. I think that Dr. Kissinger and Ambassador Bunker are conducting the negotiations according to a framework established in the so-called eight-point tactics in your agreement that was going to serve as a guideline for this negotiations.

The basic points are the obligation of the 1903 treaty and the perpetuity clause, which must be changed for a fixed period of time of duration for a new treaty.

QUESTION: In other words, the Canal and the zone must, at the end of the expiration of the treaty, revert to Panama.

MR. BOYD: Definitely. We consider the Canal zone of Panama is an anachronism that can now take top place in the modern world. You have witnessed the decolonization of the whole continent of Africa, and this is an enclave that has all the characteristics of a colony, a Government within a Government that divides my country in two, and according to a charter of the United States, with which you are well familiarized, this is an obstruction to the unity and to the territorial integrity of my country. I am very hopeful of the outcome of this negotiation.

QUESTION: But I think one of the problems in the United States is that a great many people feel if the U.S. lost control of the zone the U.S. Navy, for instance, might not be able to transit the Canal whenever it chose to. How could you guarantee that?

MR. BOYD: Well, there are many ways to guarantee that the United States Government will always have free passage at reasonable ports like all other nations of the world without any type of discrimination. I think that through the United Nations, through the Organization of American States, we can secure the American people on the use of the Canal that Panama intends to have the neutral status on the Canal that should be respected by all countries in the world.

QUESTION: The White House says that if the new treaty is not signed, or if it is delayed, that there may very well be riots again in Panama.

MR. BOYD: I am afraid this is a very explosive situation that we are having in Panama, and people like Ronald Reagan, in a very irresponsible manner, are inflaming patience in my country. I think that we have to diffuse this explosive situation but by negotiation, by negotiating within the next 12 months, the new Canal treaty that would be fair for both countries.

I think the backbone of the negotiations is to find a reasonable period of time of duration for the treaty. We think that the actual Government is in a position and the leader of the Government, General Torrijos, already has stated that a period that will go until the end of the year will be acceptable by Panama.

That means that the United States will hold control for the operation and the defense of the Canal until the turn of the century. When you witnessed yesterday the signing between Greece and the United States of a treaty for a four-year military base, that is going to cost \$700 billion for United States taxpayers.

When you witness the signing of the treaty last month with Turkey for \$1 billion, when you witnessed in February of this year the signing with Spain of a treaty that will cost one thousand two hundred million dollars to the taxpayer, is money. In Panama, the Canal has been a Federal agency that has subsidized the Merchant Marine of this country.

QUESTION: I am afraid we have run out of time. Forgive me, we must end this.

END (AT 7:49 A.M. EST)

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.

Charge brings up matter with Panamanian Foreign Minister indicating seriousness of incursion and request for early release.

Department instructs Embassy to file protest with GOP.

Thursday, May 27

Lawyers in Panama fail to resolve the differences.

Embassy protests seizure and continued retention to Panamanian Foreign Minister.

Friday, May 28

Department delivers strong protest to Panamanian Charge d'Affaires in Washington.

Order for release given 4 p.m.

Boat sails to Canal Zone.

Other Background - Facts

Ownership of the vessel has been a matter of legal dispute for years. As a result of a Canal Zone court order, the vessel was auctioned in early May and purchased by the General Electric Credit Corporation. However, its ownership in Panama is still in the courts and Panama considers it to be a Panamanian flag vessel owned by Americans resident in Panama. Repair costs of some \$50,000 were incurred by the vessel with the Helicopters de Panama, owned by an American family.

The one official statement by Panamanian authorities contends that the vessel was seized outside of Canal Zone waters. The vessel's captain claims it was inside. A preliminary investigation indicates that it was inside, but we are continuing to attempt to establish the fact.

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Z R 291555Z MAY 76
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INFO ZEN/PANCANAL
ZEN/USCINCSO

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LIMITED OFFICIAL USE SECTION 1 OF 2 PANAMA 3822
E.O. 11652: N/A
TAGS: PFOR, PN
SUBJECT: SEA WOLF O/S AND A/S
REF: STATE 133007

1. FOLLOWING ARE EMBASSY'S SUGGESTED REVISIONS TO DRAFT
O/S'S TRANSMITTED REFTEL, REFLECTING BEST INFORMATION AVAILABLE
TO EMBASSY AS OF 0700 LOCAL TIME (0800 WASHINGTON TIME) SATURDAY,
MAY 29.

2. BEGIN TEXT: Q. WHEN WAS THE BOAT RELEASED?
A. THE BOAT WAS RETURNED TO THE CUSTODY OF THE CAPTAIN WHO HAD
BEEN ON BOARD WHEN IT WAS SEIZED. IT WAS RELEASED BY THE PANAMA-
MANIAN AUTHORITIES AND GOT UNDERWAY FOR CANAL ZONE WATERS
SHORTLY AFTER 1700 PANAMA TIME (1800 WASHINGTON TIME) ON FRIDAY
EVENING, MAY 28, AFTER ATTORNEYS FOR THE BOAT'S AMERICAN
OWNERS HAD POSTED A BOND WITH THE PANAMANIAN COURT EARLIER
THAT DAY. SHE ANCHORED IN CANAL ZONE WATERS, AT CRISTOBAL, AT
1800 PANAMA TIME (1900 WASHINGTON TIME) THE SAME EVENING. THE
BOAT WAS ADVISED CANAL ZONE AUTHORITIES THAT SHE REQUIRES
PROVISIONS, WATER AND SOME REPAIRS BEFORE LEAVING CRISTOBAL
FOR THE UNITED STATES, AND DOES NOT YET HAVE AN ESTIMATED TIME
OF DEPARTURE FROM THE CANAL ZONE AS OF 0700 PANAMA TIME (0800
WASHINGTON TIME) SATURDAY, MAY 29.

3. Q. SENATOR HELMS HAS CHARGED THAT THE PANAMANIAN HAVE PICKED
UP A U.S. BOAT, THE "SEA WOLF" AND THAT THE STATE DEPARTMENT IS
IS DOING NOTHING. IS THIS TRUE?
A. THE "SEA WOLF" WAS PICKED UP AND HAS BEEN RELEASED. A FIRM IN
PANAMA (HELICOPTERS DE PANAMA) OWNED BY AN AMERICAN-BORN

***** WHSR COMMENT *****

SCOWCROFT, HYLAND, MCFARLANE, VANDERHUYE,

RECALLED
PAGE 01

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NATURALIZED PANAMANIAN CITIZEN, ALLEGES THAT IT IS OWNED SOME \$52,000 FOR UNPAID REPAIR BILLS. THE FIRM PRESENTED THESE ALLEGATIONS IN A PANAMANIAN COURT AND THE JUDGE GRANTED A LIEN AGAINST THE "SEA WOLF". IT WAS HELD UNTIL THE AMERICAN OWNERS OF THE BOAT (GENERAL ELECTRIC CREDIT CORPORATION) POSTED A BOND WITH THE COURT. THE DEPARTMENT HAD PREVIOUSLY BEEN IN TOUCH WITH THE ATTORNEY FOR THE OWNERS OF THE BOAT AND FOUND THEY WANTED TO COMPLY WITH PANAMANIAN LAW AND LET THE QUESTION OF THE ALLEGED REPAIR BILLS BE SETTLED IN COURT. THIS IS MORE OR LESS A TYPICAL LEGAL PROBLEM THAT IS HANDLED ABOUT THE SAME WAY IN PANAMA AS IT WOULD BE IN THE UNITED STATES. THERE WERE, HOWEVER, SEVERAL LEGAL COMPLICATIONS AND THE BOAT'S HISTORY IS EXTREMELY MURKY. IT APPEARS TO HAVE BEEN STOLEN PREVIOUSLY IN AT LEAST TWO OTHER COUNTRIES, AMONG OTHER THINGS, AND THERE WAS AN OWNERSHIP DISPUTE AMONG SEVERAL OWNERS, INCLUDING AMERICANS AND A NEW ZEALANDER. ONE OF THESE PARTIES STILL ASSERTS IN PANAMA THAT HE OWNS THE BOAT, THAT IT IS OF PANAMANIAN REGISTRY AND THAT IT HAS A DIFFERENT NAME. THE BOAT WAS TAKEN TO THE CANAL ZONE ALMOST A YEAR AGO TO ATTEMPT TO SETTLE THIS PROBLEM IN A U.S. CANAL ZONE COURT, AND IT HAS BEEN THERE SINCE THEN. WHILE THAT COURT GAVE A DECISION ON THE MATTER, THE QUESTION OF REPAIR BILLS AGAINST THE BOAT'S FORMER OWNERS WAS PRESSED IN A PANAMANIAN COURT. THAT WAS THE MATTER UNDER LITIGATION IN RESPECT OF WHICH THE PANAMANIAN COURT ISSUED THE LIEN AGAINST THE "SEA WOLF".

4. Q. WAS THE BOAT PICKED UP IN CANAL ZONE WATERS?
A. THE PANAMANIAN NATIONAL GUARD REPORTS THAT IT WAS. WE BELIEVE THAT IT WAS. WE HAVE ASKED OUR EMBASSY TO OBTAIN FURTHER EVIDENCE ON THE BOAT'S POSITION.

5. Q. WAS THE BOAT SHOT AT BY THE PANAMANIAN NATIONAL GUARD?
A. YES. THE PANAMANIAN NATIONAL GUARD REPORTS THAT ONE OF ITS PATROL BOATS FIRED ACROSS THE BOW, AND THAT WHEN THE "SEA WOLF" DID NOT STOP IT THEN FIRED RIFLE SHOTS INTO THE SUPERSTRUCTURE. THE "SEA WOLF" REPORTS THAT AFTER BEING FIRED ON SHE FINALLY SUFFERED A MECHANICAL FAILURE IN HER ENGINES, AFTER WHICH SHE WAS BOARDED AND ESCORTED BY THE PATROL BOAT INTO COLON, WHERE SHE WAS HELD UNTIL SHE WAS RELEASED FRIDAY EVENING.

6. Q. SENATOR HELMS HAS CHARGED THAT THE STATE DEPARTMENT IS NOT DOING ANYTHING.
BT



RECALLED

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PAGE 02

OF 02

TOR:150/16:41Z

DTG:291555Z MAY 76

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC FLASH 7964

INFO ZEN/PANCANAL
ZEN/USCINCSO

~~CONFIDENTIAL~~

LIMITED OFFICIAL USE SECTION 2 OF 2 PANAMA 3822
A. Q. IT IS NOT. THE BOAT'S CAPTAIN HAS BEEN IN TOUCH WITH OUR EMBASSY IN PANAMA SINCE HE REACHED COLON AND SPOKE BY TELEPHONE WITH THE EMBASSY'S DUTY OFFICER AT 0100 PANAMA TIME (0200 WASHINGTON TIME) ON MONDAY, MAY 24, ABOUT THREE HOURS AFTER HIS BOAT WAS BOARDED. THE EMBASSY HAS EXTENDED EVERY POSSIBLE CONSULAR SERVICE TO ASSIST THE CAPTAIN AND THE BOAT'S OWNERS IN RESOLVING THEIR LEGAL DISPUTE. WE WERE ASKED BY THE AMERICAN ATTORNEY FOR THE AMERICAN OWNERS NOT TO DO ANYTHING MORE, IN OTHER WORDS, TO LET THEM SOLVE THE COMMERCIAL PROBLEM IN THE PANAMANIAN COURTS. THEY DID NOT WANT TO BECOME INVOLVED IN A DIPLOMATIC PROBLEM. NEVERTHELESS, THE DEPARTMENT TOOK THE POSITION THAT WE WOULD PROTEST AND STRONG DIPLOMATIC PROTESTS HAVE BEEN MADE HERE IN WASHINGTON AND THROUGH OUR EMBASSY IN PANAMA. OUR EMBASSY REMAINED IN CONSTANT TOUCH WITH THE BOAT'S CAPTAIN AND HER AMERICAN OWNERS THROUGHOUT THIS PERIOD, AND AN OFFICER OF OUR CONSULATE IN PANAMA WAS PRESENT IN COLON FRIDAY EVENING WHEN THE BOAT WAS RELEASED AND SAILED BACK TO CANAL ZONE WATERS.

Q. Q. HAVE WE SENT A FORMAL DIPLOMATIC PROTEST NOTE?
A. NOT AS YET, BUT IF THE CIRCUMSTANCES WARRANT AN ADDITIONAL PROTEST, WE PLAN TO SEND ONE WHEN WE OBTAIN MORE INFORMATION ON EXACTLY WHERE THE "SEA WOLF" WAS WHEN INITIAL CONTACT WAS MADE BY THE PATROL BOAT.

Q. Q. HOW WERE THE PROTESTS MADE?
A. THEY WERE MADE ORALLY TO THE FOREIGN MINISTER IN PANAMA AND TO THE CHARGE OF THE PANAMANIAN EMBASSY IN WASHINGTON WHO WAS CALLED INTO THE DEPARTMENT.

Q. Q. WAS THE BOAT'S CAPTAIN, OR ANY OTHER AMERICAN, ARRESTED OR

*****WHSR COMMENT*****

SCOWCROFT, HYLAND, HCFARLANE, VANDERHYE

RECALLED
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HELD BY THE PANAMANIAN NATIONAL GUARD? WERE ANY OF THEM INJURED?
DID THEY HAVE TO PAY ANY FINES AS INDIVIDUALS?

A, NO, NO ONE WAS INJURED, NO PERSON WAS ARRESTED OR DETAINED
BY THE PANAMANIAN AUTHORITIES AT ANY TIME. THE BOAT WAS HELD
AFTER ARRIVING AT COLON, BUT THE CAPTAIN AND CREW WERE RELEASED
AND WENT TO A HOTEL, FROM WHICH THEY CALLED THE EMBASSY IN
PANAMA TO REPORT THEIR SITUATION. NEITHER THEN NOR LATER WERE
THEY PERSONALLY ARRESTED, NOR WERE THEY CHARGED WITH ANYTHING
AS INDIVIDUALS, NOR DID THEY HAVE TO PAY ANY FINES.

GONZALEZ

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from State - Kathy Jones Somewhat and at date

Q. Senator Helms has charged that the Panamanians have picked up a U.S. boat the "Sea Wolf" and that the State Department is doing nothing. Is this true?

A. The "Sea Wolf" was picked up on May 23. An American-owned firm in Panama (Helicopters de Panama) alleged that there are owed some \$52,000 for unpaid repair bills. The American-owned firm presented these allegations in a Panamanian Court and the Judge granted them a lien against the Sea Wolf. A Panamanian patrol boat then acting under a court order to enforce the lien seized the Sea Wolf. It is being held until the American owners of the boat pay the repair bills allegedly owed to the American-owned firm in Panama or post a bond with the court. We contacted the Attorney for the owners of the boat (General Electric Credit Corporation) and understand they want to post a bond with the Court, get their boat back, and let the question of the alleged repair bills be settled in court. This is more or less a typical legal problem that is handled about the same way in Panama as it would be in the United States. There are some further legal complications. There was an ownership dispute between several American owners. The boat was taken to the Canal Zone to settle that problem in a U.S. Canal Zone court. That question was resolved, but the question of

repair bills against former owners was not. That is what the present problem is all about.

Q. How about the Sea Wolf's Captain and crew?

A. They are waiting in a hotel in Colon until the repair bill is paid. They were not arrested, charged or harmed in any way.

Q. Was the boat picked up in Canal Zone Waters?

A. The Panamanians say it was not. We believe that it was, but our evidence is mostly based on a statement by the Sea Wolf's Captain. We have asked our Embassy to obtain further evidence on the boat's position.

Q. Was the boat shot at by the Panamanians?

A. Yes, we understand that the Sea Wolf did not stop when so ordered. The Panamanian patrol boat fired across the bow. The boat still did not stop and then the patrol boat fired rifle shots into the superstructure. Finally, the Sea Wolf had a mechanical problem and was then picked up and towed into Colon.

Q. Senator Helm's has charged that the State Department is not doing anything. Is that true?

A. No, it is not. We were asked by the American Attorney for the American owners not to do anything. In other words to let them solve the commercial

problem in the Panamanian courts. They did not want to become involved in a diplomatic problem. Nevertheless, the Department took the position that we would protest and strong protests have been made here and in Washington and through our Embassy in Panama.

Q. Have we sent a formal diplomatic protest note?

A. Not as yet, but we plan to send one after the boat is released and when we obtain more information on exactly where the Sea Wolf was when initial contact was made by the patrol boat.

Q. How were the protests made?

A. They were made orally to the Foreign Minister in Panama and to the Charge in Washington who was called in to the Department.

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Q. When will the boat be released?

A. We understand (as of 1800 Washington time today, May 28) that the bond has been given to the court and according to good Panamanian sources including the Attorneys for the boat, the boats release has been ordered and we assume that the boat is preparing to set sail. The court will decide if they need to pay the bill or not. If they don't they will get the bond back.

Q. Why was this kept a secret?

A. *It wasn't. It is contained in the Congressional Record of 25 May — announced floor of House by Schneider*

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