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THE WHITE HOUSE  
WASHINGTON

August 18, 1975

National Security Decision Memorandum 302

TO: The Secretary of State  
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

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

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

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

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

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

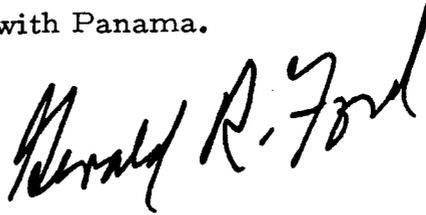
- Cristobal Piers
- Land and Water Areas in Gatun Lake
- Fort Sherman jungle training area south of the 22nd grid
- Coco Solo, Fort Randolph and access to them via Randolph Road
- Portions of the Albrook/Clayton Training Areas

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

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

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

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



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

