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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1.	<u>background book, Panama Canal, 4/17/76</u>		
la. paper	status of the negotiations <i>Declassified 2/2/90</i>	3 pages	4/16/76 A
lb. paper	nature of the Torrijos government <i>Declassified with portions exempted 2/2/90 KSH</i>	2 pages	[4/17/76] <i>opened</i> A
le. options	negotiating points pp. 8-10 <i>Declassified with portions exempted 7/3/90 KSH</i>	3 pages	nd <i>sup WHM 11/24/84</i> A

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN . . . April 17, 1976

Mr. President:

Attached is the background book on the Panama Canal which you requested. With the exception of the section "Points for a Presidential Statement," -- which I do not believe is particularly helpful -- I think the material is generally useful.

Henry responded on a couple of occasions in Phoenix yesterday to questions on the Panama Canal. I should have a transcript by late this afternoon.


Brent

THE PRESIDENT HAS SEEN ~~.....~~

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I.A. History of the
Negotiations

CHRONOLOGY OF EVENTS SINCE 1964

General History and Negotiations

January 9, 1964. Rioting in the Canal Zone over display of the U.S. flag. Dead: 21 Panamanians and 3 Americans.

President Johnson consults with former Presidents Hoover, Truman and Eisenhower in his search for a new policy toward Panama. Meanwhile, U.S.-Panamanian talks begin under OAS auspices.

April 3, 1964. The OAS publishes a joint declaration by Panama and the U.S. in which the two countries reestablish diplomatic relations and designate Special Ambassadors to seek prompt elimination of the causes of conflict between the two countries.

September 24, 1965. Joint announcement by Presidents Johnson and Robles calling for abrogation of the 1903 Treaty, effective Panamanian sovereignty over the Canal Zone, fixed duration, integration of Canal Zone with Panama, and respect for employee's rights.

June 26, 1967. Presidents Johnson and Robles announce agreement on the "form and content" of new draft treaties covering 1) administration of the existing canal; 2) defense and neutrality of the existing canal; and 3) possible construction of a sea-level canal.

October 11, 1968. Panamanian National Guard overthrows President Arnulfo Arias. Subsequently, Colonel (now Brigadier General) Omar Torrijos, commander of the National Guard, assumes leadership of Panama.

September 1, 1970. Panama notifies the U.S. that the treaties are unacceptable as a basis for resuming treaty negotiations.

June 29, 1971. The U.S. and Panama resume negotiations under Ambassador Anderson. Talks are unsuccessful.

March 21, 1973. U.N. Security Council meets in Panama. U.S. vetoes a resolution which would have guaranteed "full respect for Panama's effective sovereignty over all of its territory," contending that the treaty negotiations were a

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White House Guide Lines, Feb. 24, 1983

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By JJ NARS, Date 12/19/84



bilateral, not multilateral, matter. [13 in favor, 1 against (U.S.), and 1 abstention (United Kingdom)]. The President of the Security Council that month and the person who was a prime force in planning the Panama meeting was Aquilino Boyd, who has just recently been appointed Panama's Foreign Minister.

September 13, 1973. Ambassador-at-Large Ellsworth Bunker is sworn in to replace Ambassador Anderson as Chief Panama Canal Negotiator.

February 7, 1974. Secretary of State Kissinger travels to Panama to sign Joint Statement of Principles with Foreign Minister Juan Antonio Tack.

June 1974. Negotiation of major issues under Joint Statement of Principles begins.

November 1974. Ambassador Bunker and Foreign Minister Tack initial threshold agreements on canal defense, canal operation and jurisdiction.

June 1975. The U.S. House passes by a vote of 246-164 proposed amendment by Congressman Gene Snyder (R.KY) to deny State Department appropriations for treaty negotiations.

August 1975. President Ford issues NSDM 302 amending existing guidance.

September 1975. Negotiations resume and continue with meetings in November and December 1975, and February 1976.

September 26, 1975. The U.S. Senate rejects the Snyder Amendment.

October 7, 1975. The U.S. House finally approves acceptable compromise by 212-201.

April 1976. Panama Canal Subcommittee hearings, Snyder leak and Reagan statements.

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I.B. Present Status
of Negotiations

STATUS OF THE NEGOTIATIONS

Guidance

Guidance for a new treaty is outlined in the February 1974 Joint Statement of Principles.

1. A new, fixed term treaty will supercede the 1903 treaty.
2. The Canal Zone shall be returned promptly to Panama's jurisdiction. We shall have the areas needed for operation and defense of the canal.
3. Panama shall share in the benefits derived from the canal's operation.
4. We shall operate and defend the canal. Panama shall participate in its administration and assume total responsibility for its operation at treaty's end.
5. Panama shall participate with us in the canal's defense.
6. We shall agree on provisions to enlarge canal capacity.

What Has Been Agreed

1. We shall operate the canal during the treaty's lifetime.
 - We shall control essential installations, the transit of ships, the setting of tolls, and relations with our employees.
 - Panamanians will participate growingly in preparation for Panama's assumption of operating responsibility at treaty's end.
2. We shall defend the canal during the treaty's lifetime.
 - We shall have the right to act -- unilaterally if need be -- to defend the canal against any threat.
 - We will discuss with Panama before the treaty's end arrangements and responsibilities for canal defense beyond the treaty's lifetime.

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MR 89-37 #19 State Ltr. 12/1/90

By KBH, NARA, Date 2/1/90



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As in canal operation, Panama will participate increasingly in canal defense during the treaty's lifetime.

3. The canal shall remain permanently neutral, and be operated on a non-discriminatory basis. Thus, we shall be able to protect our interests not only during the treaty period, but after its expiration.

4. Panama will receive from us general jurisdiction over the Canal Zone during the first three years of the treaty. However, we will retain for the treaty's lifetime all the rights and powers needed for canal operation and defense.

What Remains

The negotiations are now concentrated on the following complex issues:

1. The rights and privileges of our canal employees. We want to assure that US employees enjoy rights at least comparable to those which other groups of US employees have overseas. We want to encourage our employees to remain with the canal organization.

2. The duration of any new treaty. Panama has said publicly that it wants our rights to terminate by the end of the century. We desire a longer period.

3. The land and water areas for our use in operating and defending the canal. Both sides now have a clearer idea of the size and character of the areas each needs. We hope that we can reach a mutually satisfactory arrangement on this subject.

4. The question of our right to expand the canal. Panama has accepted our right to undertake such projects, but we have not yet addressed the details.

5. The rules of permanent neutrality. We are seeking a treaty formula which will assure that the canal will always remain open for world shipping on a non-discriminatory basis and at reasonable tolls.

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6. The annual payment to Panama. Panama has long felt that it should receive a higher return for the rights it has granted us. It considers the \$2.3 million which it now receives annually as small by today's standards.

7. The nature of the organization which is to operate the canal. We seek to retain maximum discretionary authority for the US during the treaty's lifetime.

The most difficult of these unresolved issues concerns the duration of the treaty.

We must first reach general agreement on these unresolved issues. We will then begin drafting a proposed treaty.

In summary, we believe that the anticipated "treaty package" will protect and defend our vital interests in Panama more amply than does the existing treaty.

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April 16, 1976

I.C. Third Country
& International
Organizations

THIRD COUNTRY AND INTERNATIONAL ORGANIZATIONS
VIEWS OF THE NEGOTIATIONS

The Panamanians decided in 1973 that they could obtain more leverage with the US in the Canal negotiations by seeking Latin American and world support for a new treaty. Consequently, at every international meeting a Panamanian delegate raises the question of the Canal negotiations seeking a resolution by the conference supporting return of the Canal to Panama. At first we were able to turn these resolutions aside on the basis of the fact that the negotiations were underway, but the number of countries sympathetic to the Panamanian position has steadily increased so that Panama can now count on support for its resolutions at most conferences.

The Panamanian delegate became President of the UN Security Council in 1973. As a result of his efforts a special meeting of the Council was held in Panama. Delegates were shown the variation in living conditions between the Zone and Panama City, and the Panamanians dramatized the issue with considerable success and support from the Third World and communist nations. The eventual resolution was supported by every country but Great Britain, which abstained. Australia, Austria, and France voted for the resolution. It failed only because the US exercised its veto by voting against it.

When Secretary Kissinger invited the nations of Latin America to enter into the new dialogue in September 1973, the foreign ministers of the hemisphere met to prepare an agenda in Bogota. One of the six items included was a call for a new Panama Canal treaty. The agenda was to be used for the meeting between the Secretary and Latin American foreign ministers scheduled for March 1974 at Tlatelolco, Mexico City. Prior to the conference, Secretary Kissinger traveled to Panama where he signed the Principles with Panamanian Foreign Minister Tack. As a result, the issue was passed over lightly at the conference which included a unanimous resolution noting that negotiations were underway and expressing the hope that they would be successfully completed. Subsequent meetings of foreign ministers and OAS General Assemblies have, without exception, followed the same pattern with the foreign ministers receiving a report and expressing their support for negotiations. These friendly resolutions have resulted from the fact that the Panamanian delegates have in all cases cooperated in seeking to avoid a confrontation.

At meetings of the Universal Postal Union, Telecommunications Union, and others, the US has only been able to avoid a resolution, which would have transferred responsibility for mail or telecommunications to Panama, by agreeing to provisions which state that we recognize the Zone to be Panamanian territory but continue to exercise responsibility for delivery of mail under the authority of the 1903 Treaty. Support for the Panamanian point of view in these meetings is extensive. While the Western Europeans try to be helpful, they are generally unwilling to support us and the best we can get is usually an abstention.

This year Panama was successful in obtaining support of the other hemispheric nations for the Latin American seat on the Security Council. It will undoubtedly raise the treaty issue for Council consideration again if the Canal negotiations falter. The Latins will view our success or failure to establish a new relationship with Panam regarding the Canal as indicative of our attitudes toward the hemisphere in general and of our willingness to seek to resolve longstanding and difficult problems with them.

I.D. Military and
Economic
Significance

Economic and Military Value of the Canal

Independent studies of the economic value of the Panama Canal conclude that, while it is indeed an important facility for world and U.S. commerce, it is not of overwhelming or critical economic importance. According to the reports, market conditions in origin and destination countries exert a greater influence on commodity and product prices than would, for example, increased Canal tolls or even a complete closure of the Canal. There would, of course, be an interim period of adjustment in trade routes and markets.

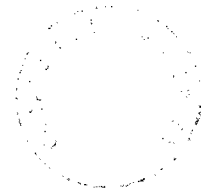
The U.S. is the major user of the Canal, and approximately 16 percent of total U.S. exports and imports by tonnage, and 8 percent by value, pass through the Canal. However, many alternative trade routes now exist for the most important products and commodities, and more would become economically competitive should the Canal not be available. The use of larger vessels which are unable to pass through the Canal and shifts in market and supply sources have also affected the economic importance of the Canal for the U.S. In fact, the Canal is less important to the economies of the U.S. and other nations^{than} in earlier years. Its value to user nations is expected to continue to decline as increasing advantage is taken of alternate routes and means of transportation made possible by technological advances.

Historically, the Canal has made an important military contribution to the security of the U.S. and of the hemisphere. It remains a major defense asset which enhances the capability of the U.S. to reinforce and resupply U.S. forces rapidly in Asia and Europe during the periods of conflict. Its strategic advantage lies in the economy and flexibility it provides to accelerate the shift of military forces and logistic support by sea between the Atlantic and Pacific oceans and to overseas areas. The Department of Defense believes that the present canal or a new sea-level canal will have continuing importance to national security. It also believes that Panama has the capability to threaten the Canal itself although the probability of such action is low at present. A potential threat also exists with regard to the security of the longer alternate sea routes around Africa and South America although the Soviet Union is considered the only nation with sufficient capability to effect such a threat to U.S. forces.

Defense believes that to attempt to protect the Canal in a confrontation with Panama, ^{which} would be probable should negotiations fail, would require deployment of thousands of U.S. troops to Panama with the loss of lives on both sides likely. Further, this would not necessarily guarantee the safety or effective use of the Canal itself. Defense therefore believes

that a new treaty relationship with Panama providing for Panamanian participation in defense of the Canal will provide the most effective means of assuring Canal security.

A new treaty relationship which provides for eventual assumption of operating responsibilities by Panama, coupled with a program of increasing participation of Panamanian management and full guarantees for continued efficient, nondiscriminatory transit of U.S. ships at reasonable tolls, will result in a partnership that best insures U.S. strategic interests in the Canal.



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NATURE OF THE TORRIJOS GOVERNMENT

Panama's population (1.6 million) is the smallest of mainland Latin American countries. Largely because of the canal, the Panamanian people have exceedingly close ties to the U.S. Panama's economy is well developed. It has become a major financial center for Latin America. Its per capital GNP is the third highest in Latin America.

Literally thousands of Americans live, work and visit in Panama without unusual difficulties. Major United States investors continue to enter the market in Panama in various sectors. Texas Gulf, for example, joined Panama this year in an \$800 million copper venture.

Our relations with Panama continue to be remarkably good. The only exception and major issue is Panama's long standing complaint regarding the nature of our presence in the Canal Zone under the 1903 Treaty. Since the 1964 riots Panamanian acceptance of our presence has sharply declined. All elements in Panama agree on the need to escape the 1903 Treaty.

Torrijos has exercised power since 1968 and enjoys broad popular support. Some important characteristics of his government are:

(1) It is nationalistic. Its aspirations are to become a fully integrated nation with a certain place in the affairs of the world.

(2) It is reformist. It asserts that two-third of Panama's people should no longer be excluded from sharing in the political process and in the benefits of economic growth.

(3) It is pragmatic. It is a regime without an ideology. This is clearly apparent in the private sector where foreign investment is welcome and has a key role.

(4) It is authoritarian. It derives its power from the military establishment but defies classification as either a dictatorship or a democracy.

It will not permit its purposes to falter because of opposition from the so-called privileged sector of society. Neither will it permit radical leftist elements to disturb the political balance and become dominant.

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U.S. opponents of a new treaty relationship argue that the Torrijos Government is communist or communist-influenced and that a new treaty would lead to a takeover of the canal. We have found no evidence to show real communist influence. It is, instead, essentially nationalist and pragmatic. While some leftists serve in the present government, they are not predominant. The communist party in Panama is small and not very effective.

Moreover, Torrijos recognizes that the successful operation of the canal is vital to Panama.

While Panama has relations with countries of all political ideologies, it is resistant to external influences or subversion from the left and right. To date, Panama, unlike other Latin American countries, has not established diplomatic relations with the Soviet Union or China. Together with other Hemispheric countries, Panama established relations with Cuba in 1974, but the Panamanians have been closely monitoring activities of the Cuban Embassy. The Torrijos trip to Cuba in January 1976 and Cuba's adventure in Angola have opened many Panamanian eyes about Cuba.

Whether the Panamanian Government is a dictatorship or a democracy is largely irrelevant, since the rights we obtain under a new treaty will go beyond the life of the current regime. By removing the only major irritant in our relations with Panama, we should be able to build on strong past ties and cement a constructive relationship which would go on after the fixed expiration date of any new treaty.



II. CURRENT
SITUATION

II.A. Points for
Presidential
Statement

POINTS FOR A POSSIBLE PRESIDENTIAL STATEMENT

-- The Canal is too important to become a subject of partisan political debate.

-- Or to be discussed lightly with sweeping generalities and oversimplifications.

-- We are engaged in delicate negotiations which are aimed at preserving United States basic interests in the use and freedom of the Canal, which is a vital waterway not only to the United States but other nations of the world.

-- As history has shown us in this hemisphere and elsewhere, issues of this kind can become highly charged emotionally and result in great harm to important interests of major nations.

-- So I don't think we should get involved in name calling of foreign heads of states with whom we are engaged in serious negotiations whether we agree with them or not. The stakes are just too high.

-- Nor do I think we should overstate complicated issues. There is a lot of legal opinion regarding the status of the Zone; there are court cases on both sides. One thing is quite clear. The Canal Zone is not the same as Louisiana and Alaska. The Zone just is not part of the Union. US law does not treat it the same. For instance, someone born in the Zone is not automatically an American citizen as in Alaska. For another thing, we have international treaty commitments governing which Americans can live in the Zone. Finally, the Supreme Court has found that for certain purposes the Zone is foreign territory. The point is, this is a complicated issue and should be treated as such.

-- Like my predecessors, I have to be concerned with our broad foreign relations. Every nation in Latin America and most other foreign nations have expressed themselves firmly in favor of these negotiations. I do not think a responsible President can treat the weight of this opinion lightly.



-- Anyone who proposes a different course of action must think carefully about our vital interests in Panama and in Latin America and about how he proposes to protect them. If there are to be military forces involved, he has an obligation to say so and tell the American people what kind of risks he wishes to run and for how long.

-- This is an issue where you can wave the flag, talk tough, sound big and strong. It is a small country. But we would alienate everyone in Latin America and possibly damage our access to the canal.

-- The present treaty does not ensure either a safe or secure Canal, given Panamanian opposition to the present treaty. I am proposing to negotiate one that does.

II. B. Points to be
Made by Others

POINTS TO BE RAISED BY OTHER ADMINISTRATION SUPPORTERS

-- Name calling of foreign heads of government is reckless, particularly when the person you are calling names is in a position to hurt you. It may promote a candidacy but at the expense of our national interest. (Reagan called Torrijos a "tinhorn dictator" on April 14.)

-- For a candidate to deal with persons involved in trying to overthrow foreign governments is dangerous business. (According to the New York Times, Reagan met on November 3 in a hotel in Boca Raton with former President of Panama, Arnulfo Arias, who has been accused of engaging in illegal activities aimed at overthrowing the Torrijos Government.)

-- We would like to know what kind of promises were made to Arias.

-- To talk about the Canal Zone being the same as Louisiana or Alaska is absurd. It betrays an ignorance of the facts which is unworthy of a presidential candidate. Just to name a few differences:

- It is not a part of the Union.
- Children born there are not automatically American citizens or even nationals.
- A treaty with Panama limits which Americans can live there.
- We did not buy it because we continue to pay for it.
- The Supreme Court has called it foreign territory for certain purposes.

-- With what military force and for how long would Mr. Reagan propose to occupy the Zone to protect the Canal.

-- How would he propose to protect US interests elsewhere in Latin America if a confrontation occurs in Panama.



II.C. Statements
That Can
Be Quoted

STATEMENTS THAT CAN BE QUOTED

President Johnson - December 1964

"The planning of a new Canal, and the negotiation of a new treaty, are just such bold and prudent steps."

The US Chamber of Commerce - November 1975

"The terms of the 1903 Treaty . . . no longer serve US national interests as well as a modernized treaty which would be based on the concept of partnership."

US Catholic Conference - February 1975

"It is a moral imperative -- a matter of elemental social justice -- that a new and more just treaty be negotiated."

The President of the Council of the Americas - January 1976

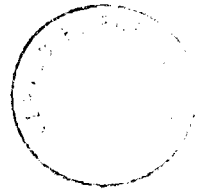
"Successful conclusion of these negotiations . . . are critical to future relationships, not only for the US business community in Panama, but for trade and business in all of Latin America."

Senator Goldwater - December 1975

Expressed the view that the US must retain control of the Canal for the present but noted there is peril in refusing to look ahead to eventual relinquishment.

General George Brown - Late 1975

"I see our national security interests in Panama best served by continuing the negotiations toward a satisfactory treaty with the Republic of Panama."



President Echeverria of Mexico - July 1975

"Latin America eagerly awaits a solution of the Panama Canal problem and the establishment of new standards of justice and reciprocal respect."

"Our historical experience moves us to solidarity with Panama."

Foreign Ministers of Twenty-Two Latin American Countries - April 1975

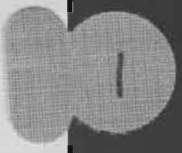
Unanimously expressed hope for "prompt and successful conclusion" of the Canal negotiations.

President Perez of Venezuela - November 1975

Said that negotiation of a fair solution to the Canal problem "would be a great triumph for United States democracy and a tribute to the founders of a free nation."

The Presidents of Colombia, Costa Rica, and Venezuela - Spring 1975

Reaffirmed "the full support of their respective peoples and Governments for the just Panamanian aspirations on the Panama Canal question."



TABS

1. The Treaties of 1903, 1936, and 1955
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B. PANAMA

1. Convention for the Construction of a Ship Canal (Hay-Bunau-Varilla Treaty), 1903

Concluded November 18, 1903; ratification advised by the Senate February 23, 1904; ratified by President February 25, 1904; ratifications exchanged February 26, 1904; proclaimed February 26, 1904. (U.S. Stats., vol. 33.)

ARTICLES

- I. Independence of Panama.
- II. Canal Zone.
- III. Authority in Canal Zone.
- IV. Subsidy rights.
- V. Monopoly for construction, etc.
- VI. Private property.
- VII. Panama; Colón; harbors.
- VIII. Panama Canal Company and railroad.
- IX. Ports at entrance of Canal.
- X. Taxes, etc.
- XI. Official dispatches.
- XII. Access of employees.
- XIII. Importation into zone.
- XIV. Compensation.
- XV. Joint commission.
- XVI. Extradition.
- XVII. Ports of Panama.
- XVIII. Neutrality rules.
- XIX. Free transport.
- XX. Cancellation of existing treaties.
- XXI. Anterior debts, concessions, etc.
- XXII. Renunciation of rights under concessionary contracts.
- XXIII. Protection of Canal.
- XXIV. Change in government, laws, etc.
- XXV. Coaling stations.
- XXVI. Ratification.

The United States of America and the Republic of Panama being desirous to insure the construction of a ship canal across the Isthmus of Panama to connect the Atlantic and Pacific oceans, and the Congress of the United States of America having passed an act approved June 28, 1902, in furtherance of that object, by which the President of the United States is authorized to acquire within a reasonable time the control of the necessary territory of the Republic of Colombia, and the sovereignty of such territory being actually vested in the Republic of Panama, the high contracting parties have resolved for that purpose to conclude a convention and have accordingly appointed as their plenipotentiaries,—

The President of the United States of America, John Hay, Secretary of State, and

The Government of the Republic of Panama, Philippe Bunau-Varilla, Envoy Extraordinary and Minister Plenipotentiary of the Republic of Panama, thereunto specially empowered by said government, who after communicating with each other their respective full powers, found to be in good and due form, have agreed upon and concluded the following articles:

(506)

The United States
of the Republic of

The Republic of Panama
the use, occupation
for the construction
of said Canal of
five miles on each
be constructed; a
marine miles from
the Isthmus of
marine miles from
cities of Panama
which are included
shall not be included
further grants to
and control of the
described which
tion, maintenance
Canal or of any
venient for the
protection of the
The Republic of
States in perpetuity
described and in
Bay of Panama,

The Republic of
power and authority
Article II of this
and waters mentioned
United States with
the territory with
entire exclusion of
such sovereign rights

As rights subsisting
grants in perpetuity
streams, lakes and
tion, the supply of
the use of said river
thereof may be
tenance, operation



ARTICLE I

The United States guarantees and will maintain the independence of the Republic of Panama.

ARTICLE II

The Republic of Panama grants to the United States in perpetuity the use, occupation and control of a zone of land and land under water for the construction, maintenance, operation, sanitation and protection of said Canal of the width of ten miles extending to the distance of five miles on each side of the center line of the route of the Canal to be constructed; the said zone beginning in the Caribbean Sea three marine miles from mean low water mark and extending to and across the Isthmus of Panama into the Pacific ocean to a distance of three marine miles from mean low water mark with the proviso that the cities of Panamá and Colón and the harbors adjacent to said cities, which are included within the boundaries of the zone above described, shall not be included within this grant. The Republic of Panama further grants to the United States in perpetuity the use, occupation and control of any other lands and waters outside of the zone above described which may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal or of any auxiliary canals or other works necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said enterprise.

The Republic of Panama further grants in like manner to the United States in perpetuity all islands within the limits of the zone above described and in addition thereto the group of small islands in the Bay of Panama, named, Perico, Naos, Culebra and Flamenco.

ARTICLE III

The Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority.

ARTICLE IV

As rights subsidiary to the above grants the Republic of Panama grants in perpetuity to the United States the right to use the rivers, streams, lakes and other bodies of water within its limits for navigation, the supply of water or water-power or other purposes, so far as the use of said rivers, streams, lakes and bodies of water and the waters thereof may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal.

ARTICLE V

The Republic of Panama grants to the United States in perpetuity a monopoly for the construction, maintenance and operation of any system of communication by means of canal or railroad across its territory between the Caribbean Sea and the Pacific ocean.

ARTICLE VI

The grants herein contained shall in no manner invalidate the titles or rights of private land holders or owners of private property in the said zone or in or to any of the lands or waters granted to the United States by the provisions of any Article of this treaty, nor shall they interfere with the rights of way over the public roads passing through the said zone or over any of the said lands or waters unless said rights of way or private rights shall conflict with rights herein granted to the United States in which case the rights of the United States shall be superior. All damages caused to the owners of private lands or private property of any kind by reason of the grants contained in this treaty or by reason of the operations of the United States, its agents or employees, or by reason of the construction, maintenance, operation, sanitation and protection of the said Canal or of the works of sanitation and protection herein provided for, shall be appraised and settled by a joint Commission appointed by the Governments of the United States and the Republic of Panama, whose decisions as to such damages shall be final and whose awards as to such damages shall be paid solely by the United States. No part of the work on said Canal or the Panama railroad or on any auxiliary works relating thereto and authorized by the terms of this treaty shall be prevented, delayed or impeded by or pending such proceedings to ascertain such damages. The appraisal of said private lands and private property and the assessment of damages to them shall be based upon their value before the date of this convention.

ARTICLE VII

The Republic of Panama grants to the United States within the limits of the cities of Panamá and Colón and their adjacent harbors and within the territory adjacent thereto the right to acquire by purchase or by the exercise of the right of eminent domain, any lands, buildings, water rights or other properties necessary and convenient for the construction, maintenance, operation and protection of the Canal and of any works of sanitation, such as the collection and disposition of sewage and the distribution of water in the said cities of Panamá and Colón, which in the discretion of the United States may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal and railroad. All such works of sanitation, collection and disposition of sewage and distribution of water in the cities of Panamá and Colón shall be made at the expense of the United States, and the Government of the United States, its agents or nominees shall be authorized to impose and collect water rates and sewerage rates which shall be sufficient to provide for the payment of interest and the amortization of the principal of the cost of said works within a period of fifty years and upon the

expiration of the works shall revert to the Republic of Panamá and Colón and the inhabitants of the said cities may be required to contribute to the system of sewerage.

The Republic of Panamá shall comply in all respects with the preventive or protective measures in case the Government of the United States enforce this compulsory ordinance to the United States.

The same right of maintenance and the territory of Panamá shall be maintained and shall

The Republic of Panamá it now has or has had the Canal Company and the transfer of some of the public of Panamá, Panama Canal rights, privileges, Railroad and the but the public II of this treaty shall revert to the Republic of Panamá owned by or in Colón or the port

The United States Canal and the works in the towns of Panamá shall not be imposed, such as tolls, taxes or charges, or taxes of any kind or belonging to the Republic, directly, in connection with sanitation and the works upon the cargo of the Canal such tolls and charges use of the Canal proposed by the Republic introduced for the Republic and upon vessels which do not cross the

expiration of said term of fifty years the system of sewers and water works shall revert to and become the properties of the cities of Panamá and Colón respectively, and the use of the water shall be free to the inhabitants of Panamá and Colón, except to the extent that water rates may be necessary for the operation and maintenance of said system of sewers and water.

The Republic of Panama agrees that the cities of Panamá and Colón shall comply in perpetuity with the sanitary ordinances whether of a preventive or curative character prescribed by the United States and in case the Government of Panama is unable or fails in its duty to enforce this compliance by the cities of Panamá and Colón with the sanitary ordinances of the United States the Republic of Panama grants to the United States the right and authority to enforce the same.

The same right and authority are granted to the United States for the maintenance of public order in the cities of Panamá and Colón and the territories and harbors adjacent thereto in case the Republic of Panama should not be, in the judgment of the United States, able to maintain such order.

ARTICLE VIII

The Republic of Panama grants to the United States all rights which it now has or hereafter may acquire to the property of the New Panama Canal Company and the Panama Railroad Company as a result of the transfer of sovereignty from the Republic of Colombia to the Republic of Panama over the Isthmus of Panama and authorizes the New Panama Canal Company to sell and transfer to the United States its rights, privileges, properties and concessions as well as the Panama Railroad and all the shares or part of the shares of that company; but the public lands situated outside of the zone described in Article II of this treaty now included in the concessions to both said enterprises and not required in the construction or operation of the Canal shall revert to the Republic of Panama except any property now owned by or in the possession of said companies within Panamá or Colón or the ports or terminals thereof.

ARTICLE IX

The United States agrees that the ports at either entrance of the Canal and the waters thereof, and the Republic of Panama agrees that the towns of Panamá and Colón shall be free for all time so that there shall not be imposed or collected custom house tolls, tonnage, anchorage, lighthouse, wharf, pilot, or quarantine dues or any other charges or taxes of any kind upon any vessel using or passing through the Canal or belonging to or employed by the United States, directly or indirectly, in connection with the construction, maintenance, operation, sanitation and protection of the main Canal, or auxiliary works, or upon the cargo, officers, crew, or passengers of any such vessels, except such tolls and charges as may be imposed by the United States for the use of the Canal and other works, and except tolls and charges imposed by the Republic of Panama upon merchandise destined to be introduced for the consumption of the rest of the Republic of Panama, and upon vessels touching at the ports of Colón and Panamá and which do not cross the Canal.

The Government of the Republic of Panama shall have the right to establish in such ports and in the towns of Panamá and Colón such houses and guards as it may deem necessary to collect duties on importations destined to other portions of Panama and to prevent contraband trade. The United States shall have the right to make use of the towns and harbors of Panamá and Colón as places of anchorage, and for making repairs, for loading, unloading, depositing, or transshipping cargoes either in transit or destined for the service of the Canal and for other works pertaining to the Canal.

ARTICLE X

The Republic of Panama agrees that there shall not be imposed any taxes, national, municipal, departmental, or of any other class, upon the Canal, the railways and auxiliary works, tugs and other vessels employed in the service of the Canal, store houses, work shops, offices, quarters for laborers, factories of all kinds, warehouses, wharves, machinery and other works, property, and effects appertaining to the Canal or railroad and auxiliary works, or their officers or employees, situated within the cities of Panamá and Colón, and that there shall not be imposed contributions or charges of a personal character of any kind upon officers, employees, laborers, and other individuals in the service of the Canal and railroad and auxiliary works.

ARTICLE XI

The United States agrees that the official dispatches of the Government of the Republic of Panama shall be transmitted over any telegraph and telephone lines established for canal purposes and used for public and private business at rates not higher than those required from officials in the service of the United States.

ARTICLE XII

The Government of the Republic of Panama shall permit the immigration and free access to the lands and workshops of the Canal and its auxiliary works of all employees and workmen of whatever nationality under contract to work upon or seeking employment upon or in any wise connected with the said Canal and its auxiliary works, with their respective families, and all such persons shall be free and exempt from the military service of the Republic of Panama.

ARTICLE XIII

The United States may import at any time into the said zone and auxiliary lands, free of custom duties, imposts, taxes, or other charges, and without any restrictions, any and all vessels, dredges, engines, cars, machinery, tools, explosives, materials, supplies, and other articles necessary and convenient in the construction, maintenance, operation, sanitation and protection of the Canal and auxiliary works, and all provisions, medicines, clothing, supplies and other things necessary and convenient for the officers, employees, workmen and laborers in the service and employ of the United States and for their families.

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If any such articles are disposed of for use outside of the zone and auxiliary lands granted to the United States and within the territory of the Republic, they shall be subject to the same import or other duties as like articles imported under the laws of the Republic of Panama.

ARTICLE XIV

As the price or compensation for the rights, powers and privileges granted in this convention by the Republic of Panama to the United States, the Government of the United States agrees to pay to the Republic of Panama the sum of ten million dollars (\$10,000,000) in gold coin of the United States on the exchange of the ratification of this convention and also an annual payment during the life of this convention of two hundred and fifty thousand dollars (\$250,000) in like gold coin, beginning nine years after the date aforesaid.

The provisions of this Article shall be in addition to all other benefits assured to the Republic of Panama under this convention.

But no delay or difference of opinion under this Article or any other provisions of this treaty shall affect or interrupt the full operation and effect of this convention in all other respects.

ARTICLE XV

The joint commission referred to in Article VI shall be established as follows:

The President of the United States shall nominate two persons and the President of the Republic of Panama shall nominate two persons and they shall proceed to a decision; but in case of disagreement of the Commission (by reason of their being equally divided in conclusion) an umpire shall be appointed by the two Governments who shall render the decision. In the event of the death, absence, or incapacity of a Commissioner or Umpire, or of his omitting, declining or ceasing to act, his place shall be filled by the appointment of another person in the manner above indicated. All decisions by a majority of the Commission or by the Umpire shall be final.

ARTICLE XVI

The two Governments shall make adequate provision by future agreement for the pursuit, capture, imprisonment, detention and delivery within said zone and auxiliary lands to the authorities of the Republic of Panama of persons charged with the commitment of crimes, felonies or misdemeanors without said zone and for the pursuit, capture, imprisonment, detention and delivery without said zone to the authorities of the United States of persons charged with the commitment of crimes, felonies and misdemeanors within said zone and auxiliary lands.

ARTICLE XVII

The Republic of Panama grants to the United States the use of all the ports of the Republic open to commerce as places of refuge for any vessels employed in the Canal enterprise, and for all vessels passing or bound to pass through the Canal which may be in distress and be

driven to seek refuge in said ports. Such vessels shall be exempt from anchorage and tonnage dues on the part of the Republic of Panama.

ARTICLE XVIII

The Canal, when constructed, and the entrances thereto shall be neutral in perpetuity, and shall be opened upon the terms provided for by Section I of Article three of, and in conformity with all the stipulations of, the treaty entered into by the Governments of the United States and Great Britain on November 18, 1901.

ARTICLE XIX

The Government of the Republic of Panama shall have the right to transport over the Canal its vessels and its troops and munitions of war in such vessels at all times without paying charges of any kind. The exemption is to be extended to the auxiliary railway for the transportation of persons in the service of the Republic of Panama, or of the police force charged with the preservation of public order outside of said zone, as well as to their baggage, munitions of war and supplies.

ARTICLE XX

If by virtue of any existing treaty in relation to the territory of the Isthmus of Panama, whereof the obligations shall descend or be assumed by the Republic of Panama, there may be any privilege or concession in favor the Government or the citizens and subjects of a third power relative to an interoceanic means of communication which in any of its terms may be incompatible with the terms of the present convention, the Republic of Panama agrees to cancel or modify such treaty in due form, for which purpose it shall give to the said third power the requisite notification within the term of four months from the date of the present convention, and in case the existing treaty contains no clause permitting its modification or annulment, the Republic of Panama agrees to procure its modification or annulment in such form that there shall not exist any conflict with the stipulations of the present convention.

ARTICLE XXI

The rights and privileges granted by the Republic of Panama to the United States in the preceding Articles are understood to be free of all anterior debts, liens, trusts, or liabilities, or concessions or privileges to other Governments, corporations, syndicates or individuals, and consequently, if there should arise any claims on account of the present concessions and privileges or otherwise, the claimants shall resort to the Government of the Republic of Panama and not to the United States for any indemnity or compromise which may be required.

ARTICLE XXII

The Republic of Panama renounces and grants to the United States the participation to which it might be entitled in the future earnings

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of the Canal under Article XV of the concessionary contract with Lucien N. B. Wyse now owned by the New Panama Canal Company and any and all other rights or claims of a pecuniary nature arising under or relating to said concession, or arising under or relating to the concessions to the Panama Railroad Company or any extension or modification thereof; and it likewise renounces, confirms and grants to the United States, now and hereafter, all the rights and property reserved in the said concessions which otherwise would belong to Panama at or before the expiration of the terms of ninety-nine years of the concessions granted to or held by the above mentioned party and companies, and all right, title and interest which it now has or many hereafter have, in and to the lands, canal, works, property and rights held by the said companies under said concessions or otherwise, and acquired or to be acquired by the United States from or through the New Panama Canal Company, including any property and rights which might or may in the future either by lapse of time, forfeiture or otherwise, revert to the Republic of Panama, under any contracts or concessions, with said Wyse, the Universal Panama Canal Company, the Panama Railroad Company and the New Panama Canal Company.

The aforesaid rights and property shall be and are free and released from any present or reversionary interest in or claims of Panama and the title of the United States thereto upon consummation of the contemplated purchase by the United States from the New Panama Canal Company, shall be absolute, so far as concerns the Republic of Panama, excepting always the rights of the Republic specifically secured under this treaty.

ARTICLE XXIII

If it should become necessary at any time to employ armed forces for the safety or protection of the Canal, or of the ships that make use of the same, or the railways and auxiliary works, the United States shall have the right, at all times and in its discretion, to use its police and its land and naval forces or to establish fortifications for these purposes.

ARTICLE XXIV

No change either in the Government or in the laws and treaties of the Republic of Panama shall, without the consent of the United States, affect any right of the United States under the present convention, or under any treaty stipulation between the two countries that now exists or may hereafter exist touching the subject matter of this convention.

If the Republic of Panama shall hereafter enter as a constituent into any other Government or into any union or confederation of states, so as to merge her sovereignty or independence in such Government, union or confederation, the rights of the United States under this convention shall not be in any respect lessened or impaired.

ARTICLE XXV

For the better performance of the engagements of this convention and to the end of the efficient protection of the Canal and the preservation of its neutrality, the Government of the Republic of Panama

will sell or lease to the United States lands adequate and necessary for naval or coaling stations on the Pacific coast and on the western Caribbean coast of the Republic at certain points to be agreed upon with the President of the United States.

ARTICLE XXVI

This convention when signed by the Plenipotentiaries of the Contracting Parties shall be ratified by the respective Governments and the ratifications shall be exchanged at Washington at the earliest date possible.

In faith whereof the respective Plenipotentiaries have signed the present convention in duplicate and have hereunto affixed their respective seals.

Done at the City of Washington the 18th day of November in the year of our Lord nineteen hundred and three.

JOHN HAY [SEAL]
P. BUNAU VARILLA [SEAL]

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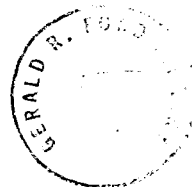
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2. General Treaty of Friendship and Cooperation Between the United States of America and Panama, 1936

Signed at Washington, March 2, 1936; ratification advised by the Senate of the United States, July 25, 1939; ratified by the President of the United States, July 26, 1939; ratified by Panama, July 17, 1939; ratifications exchanged at Washington, July 17, 1939; ratifications exchanged at Washington, July 27, 1939; proclaimed by the President of the United States, July 27, 1939

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS a Treaty between the United States of America and the Republic of Panama to strengthen further the bonds of friendship and cooperation between the two countries and to regulate on a stable and mutually satisfactory basis certain questions which have arisen as a result of the construction of the interoceanic canal across the Isthmus of Panama was concluded and signed by their respective Plenipotentiaries at Washington on the second day of March, one thousand nine hundred and thirty-six, the original of which Treaty, being in the English and Spanish languages, is word for word as follows:

The United States of America and the Republic of Panama, animated by the desire to strengthen further the bonds of friendship and cooperation between the two countries and to regulate on a stable and mutually satisfactory basis certain questions which have arisen as a result of the construction of the interoceanic canal across the Isthmus of Panama, have decided to conclude a treaty, and have designated for this purpose as their Plenipotentiaries:

The President of the United States of America:

Mr. Cordell Hull, Secretary of State of the United States of America, and Mr. Sumner Welles, Assistant Secretary of State of the United States of America; and

The President of the Republic of Panama:

The Honorable Doctor Ricardo J. Alfaro, Envoy Extraordinary and Minister Plenipotentiary of Panama to the United States of America, and The Honorable Doctor Narciso Garay, Envoy Extraordinary and Minister Plenipotentiary of Panama on special mission;

Who, having communicated their respective full powers to each other, which have been found to be in good and due form, have agreed upon the following:

ARTICLE I

Article I of the Convention of November 18, 1903, is hereby superseded.

There shall be a perfect, firm and inviolable peace and sincere friendship between the United States of America and the Republic of Panama and between their citizens.

In view of the official and formal opening of the Panama Canal on July 12, 1920, the United States of America and the Republic of Panama declare that the provisions of the Convention of November 18, 1903, contemplate the use, occupation and control by the United States of America of the Canal Zone and of the additional lands and waters under the jurisdiction of the United States of America for the purposes of the efficient maintenance, operation, sanitation and protection of the Canal and of its auxiliary works.

The United States of America will continue the maintenance of the Panama Canal for the encouragement and use of interoceanic commerce, and the two Governments declare their willingness to cooperate, as far as it is feasible for them to do so, for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford the two nations that made possible its construction as well as all nations interested in world trade.

ARTICLE II

The United States of America declares that the Republic of Panama has loyally and satisfactorily complied with the obligations which it entered into under Article II of the Convention of November 18, 1903, by which it granted in perpetuity to the United States the use, occupation and control of the zone of land and land under water as described in the said Article, of the islands within the limits of said zone, of the group of small islands in the Bay of Panama, named Perico, Naos, Culebra and Flamenco, and of any other lands and waters outside of said zone necessary and convenient for the construction, maintenance, operation, sanitation and protection of the Panama Canal or of any auxiliary canals or other works, and in recognition thereof the United States of America hereby renounces the grant made to it in perpetuity by the Republic of Panama of the use, occupation and control of lands and waters, in addition to those now under the jurisdiction of the United States of America outside of the zone as described in Article II of the aforesaid Convention, which may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the Panama Canal or of any auxiliary canals or other works necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said enterprise.

While both Governments agree that the requirement of further lands and waters for the enlargement of the existing facilities of the Canal appears to be improbable, they nevertheless recognize, subject to the provisions of Articles I and X of this Treaty, their joint obligation to insure the effective and continuous operation of the Canal and the preservation of its neutrality, and consequently, if, in the event of some now unforeseen contingency, the utilization of lands or waters additional to those already employed should be in fact necessary for the maintenance, sanitation or efficient operation of the Canal, or for its effective protection, the Governments of the United States of America and the Republic of Panama will agree upon such measures as it may be necessary to take in order to insure the maintenance, sanitation, efficient operation and effective protection of the Canal, in which the two countries are jointly and vitally interested.

In order to enable the commercial operation of the United States of America

1) The sale to, or purchase of, or production of, by the United States of America, of property included in classes (a) to (f) hereinafter provided, shall be made only within the Canal Zone.

2) No person who is not a citizen of the United States shall be entitled to reside in the Canal Zone.

(a) Officers, employees and workmen of the United States Panama Railroad Company residing with them;

(b) Members of the families of officers, employees and workmen of the United States Panama Railroad Company and members of their families;

(c) Contractors, operators, workmen and laborers of the United States Panama Railroad Company;

(d) Officers, employees and workmen of the United States Panama Canal Company, Section 5 of this Treaty;

(e) Persons engaged in the operation of recreational and scientific expeditions;

(f) Domestic servants, members of the families of officers, employees and workmen of the United States Panama Railroad Company actually residing with them.

3) No dwellings belonging to citizens of the United States of America or to the United States of America shall be located in the Canal Zone shall be located in classes (a) to (f) hereinafter provided.

4) The Government of the United States of America shall cooperate in all projects of the Republic of Panama to prevent the Republic of Panama from operating under the jurisdiction of the United States of America the Canal Zone or purchasing lands or waters from the Government of the United States of America.

5) With the exception of those engaged in the operation, maintenance, sanitation or fuel, the Government of the United States of America shall permit the establishment of enterprises other than those specified in Section 5 of this Treaty.

6) In view of the fact that the Republic of Panamá and of the United States of America will agree upon such measures as it may be necessary to take in order to insure the maintenance, sanitation, efficient operation and effective protection of the Canal, in which the two countries are jointly and vitally interested, and upon the payment of tolls and dues levied from the ports of the Canal Zone.

ARTICLE III

In order to enable the Republic of Panama to take advantage of the commercial opportunities inherent in its geographical situation, the United States of America agrees as follows:

1) The sale to individuals of goods imported into the Canal Zone or purchased, produced or manufactured therein by the Government of the United States of America shall be limited by it to the persons included in classes (a) and (b) of Section 2 of this Article; and with regard to the persons included in classes (c), (d) and (e) of the said Section and members of their families, the sales above mentioned shall be made only when such persons actually reside in the Canal Zone.

2) No person who is not comprised within the following classes shall be entitled to reside within the Canal Zone:

(a) Officers, employees, workmen or laborers in the service or employ of the United States of America, the Panama Canal or the Panama Railroad Company, and members of their families actually residing with them;

(b) Members of the armed forces of the United States of America and members of their families actually residing with them;

(c) Contractors operating in the Canal Zone and their employees, workmen and laborers during the performance of contracts;

(d) Officers, employees or workmen of companies entitled under Section 5 of this Article to conduct operations in the Canal Zone;

(e) Persons engaged in religious, welfare, charitable, educational, recreational and scientific work exclusively in the Canal Zone;

(f) Domestic servants of all the beforementioned persons and members of the families of the persons in classes (c), (d) and (e) actually residing with them.

3) No dwellings belonging to the Government of the United States of America or to the Panama Railroad Company and situated within the Canal Zone shall be rented, leased, or sublet except to persons within classes (a) to (e), inclusive of Section 2 hereinabove.

4) The Government of the United States of America will continue to cooperate in all proper ways with the Government of the Republic of Panama to prevent violations of the immigration and customs laws of the Republic of Panama, including the smuggling into territory under the jurisdiction of the Republic of goods imported into the Canal Zone or purchased, produced or manufactured therein by the Government of the United States of America.

5) With the exception of concerns having a direct relation to the operation, maintenance, sanitation or protection of the Canal, such as those engaged in the operation of cables, shipping, or dealing in oil or fuel, the Government of the United States of America will not permit the establishment in the Canal Zone of private business enterprises other than those existing therein at the time of the signature of this Treaty.

6) In view of the proximity of the port of Balboa to the city of Panamá and of the port of Cristobal to the city of Colón, the United States of America will continue to permit, under suitable regulations and upon the payment of proper charges, vessels entering at or clearing from the ports of the Canal Zone to use and enjoy the dockage

and other facilities of the said ports for the purpose of loading and unloading cargoes and receiving or disembarking passengers to or from the territory under the jurisdiction of the Republic of Panama.

The Republic of Panama will permit vessels entering at or clearing from the ports of Panamá or Colón, in case of emergency and also under suitable regulations and upon the payment of proper charges, to use and enjoy the dockage and other facilities of said ports for the purpose of receiving or disembarking passengers to or from the territory of the Republic of Panama under the jurisdiction of the United States of America, and of loading and unloading cargoes either in transit or destined for the service of the Canal or of works pertaining to the Canal.

7) The Government of the United States of America will extend to private merchants residing in the Republic of Panama full opportunity for making sales to vessels arriving at terminal ports of the Canal or transiting the Canal, subject always to appropriate administrative regulations of the Canal Zone.

ARTICLE IV

The Government of the Republic of Panama shall not impose import duties or taxes of any kind on goods destined for or consigned to the agencies of the Government of the United States of America in the Republic of Panama when the goods are intended for the official use of such agencies, or upon goods destined for or consigned to persons included in classes (a) and (b) in Section 2 of Article III of this Treaty, who reside or sojourn in territory under the jurisdiction of the Republic of Panama during the performance of their service with the United States of America, the Panama Canal or the Panama Railroad Company, when the goods are intended for their own use and benefit.

The United States of America shall not impose import duties or taxes of any kind on goods, wares and merchandise passing from territory under the jurisdiction of the Republic of Panama into the Canal Zone.

No charges of any kind shall be imposed by the authorities of the United States of America upon persons residing in territory under the jurisdiction of the Republic of Panama passing from the said territory into the Canal Zone, and no charges of any kind shall be imposed by the authorities of the Republic of Panama upon persons in the service of the United States of America or residing in the Canal Zone passing from the Canal Zone into territory under the jurisdiction of the Republic of Panama, all other persons passing from the Canal Zone into territory under the jurisdiction of the Republic of Panama being subject to the full effects of the immigration laws of the Republic.

In view of the fact that the Canal Zone divides the territory under the jurisdiction of the Republic of Panama, the United States of America agrees that, subject to such police regulations as circumstances may require, Panamanian citizens who may occasionally be deported from the Canal Zone shall be assured transit through the said Zone, in order to pass from one part to another of the territory under the jurisdiction of the Republic of Panama.

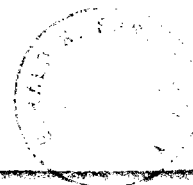
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The Republic of Panama shall permit vessels destined to or from the jurisdiction of the Republic of Panama at Panamá or Colón, in case of emergency and also under suitable regulations and upon the payment of proper charges, to use and enjoy the dockage and other facilities of said ports for the purpose of receiving or disembarking passengers to or from the territory of the Republic of Panama under the jurisdiction of the United States of America, and of loading and unloading cargoes either in transit or destined for the service of the Canal or of works pertaining to the Canal.

The Republic of Panama shall permit vessels entering at or clearing from the ports of Panamá or Colón, in case of emergency and also under suitable regulations and upon the payment of proper charges, to use and enjoy the dockage and other facilities of said ports for the purpose of receiving or disembarking passengers to or from the territory of the Republic of Panama under the jurisdiction of the United States of America, and of loading and unloading cargoes either in transit or destined for the service of the Canal or of works pertaining to the Canal.

The United States of America shall not impose import duties or taxes of any kind on goods, wares and merchandise passing from territory under the jurisdiction of the Republic of Panama into the Canal Zone.

No charges of any kind shall be imposed by the authorities of the United States of America upon persons residing in territory under the jurisdiction of the Republic of Panama passing from the said territory into the Canal Zone, and no charges of any kind shall be imposed by the authorities of the Republic of Panama upon persons in the service of the United States of America or residing in the Canal Zone passing from the Canal Zone into territory under the jurisdiction of the Republic of Panama, all other persons passing from the Canal Zone into territory under the jurisdiction of the Republic of Panama being subject to the full effects of the immigration laws of the Republic.



ARTICLE V

Article IX of the Convention of November 18, 1903, is hereby superseded.

The Republic of Panama has the right to impose upon merchandise destined to be introduced for use or consumption in territory under the jurisdiction of the Republic of Panama, and upon vessels touching at Panamanian ports and upon the officers, crew or passengers of such vessels, the taxes or charges provided by the laws of the Republic of Panama; it being understood that the Republic of Panama will continue directly and exclusively to exercise its jurisdiction over the ports of Panamá and Colón and to operate exclusively with Panamanian personnel such facilities as are or may be established therein by the Republic or by its authority. However, the Republic of Panama shall not impose or collect any charges or taxes upon any vessel using or passing through the Canal which does not touch at a port under Panamanian jurisdiction or upon the officers, crew or passengers of such vessels, unless they enter the Republic; it being also understood that taxes and charges imposed by the Republic of Panama upon vessels using or passing through the Canal which touch at ports under Panamanian jurisdiction, or upon their cargo, officers, crew or passengers, shall not be higher than those imposed upon vessels which touch only at ports under Panamanian jurisdiction and do not transit the Canal, or upon their cargo, officers, crew or passengers.

The Republic of Panama also has the right to determine what persons or classes of persons arriving at ports of the Canal Zone shall be admitted to the Republic of Panama and to determine likewise what persons or classes of persons arriving at such ports shall be excluded from admission to the Republic of Panama.

The United States of America will furnish to the Republic of Panama free of charge the necessary sites for the establishment of customhouses in the ports of the Canal Zone for the collection of duties on importations destined to the Republic and for the examination of merchandise, baggage and passengers consigned to or bound for the Republic of Panama, and for the prevention of contraband trade, it being understood that the collection of duties and the examination of merchandise and passengers by the agents of the Government of the Republic of Panama, in accordance with this provision, shall take place only in the customhouses to be established by the Government of the Republic of Panama as herein provided, and that the Republic of Panama will exercise exclusive jurisdiction within the sites on which the customhouses are located so far as concerns the enforcement of immigration or customs laws of the Republic of Panama, and over all property therein contained and the personnel therein employed.

To further the effective enforcement of the rights hereinbefore recognized, the Government of the United States of America agrees that, for the purpose of obtaining information useful in determining whether persons arriving at ports of the Canal Zone and destined to points within the jurisdiction of the Republic of Panama should be admitted or excluded from admission into the Republic, the immigration officers of the Republic of Panama shall have the right of free access to vessels upon their arrival at the Balboa or Cristobal piers



or wharves with passengers destined for the Republic; and that the appropriate authorities of the Panama Canal will adopt such administrative regulations regarding persons entering ports of the Canal Zone and destined to points within the jurisdiction of the Republic of Panama as will facilitate the exercise by the authorities of Panama of their jurisdiction in the manner provided in Paragraph 4 of this Article for the purposes stated in Paragraph 3 thereof.

ARTICLE VI

The first sentence of Article VII of the Convention of November 18, 1903, is hereby amended so as to omit the following phrase: "or by the exercise of the right of eminent domain".

The third paragraph of article VII of the Convention of November 18, 1903, is hereby abrogated.

ARTICLE VII

Beginning with the annuity payable in 1934 the payments under Article XIV of the Convention of November 18, 1903, between the United States of America and the Republic of Panama, shall be four hundred and thirty thousand Balboas (B/430,000.00) as defined by the agreement embodied in an exchange of notes of this date. The United States of America may discharge its obligation with respect to any such payment, upon payment in any coin or currency, provided the amount so paid is the equivalent of four hundred and thirty thousand Balboas (B/430,000.00) as so defined.

ARTICLE VIII

In order that the city of Colón may enjoy direct means of land communication under Panamanian jurisdiction with other territory under jurisdiction of the Republic of Panama, the United States of America hereby transfers to the Republic of Panama jurisdiction over a corridor, the exact limits of which shall be agreed upon and demarcated by the two Governments pursuant to the following description:

(a) The end at Colón connects with the southern end of the east half of the Paseo del Centenario at Sixteenth Street, Colón; thence the corridor proceeds in a general southerly direction, parallel to and east of Bolivar Highway to the vicinity of the northern edge of Silver City; thence eastward near the shore line of Folks River, around the northeast corner of Silver City; thence in a general southeasterly direction and generally parallel to the Randolph Road to a crossing of said Randolph Road, about 1200 feet east of the East Diversion; thence in a general northeasterly direction to the eastern boundary line of the Canal Zone near the southeastern corner of the Fort Randolph Reservation, southwest of Cativá. The approximate route of the corridor is shown on the map which accompanies this Treaty, signed by the Plenipotentiaries of the two countries and marked "Exhibit A".

(b) The width of the corridor shall be as follows: 25 feet in width from the Colón end to a point east of the southern line of Silver City; thence 100 feet in width to Randolph Road, except that, at any elevated crossing which may be built over Randolph Road and the

railroad, the corridor will be a viaduct and will not encroach on the railroad right of way. The crossing over Randolph Road will be by that highway and the boundary line of the Canal Zone.

The Government of the United States shall acquire any private titles excluded in the above description.

The stream and drainage corridor shall not restrict the flow of the existing streams and shall not be a barrier to navigation.

No other construction, including the construction of electric power, telephone, telegraph, or other lines, which will be conducted along the corridor, relating to the construction, operation, and maintenance of power and communication lines, shall be permitted.

The United States of America shall maintain an unimpeded transit across the corridor along the corridor, subject to the provisions established by the Government of the United States. No such use of the corridor, including the construction, operation, and maintenance of power, telephone, telegraph, or other lines, connecting or intersecting the corridor, shall interfere with the drainage channels, or shall not interfere with the operation of the above.

In order that direct land communication for the benefit of the Republic of Panama be provided under jurisdiction of the United States from the Madden Dam to the City of Colón, the United States of America hereby transfers to the Republic of Panama jurisdiction over the limits of which shall be agreed upon and demarcated by the two Governments pursuant to the following description:

A strip of land 200 feet wide, beginning at the center line of the Madden Road and the center line of the Canal Zone, maintaining an area of 105.8 acres, which accompanies this Treaty and shall be the boundary line between the two countries and mark the limits of the transfer.

Beginning at the intersection of the Madden Road and the Canal Zone boundary line, said point being 100 feet from the center line, 100 feet along said boundary line, the geodetic position of bearing $9^{\circ}07'$ plus $3,948.8$ ft. and distance thence N. $43^{\circ}10'$ E. 06.65 ft.;

railroad, the corridor will be no wider than is necessary to include the viaduct and will not include any part of Randolph Road proper, or of the railroad right of way, and except that, in case of a grade crossing over Randolph Road and the railroad, the corridor will be interrupted by that highway and railroad; thence 200 feet in width to the boundary line of the Canal Zone.

The Government of the United States of America will extinguish any private titles existing or which may exist in and to the land included in the above-described corridor.

The stream and drainage crossing of any highway built in the corridor shall not restrict the water passage to less than the capacity of the existing streams and drainage.

No other construction will take place within the corridor than that relating to the construction of a highway and to the installation of electric power, telephone and telegraph lines; and the only activities which will be conducted within the said corridor will be those pertaining to the construction, maintenance and common uses of a highway and of power and communication lines.

The United States of America shall enjoy at all times the right of unimpeded transit across the said corridor at any point, and of travel along the corridor, subject to such traffic regulations as may be established by the Government of the Republic of Panama; and the Government of the United States of America shall have the right to such use of the corridor as would be involved in the construction of connecting or intersecting highways or railroads, overhead and underground power, telephone, telegraph and pipe lines, and additional drainage channels, on condition that these structures and their use shall not interfere with the purpose of the corridor as provided hereinabove.

ARTICLE IX

In order that direct means of land communication, together with accommodation for the high tension power transmission lines, may be provided under jurisdiction of the United States of America from the Madden Dam to the Canal Zone, the Republic of Panama hereby transfers to the United States of America jurisdiction over a corridor, the limits of which shall be demarcated by the two Governments pursuant to the following descriptions:

A strip of land 200 ft. in width, extending 62.5 ft. from the center line of the Madden Road on its eastern boundary and 137.5 ft. from the center line of the Madden Road on its western boundary, containing an area of 105.8 acres or 42.81 hectares, as shown on the map which accompanies this Treaty, signed by the Plenipotentiaries of the two countries and marked "Exhibit B".

Beginning at the intersection of the located center line of the Madden Road and the Canal Zone-Republic of Panama 5-mile boundary line, said point being located N. 29°20' W. a distance of 168.04 ft. along said boundary line from boundary monument No. 65, the geodetic position of boundary monument No. 65 being latitude N. 9°07' plus 3,948.8 ft. and longitude 79°37' plus 1,174.6 ft.;

thence N. 43°10' E. a distance of 541.1 ft. to station 324 plus 06.65 ft.;

thence on a 3° curve to the left, a distance of 347.2 ft. to station 327 plus 53.9 ft.;
 thence N. 32°45' E. a distance of 656.8 ft. to station 334 plus 10.7 ft.;
 thence on a 3° curve to the left a distance of 455.3 ft. to station 338 plus 66.25 ft.;
 thence N. 19°05' E. a distance of 1,135.70 ft. to station 350 plus 01.95 ft.;
 thence on an 8° curve to the left a distance of 650.7 ft. to station 356 plus 52.7 ft.;
 thence N. 32°58' W. a distance of 636.0 ft. to station 362 plus 88.7 ft.;
 thence on a 10° curve to the right a distance of 227.3 ft. to station 365 plus 16.0 ft.;
 thence N. 10°14' W. a distance of 314.5 ft. to station 368 plus 30.5 ft.;
 thence on a 5° curve to the left a distance of 178.7 ft. to station 370 plus 09.2 ft.;
 thence N. 19°10' W. a distance of 4,250.1 ft. to station 412 plus 59.3 ft.;
 thence on a 5° curve to the right a distance of 720.7 ft. to station 419 plus 80.0 ft.;
 thence N. 16°52' E. a distance of 1,664.3 ft. to station 436 plus 44.3 ft.;
 thence on a 5° curve to the left a distance of 597.7 ft. to station 442 plus 42.0 ft.;
 thence N. 13°01' W. a distance of 543.8 ft. to station 447 plus 85.8 ft.;
 thence on a 5° curve to the right a distance of 770.7 ft. to station 455 plus 56.5 ft.;
 thence N. 25°31' E. a distance of 1,492.2 ft. to station 470 plus 48.7 ft.;
 thence on a 5° curve to the right a distance of 808.0 ft. to station 478 plus 56.7 ft.;
 thence N. 65°55' E. a distance of 281.8 ft. to station 481 plus 38.5 ft.;
 thence on an 8° curve to the left a distance of 446.4 ft. to station 485 plus 84.9 ft.;
 thence N. 30°12' E. a distance of 479.6 ft. to station 490 plus 64.5 ft.;
 thence on a 5° curve to the left a distance of 329.4 ft. to station 493 plus 93.9 ft.;
 thence N. 13°44' E. a distance of 1,639.9 ft. to station 510 plus 33.8 ft.;
 thence on a 5° curve to the left a distance of 832.3 ft. to station 518 plus 66.1 ft.;
 thence N. 27°53' W. a distance of 483.9 ft. to station 523 plus 50.0 ft.;
 thence on an 8° curve to the right a distance of 469.6 ft. to station 528 plus 19.6 ft.;
 thence N. 9°41' E. a distance of 1,697.6 ft. to station 545 plus 17.2 ft.;

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thence on a 10° curve to the left a distance of 451.7 ft. to station 549 plus 68.9 ft., which is the point marked Point Z on the above-mentioned map known as "Exhibit B".

(All bearings are true bearings.)

The Government of the Republic of Panama will extinguish any private titles existing or which may exist in and to the land included in the above-described corridor.

The stream and drainage crossings of any highway built in the corridor shall not restrict the water passage to less than the capacity of the existing streams and drainage.

No other construction will take place within the corridor than that relating to the construction of a highway and to the installation of electric power, telephone and telegraph lines; and the only activities which will be conducted within the said corridor will be those pertaining to the construction, maintenance and common uses of a highway, and of power and communication lines, and auxiliary works thereof.

The Republic of Panama shall enjoy at all times the right of unimpeded transit across the said corridor at any point, and of travel along the corridor, subject to such traffic regulations as may be established by the authorities of the Panama Canal; and the Government of the Republic of Panama shall have the right to such use of the corridor as would be involved in the construction of connecting or intersecting highways or railroads, overhead and underground power, telephone, telegraph and pipe lines, and additional drainage channels, on condition that these structures and their use shall not interfere with the purpose of the corridor as provided hereinabove.

ARTICLE X

In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments.

ARTICLE XI

The provisions of this Treaty shall not affect the right and obligations of either of the two High Contracting Parties under the treaties now in force between the two countries, nor be considered as a limitation, definition, restriction or restrictive interpretation of such rights and obligations, but without prejudice to the full force and effect of any provisions of this Treaty which constitute addition to, modification or abrogation of, or substitution for the provisions of previous treaties.

ARTICLE XII

The present Treaty shall be ratified in accordance with the constitutional methods of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place at Washington.

IN WITNESS WHEREOF, the Plenipotentiaries have signed this Treaty in duplicate, in the English and Spanish languages, both texts being authentic, and have hereunto affixed their seals.

DONE at the city of Washington the second day of March, 1936.

CORDELL HULL	[SEAL]
SUMNER WELLES	[SEAL]
R. J. ALFARO	[SEAL]
NARCISO GARAY	[SEAL]

AND WHEREAS the said Treaty has been duly ratified on both parts, and the ratifications of the two Governments were exchanged in the city of Washington on the twenty-seventh day of July one thousand nine hundred and thirty-nine;

Now, THEREFORE, be it known that I, Franklin D. Roosevelt, President of the United States of America, have caused the said Treaty to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States of America and the citizens thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington this twenty-seventh day of July in the year of our Lord one thousand nine hundred and [SEAL] thirty-nine and of the Independence of the United States of America the one hundred and sixty-fourth.

FRANKLIN D. ROOSEVELT.

By the President:

CORDELL HULL
Secretary of State.

3. Treaty of 1936

Treaty with memorandum of understanding, January 25, 1935; ratification of the United States of America, July 20, 1936; ratification of the Republic of Panama, August 1, 1936; exchanged at Washington, D. C., August 23, 1935

By the President:

WHEREAS a Treaty of Commerce and Consular Rights was signed at Panama, Canal Zone, Panama, on January 25, 1935, between the United States of America and the Republic of Panama, together with a memorandum of understanding, which was signed at Panama, Canal Zone, Panama, on August 1, 1936, and which are word for word as follows:

WHEREAS the said Treaty and memorandum of understanding are word for word as follows:

TREATY OF COMMERCE AND CONSULAR RIGHTS BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA

The President of the United States of America, in order to demonstrate the friendship between the two countries and to strengthen the relations between their respective peoples, has caused the said Treaty to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States of America and the citizens thereof.

The President of the Republic of Panama, Selden Chaves, Secretary of the Republic of Panama,

The President of the Republic of Panama, Octavio Fábrega,

of Panama, who, having compared the said Treaty with the original found in good and true copies of the original Treaty signed at Panama, Canal Zone, Panama, on January 25, 1935, and which are word for word as follows:

Beginning with the ratifications of the Treaty of Commerce and Consular Rights of the Convention of 1936.

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3. Treaty of Mutual Understanding and Cooperation, 1955

Treaty with memorandum of understandings reached; signed at Panama, January 25, 1955; ratification advised by the Senate of the United States of America, July 29, 1955; ratified by the President of the United States of America, August 17, 1955; ratified by Panama, August 15, 1955; ratifications exchanged at Washington, August 23, 1955; proclaimed by the President of the United States of America, August 26, 1955; entered into force, August 23, 1955

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS a Treaty of Mutual Understanding and Cooperation between the United States of America and the Republic of Panama, together with a related Memorandum of Understandings Reached, was signed at Panamá on January 25, 1955;

WHEREAS the texts of the said Treaty and related Memorandum of Understandings Reached, in the English and Spanish languages, are word for word as follows:

TREATY OF MUTUAL UNDERSTANDING AND COOPERATION BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA

The President of the United States of America and the President of the Republic of Panama, desirous of concluding a treaty further to demonstrate the mutual understanding and cooperation of the two countries and to strengthen the bonds of understanding and friendship between their respective peoples, have appointed for that purpose as their respective Plenipotentiaries:

The President of the United States of America:

Selden Chapin, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Panama,

The President of the Republic of Panama:

Octavio Fábrega, Minister of Foreign Relations of the Republic of Panama,
who, having communicated to one another their respective full powers, found in good and due form, and recognizing that neither the provisions of the Convention signed November 18, 1903, nor the General Treaty signed March 2, 1936, nor the present Treaty may be modified except by mutual consent, agree upon the following articles:

ARTICLE I

Beginning with the first annuity payable after the exchange of ratifications of the present Treaty, the payments under Article XIV of the Convention for the Construction of a Ship Canal between the

United States of America and the Republic of Panama, signed November 18, 1903, as amended by Article VII of the General Treaty of Friendship and Cooperation, signed March 2, 1936, shall be One Million Nine Hundred Thirty Thousand and no/100 Balboas (B/1,930,000) as defined by the agreement embodied in the exchange of notes of March 2, 1936, between the Secretary of State of the United States of America and the Members of the Panamanian Treaty Commission. The United States of America may discharge its obligation with respect to any such payment in any coin or currency, provided the amount so paid is the equivalent of One Million Nine Hundred Thirty Thousand and no/100 Balboas (B/1,930,000) as so defined.

On the date of the first payment under the present Treaty, the provisions of this Article shall supersede the provisions of Article VII of the General Treaty signed March 2, 1936.

Notwithstanding the provisions of this Article, the High Contracting Parties recognize the absence of any obligation on the part of either Party to alter the amount of the annuity.

ARTICLE II

(1) Notwithstanding the provisions of Article X of the Convention signed November 18, 1903, between the United States of America and the Republic of Panama, the United States of America agrees that the Republic of Panama may, subject to the provisions of paragraphs (2) and (3) of this Article, impose taxes upon the income (including income from sources within the Canal Zone) of all persons who are employed in the service of the Canal, the railroad, or auxiliary works, whether resident within or outside the Canal Zone, except—

- (a) members of the Armed Forces of the United States of America,
- (b) citizens of the United States of America, including those who have dual nationality, and
- (c) other individuals who are not citizens of the Republic of Panama and who reside within the Canal Zone.

(2) It is understood that any tax levied pursuant to paragraph (1) of this Article shall be imposed on a non-discriminatory basis and shall in no case be imposed at a rate higher or more burdensome than that applicable to income of citizens of the Republic of Panama generally.

(3) The Republic of Panama agrees not to impose taxes on pensions, annuities, relief payments, or other similar payments, or payments by way of compensation for injuries or death occurring in connection with, or incident to, service on the Canal, the railroad, or auxiliary works paid to or for the benefit of members of the Armed Forces or citizens of the United States of America or the lawful beneficiaries of such members or citizens who reside in territory under the jurisdiction of the Republic of Panama.

The provisions of this Article shall be operative for the taxable years beginning on or after the first day of January following the year in which the present Treaty enters into force.

Subject to the provisions of Article, the United States shall be granted in perpetuity for the construction and maintenance of communication by means of the Caribbean Sea and the Panama Canal signed November 18, 1903, the date of this Treaty in respect to the finance and operation of the Panama Canal by railroad within the territory of Panama.

Subject to the provisions of Article, the United States shall establish roads across the territory of the United States as a result of the Panama Railroad Company in force of this Treaty, and of roads within the territory of Panama.

In view of the vital importance of the Canal to the inter-oceanic communication of the Republic of Panama, the Republic of Panama shall be financed, constructed, operated, and maintained by a third country or High Contracting Party, the finance or operation of which shall be subject to the provisions of this Treaty.

The High Contracting Parties shall be contemplated by this Treaty and operation of the Panama Canal in territory subject to the jurisdiction of the United States of America.

The second paragraph of Article VII of the Convention signed November 18, 1903, between the United States of America and Colón, shall be in force of this Treaty.

The United States of America shall be free of any legislation by the Republic of Panama free of any improvements in the Panama Canal when and as needed for the operation of the Panama Canal.

ARTICLE III

Subject to the provisions of the succeeding paragraphs of this Article, the United States of America agrees that the monopoly granted in perpetuity by the Republic of Panama to the United States for the construction, maintenance and operation of any system of communication by means of canal or railroad across its territory between the Caribbean Sea and the Pacific Ocean, by Article V of the Convention signed November 18, 1903, shall be abrogated as of the effective date of this Treaty in so far as it pertains to the construction, maintenance and operation of any system of trans-Isthmian communication by railroad within the territory under the jurisdiction of the Republic of Panama.

Subject to the provisions of the succeeding paragraphs of this Article, the United States further agrees that the exclusive right to establish roads across the Isthmus of Panama acquired by the United States as a result of a concessionary contract granted to the Panama Railroad Company shall be abrogated as of the date of the entry into force of this Treaty, in so far as the right pertains to the establishment of roads within the territory under the jurisdiction of the Republic of Panama.

In view of the vital interest of both countries in the effective protection of the Canal, the High Contracting Parties further agrees that such abrogation is subject to the understanding that no system of inter-oceanic communication within the territory under the jurisdiction of the Republic of Panama by means of railroad or highway may be financed, constructed, maintained, or operated directly or indirectly by a third country or nationals thereof, unless in the opinion of both High Contracting Parties such financing, construction, maintenance, or operation would not affect the security of the Canal.

The High Contracting Parties also agree that such abrogation as is contemplated by this Article shall in no wise affect the maintenance and operation of the present Panama Railroad in the Canal Zone and in territory subject to the jurisdiction of the Republic of Panama.

ARTICLE IV

The second paragraph of Article VII of the Convention signed November 18, 1903, having to do with the issuance of, compliance with, and enforcement of, sanitary ordinances in the Cities of Panamá and Colón, shall be abrogated in its entirety as of the date of entry into force of this Treaty.

ARTICLE V

The United States of America agrees that, subject to the enactment of legislation by the Congress, there shall be conveyed to the Republic of Panama free of cost all the right, title and interest held by the United States of America or its agencies in and to certain lands and improvements in territory under the jurisdiction of the Republic of Panama when and as determined by the United States to be no longer needed for the operation, maintenance, sanitation or protection of

the Panama Canal or of its auxiliary works, or for other authorized purposes of the United States in the Republic of Panama. The lands and improvements referred to in the preceding sentence and the determinations by the United States of America respecting the same, subject to the enactment of legislation by the Congress, are designated and set forth in Item 2 of the Memorandum of Understandings Reached which bears the same date as this Treaty. The United States of America also agrees that subject to the enactment of legislation by the Congress, there shall be conveyed to the Republic of Panama free of cost all its right, title and interest to the land and improvements in the area known as PAITILLA POINT and that effective with such conveyance the United States of America shall relinquish all the rights, power and authority granted to it in such area under the Convention signed November 18, 1903. The Republic of Panama agrees to save the Government of the United States harmless from any and all claims which may arise incident to the conveyance of the area known as PAITILLA POINT to the Republic of Panama.

ARTICLE VI

Article V of the Boundary Convention, signed September 2, 1914, between the United States of America and the Republic of Panama, shall be replaced by the following provisions:

"It is agreed that the permanent boundary line between the City of Colón (including the Harbor of Colón, as defined in Article VI of the Boundary Convention of 1914), and other waters adjacent to the shores of Colón, and the Canal Zone shall be as follows:

Beginning at an unmarked point called "E", located on the northeasterly boundary of the Colón Corridor (at its Colón extremity), the geodetic position of which, referred to the Panamá-Colón datum of the Canal Zone triangulation system, is in latitude $9^{\circ} 21' N.$ plus 0.00 feet (0.000 meters) and longitude $79^{\circ} 54' W.$ plus 356.0 feet (108.536 meters).

Thence from said initial point by metes and bounds:

Due East, 2662.93 feet (811.632 meters), along North latitude $9^{\circ} 21'$ plus 0.00 feet (0.000 meters); to an unmarked point in Folks River, called "F", located at longitude $79^{\circ} 53' W.$ plus 3700.00 feet (1127.762 meters);

N. $36^{\circ} 36' 30'' E.$, 2616.00 feet (797.358 meters), to an unmarked point in Manzanillo Bay, called "G";

N. $22^{\circ} 41' 30'' W.$, 1192.00 feet (363.332 meters), to an unmarked point in Manzanillo Bay, called "H";

N. $56^{\circ} 40' 00'' W.$, 777.00 feet (236.830 meters), to an unmarked point in Manzanillo Bay, called "I";

N. $29^{\circ} 51' 00'' W.$, 2793.00 feet (851.308 meters), to an unmarked point in Manzanillo Bay, called "J";

N. $50^{\circ} 56' 00'' W.$, 3292.00 feet (1003.404 meters), to an unmarked point in Limon Bay, called "K";

S. $56^{\circ} 06' 11'' W.$, 4258.85 feet (1298.100 meters), to an unmarked point in Limon Bay, called "L", which is located on the northerly boundary of the Harbor of Colón.

Thence following the line of Article VI of the Boundary Convention to monument "D", as follows:

N. $78^{\circ} 30' 30'' E.$, 159.96 feet (48.704 meters) to the light house on the shore of Limon Bay, called "M", which is located at right angles from the centerline of the Panama Canal, to monument "D", which is a corner of Limon Bay.

S. $00^{\circ} 14' 50'' E.$, 330 meters (1082.68 feet) to monument "D", which is a corner of Limon Bay.

S. $78^{\circ} 30' 30'' E.$, 159.96 feet (48.704 meters) to monument "D", which is a corner of Limon Bay.

Thence following the line of Article VI of the Boundary Convention to monument "D", as described in the Convention signed September 2, 1914:

S. $78^{\circ} 30' 30'' E.$, 159.96 feet (48.704 meters) to monument "D", which is a corner of Limon Bay, being 159.96 feet (48.704 meters) from the centerline of the Panama Canal;

N. $74^{\circ} 17' 35'' E.$, 91.02 feet (27.743 meters) to the centerline of Elevations 24 and 23, which are marked points of Bolivar Avenue, to monument "B", which is a boundary point of Bolivar Avenue, 91.02 feet (27.743 meters) from beginning of the centerline of Bolivar Avenue;

S. $15^{\circ} 58' 00'' E.$, 326.77 feet (99.604 meters) to the centerline of Bolivar Avenue and 19, which are marked points of Bolivar Avenue, "B", which is a boundary point of Bolivar Avenue, 326.77 feet (99.604 meters) successively from the point of beginning of the centerline of Bolivar Avenue between the United States of America and the Republic of Panama regarding the Canal Zone;

Thence following the line of Article VI of the Boundary Convention referred to in Article VI of the Boundary Convention to monument "D", as follows:

S. $15^{\circ} 57' 40'' E.$, 413.364 feet (126.012 meters) to the centerline of Bolivar Avenue, to monument "B", which is a boundary point of Bolivar Avenue, 413.364 meters) and 567.712 meters);

Thence following the boundary of the Harbor of Colón, as described in Article VI of the Boundary Convention signed September 2, 1914, to monument "D", as follows:

N. $78^{\circ} 30' 30''$ W., 2104.73 feet (641.523 meters), on a line to the light house on Toro Point, to an unmarked point in Limon Bay, called "M", located 330 meters or 1082.67 feet easterly and at right angles from the centerline of the Panama Canal;

S. $00^{\circ} 14' 50''$ W., 3074.46 feet (937.097 meters), parallel to and 330 meters or 1082.67 feet easterly from the centerline of the Panama Canal, to an unmarked point in Limon Bay, called "N";

S. $78^{\circ} 30' 30''$ E., 3952.97 feet (1204.868 meters), to monument "D", which is a concrete monument, located on the easterly shore of Limon Bay.

Thence following the boundary between the City of Colón and the Canal Zone, as described in Article V of the Boundary Convention signed September 2, 1914, to monument "B" as follows:

S. $78^{\circ} 30' 30''$ E., 258.65 feet (78.837 meters) through monuments Nos. 28 and 27 which are brass plugs in pavement, to monument "D", which is a concrete monument, the distances being 159.96 feet (48.756 meters), 28.26 feet (8.614 meters), and 70.43 feet (21.467 meters), successively, from beginning of the course;

N. $74^{\circ} 17' 35''$ E., 533.60 feet (162.642 meters), along the centerline of Eleventh Street, through monuments Nos. 26, 25, 24 and 23, which are brass plugs in the pavement, to "C", which is an unmarked point beneath the clock pedestal on the centerline of Bolivar Avenue, the distances being 95.16 feet (29.005 meters), 91.02 feet (27.743 meters), 166.71 feet (50.813 meters), 158.66 feet (48.360 meters) and 22.05 feet (6.721 meters), successively, from beginning of the course;

S. $15^{\circ} 58' 00''$ E., 965.59 feet (294.312 meters), along the centerline of Bolivar Avenue, through monuments Nos. 23, 21, 20 and 19, which are brass plugs in the pavement, to monument "B", which is a brass plug, the distances being 14.35 feet (4.374 meters), 143.13 feet (43.626 meters), 238.77 feet (72.777 meters), 326.77 feet (99.600 meters) and 242.57 feet (73.935 meters), successively from beginning of the course. (Monument "B" is the point of beginning referred to in Article I of the Convention between the United States of America and the Republic of Panama regarding the Colón Corridor and certain other Corridors through the Canal Zone, signed at Panama on May 24, 1950.)

Thence following the boundary between the City of Colón and the Canal Zone, to monument "A", as described in Article I of the Corridor Convention referred to in the next-preceding paragraph:

S. $15^{\circ} 57' 40''$ E., 117.10 feet (35.692 meters) along the centerline of Bolivar Avenue to Monument No. A-8, which is a brass plug located at the intersection with the centerline of 14th Street projected westerly, in North latitude $9^{\circ} 21'$ plus 1356.18 feet (413.364 meters) and West longitude $79^{\circ} 54'$ plus 1862.57 feet (567.712 meters);

N. 73° 59' 35" E., 172.12 feet (52.462 meters) along the centerline of 14th Street to Monument No. A-7, which is a brass plug located at the intersection with the line of the west curb of Boundary Street projected northerly in North latitude 9° 21' plus 1403.64 feet (427.830 meters) and West longitude 79° 54' plus 1697.12 feet (517.283 meters);

Southerly along the westerly curb of Boundary Street and its prolongation to Monument No. A-4, which is a brass plug located at the intersection of two curves, in North latitude 9° 21' plus 833.47 feet (254.042 meters) and West longitude 79° 54' plus 980.94 feet (298.991 meters) (this last mentioned course passes through a curve to the left with a radius of 40.8 feet (12.436 meters) and the intersection of its tangents at point A-6 in North latitude 9° 21' plus 1306.23 feet (398.140 meters) and West longitude 79° 54' plus 1669.37 feet (508.825 meters), and a curve to the right with a radius of 1522 feet (436.907 meters) with the point of intersection of its tangents at point A-5 in North latitude 9° 21' plus 958.14 feet (292.042 meters) and West longitude 79° 54' plus 1105.89 feet (337.076 meters));

Through a curve to the left with a radius of 262.2 feet (79.919 meters) and the intersection of its tangents at point A-3 in North latitude 9° 21' plus 769.07 feet (234.413 meters) and West longitude 79° 54' plus 955.43 feet (291.216 meters); a curve to the right with a radius of 320.0 feet (97.536 meters) and the intersection of its tangents at point A-2 in North latitude 9° 21' plus 673.38 feet (205.247 meters) and West longitude 79° 54' plus 836.40 feet (254.935 meters); and a curve to the left with a radius of 2571.5 feet (783.795 meters) and the intersection of its tangents at point A-1 in North latitude 9° 21' plus 302.15 feet (92.096 meters) and West longitude 79° 54' plus 680.96 feet (207.557 meters) to Monument No. "A", which is a 1½ inch brass plug located in the old sea wall, in North latitude 9° 21' plus 45.60 feet (13.899 meters) and West longitude 79° 54' plus 487.65 feet (148.636 meters);

S. 21° 34' 50" W., 29.19 feet (8.897 meters), to an unmarked point called #1;

Southeasterly, 23.26 feet (7.090 meters), along a curve to the left with a radius of 2596.48 feet (791.409 meters) (the chord of which bears S. 37° 28' 20" E., 23.26 feet (7.090 meters) to an unmarked point called #2, located on the southwesterly boundary of the Colón Corridor at North latitude 9° 21' plus 0.00 feet (0.000 meters).

The directions of the lines refer to the true meridian.

The above-described boundary is as shown on Panama Canal Company drawing No. 6117-22, entitled "Boundary Line Between the City of Colón and the Canal Zone", scale 1 inch to 600 feet, dated December 23, 1954, prepared for the Canal Zone Government, attached as an annex hereto and forming a part hereof.

Article VIII of the General Treaty signed March 2, 1936, as amended by Article III of the Convention between the United States of America and the Republic of Panama regarding the Colón Corridor and certain other corridors through the Canal Zone, signed May 24, 1950, is hereby modified by removing from the Colón, or westerly,

end of the Colón latitude 9° 21' and the City of Colón.

This Article shall be null and void from the date of its withdrawal by the Government of Colón known as the Canal Zone Area, with the exception of the instruments referred to in this Article.

The second paragraph of the General Treaty signed September 7, 1914, between the Republic of Panama and the United States of America, from the date of entry into force of the present Treaty, shall be null and void.

The landing of goods at Manzanillo Island, Panama, from the second paragraph of the General Treaty signed September 7, 1914, between the Republic of Panama and the United States of America, shall be null and void from the date of the entry into force of the present Treaty.

(a) The Republic of Panama shall be permitted to carry out maneuvers of arms and military equipment (Nos. SGN-7 and SGN-8) and accompanying personnel of the Republic of Panama, and to permit the United States to carry out maneuvers of arms and military equipment, for a period of five years from the date of the entry into force of the present Treaty, subject to the agreement by the United States to grant access to, and the utilization of, the Canal Zone by the Republic of Panama, or by the Republic of Panama and the United States of America.

(b) The United States shall exempt from all taxes and duties the families actually residing in the Canal Zone, who, in an official capacity, are members of the Armed Forces of the United States, actually residing in the Canal Zone, from all taxes and duties on subdivisions.

(c) Prior to the date of the entry into force of the present Treaty and within a period of five years from the date of the entry into force of the present Treaty, the right to dispose of, and to install, installations, structures or other improvements, constructed or to be constructed on behalf of the United States, shall be null and void from the date of the entry into force of the present Treaty.

end of the Colón Corridor the portion thereof lying north of North latitude $9^{\circ} 21'$ and incorporating such portion within the boundary of the City of Colón as described above.

This Article shall become effective upon completion of the withdrawal by the United States of America from the sections of the city of Colón known as New Cristobal, Colón Beach and the de Lesseps Area, with the exception of the lots retained for consulate purposes, except that it shall in no case become effective prior to the exchange of the instruments of ratification of this Treaty and the exchange of instruments of ratification of the Convention signed May 24, 1950, referred to in the preceding paragraph.

ARTICLE VII

The second paragraph of Article VII of the Boundary Convention signed September 2, 1914, between the United States of America and the Republic of Panama, shall be abrogated in its entirety as of the date of entry into force of the present Treaty.

The landing pier situated in the small cove on the southerly side of Manzanillo Island, constructed pursuant to provisions contained in the second paragraph of Article VII of the Boundary Convention of 1914 between the two countries, shall become the property of the Government of the Republic of Panama as of the date of entry into force of the present Treaty.

ARTICLE VIII

(a) The Republic of Panama will reserve exclusively for the purpose of maneuvers and military training the area described in the maps (Nos. SGN-7-54 and SGN-8-54, each dated November 17, 1954) and accompanying descriptions prepared by the Comisión Catastral of the Republic of Panama, attached as the Annex hereto, and will permit the United States of America, without cost and free of all encumbrances, exclusively to utilize said area for the indicated purpose for a period of fifteen (15) years, subject to extension thereafter as agreed by the two Governments. This authorization includes the free access to, egress from, and movements within and over, said area. This utilization will not affect the sovereignty of the Republic of Panama, or the operation of the Constitution and the laws of the Republic over the mentioned area.

(b) The United States Armed Forces, the members thereof and their families actually residing with them, and United States nationals who, in an official capacity, are serving with or accompanying the Armed Forces of the United States and members of their families actually residing with them will be exempted within the said area from all taxation by the Republic of Panama or any of its political subdivisions.

(c) Prior to the expiration of the period envisaged in this Article and within a reasonable time thereafter the United States shall have the right to remove from this training and maneuver area, or otherwise to dispose of, without limitation or restriction all structures, installations, facilities, equipment and supplies brought into, or constructed or erected within this training and maneuver area by or on behalf of the United States. The Republic of Panama will not be required to reimburse the United States for any structures, installations,

facilities, equipment and supplies not removed or otherwise disposed of as provided herein.

(d) The United States shall be under no obligation to restore this training and maneuver area or the facilities and installations thereon to their original condition upon the termination of this Article, except for the landing strip which will be returned in at least as good condition as that obtaining at the time of coming into effect of this Article.

(e) The provisions of this Article shall in no manner terminate or modify the provisions concerning the holding of military maneuvers in the Republic of Panama established by the Notes ancillary to the General Treaty signed March 2, 1936 other than as provided herein for this training and maneuver area.

ARTICLE IX

The Republic of Panama hereby waives the right under Article XIX of the Convention signed November 18, 1903, to transportation by railway within the Zone, without paying charges of any kind, of persons in the service of the Republic of Panama, or of the police force charged with the preservation of public order outside of the Canal Zone, as well as of their baggage, munitions of war and supplies.

ARTICLE X

The High Contracting Parties agree that, in the event of the discontinuance of the Panama Railroad, and of the construction or completion by the United States of a strategic highway across the Isthmus lying wholly within the Canal Zone intended primarily for serving the operation, maintenance, civil government, sanitation and protection of the Panama Canal and Canal Zone, and notwithstanding anything to the contrary in Article VI of the Convention signed November 18, 1903, the United States of America may in its discretion either prohibit or restrict the use, by busses or trucks not at the time engaged exclusively in the servicing of, or the transportation of supplies to, installations, facilities or residents of the Canal Zone, of that portion of such highway which lies between Mount Hope, Canal Zone and the intersection of such highway with the Canal Zone section of the Trans-Isthmian Highway referred to in the Trans-Isthmian Highway Convention between the United States of America and the Republic of Panama, signed March 2, 1936.

ARTICLE XI

The Republic of Panama agrees, notwithstanding the provisions of Article III of the General Treaty signed March 2, 1936, that the United States of America may extend the privilege of purchasing at post exchanges small items of personal convenience and items necessary for professional use, to military personnel of friendly third countries present in the Zone under auspices of the United States.

ARTICLE XII

The United States of America agrees that, effective December 31, 1956, there will be excluded from the privilege of making purchases in

the commissaries and the privilege of making purchases persons who are not members of the Armed Forces, actually reside in the Canal Zone, or are members of the categories, of persons actually residing in the Canal Zone, notwithstanding that they are citizens of the United States of America. This Article shall not apply to the purchase of small articles of personal convenience or similar articles not mentioned in this Article.

The United States of America agrees that, effective December 31, 1956, and in accordance with the provisions of paragraph of Article IV of the General Treaty signed March 2, 1936, the Government of the Republic of Panama shall be responsible for the and other charges in excess of the normal charges of more than citizens of the United States of America. Section 2 of Article IV of the Convention signed November 18, 1903, shall apply to the jurisdiction under the jurisdiction of the Republic of Panama, the performance of their duties, and the benefits of their agencies, even though they are citizens of the United States of America.

The present Treaty shall be subject to the ratifications of the High Contracting Parties, and shall enter into force on the date of the exchange of ratifications.

MEMORANDUM

In connection with the ratification of the Treaty between the United States of America and the Republic of Panama, the following have resulted in the following under the following:

On the part of the United States of America, the following legislation will be enacted:

1. Legislation with respect to minimum wage practices in the Canal Zone.

(a) The basic minimum wage for any employee in the Canal Zone shall be the same as that for the Republic of Panama.

(b) In the Canal Zone, there shall be no discrimination in the payment of wages, such as that based on race, color, or national origin, of such a nature as to discriminate against a resident of the Canal Zone.

(c) The employees of the United States of America in the Canal Zone shall also be eligible for the same benefits as those provided for the employees of the United States of America in the Canal Zone. Legislation will be enacted to uniformly apply the provisions of this Article.

the commissaries and other sales stores in the Canal Zone as well as the privilege of making importations into the Canal Zone all those persons who are not citizens of the United States of America, except members of the Armed Forces of the United States, and who do not actually reside in the Canal Zone but who are included in the categories, of persons authorized to reside in said Zone; it being understood nevertheless that all personnel of the agencies of the United States of America will be permitted under adequate controls to purchase small articles such as meals, sweets, chewing gum, tobacco and similar articles near the sites of their jobs.

The United States of America further agrees that, effective December 31, 1956, and notwithstanding the provisions of the first paragraph of Article IV of the General Treaty signed March 2, 1936, the Government of the Republic of Panama may impose import duties and other charges upon goods destined or consigned to persons, other than citizens of the United States of America, included in class (a) in Section 2 of Article III of said Treaty, who reside or sojourn in territory under the jurisdiction of the Republic of Panama during the performance of their service with the United States of America or its agencies, even though such goods are intended for their own use and benefit.

ARTICLE XIII

The present Treaty shall be subject to ratification and the instruments of ratification shall be exchanged at Washington. It shall enter into force on the date of the exchange of the instruments of ratification.

MEMORANDUM OF UNDERSTANDINGS REACHED

In connection with the 1953-54 negotiations between representatives of the United States of America and the Republic of Panama, which have resulted in the signature of a Treaty between the two countries, the following understandings have been reached:

On the part of the United States of America:

1. Legislation will be sought which will authorize each agency of the United States Government in the Canal Zone to conform its existing wage practices in the Zone to the following principles:

(a) The basic wage for any given grade level will be the same for any employee eligible for appointment to the position without regard to whether he is a citizen of the United States or of the Republic of Panama.

(b) In the case of an employee who is a citizen of the United States, there may be added to the base pay an increment representing an overseas differential plus an allowance for these elements, such as taxes, which operate to reduce the disposable income of such an employee as compared with an employee who is a resident of the area.

(c) The employee who is a citizen of the United States will also be eligible for greater annual leave benefits and travel allowances because of the necessity for periodic vacations in the United States for recuperation purposes and to maintain contact with the employee's home environment.

Legislation will be sought to make the Civil Service Retirement Act uniformly applicable to citizens of the United States and of the Re-

public of Panama employed by the Government of the United States in the Canal Zone.

The United States will afford equality of opportunity to citizens of Panama for employment in all United States Government positions in the Canal Zone for which they are qualified and in which the employment of United States citizens is not required, in the judgment of the United States, for security reasons.

The agencies of the United States Government will evaluate, classify and title all positions in the Canal Zone without regard to the nationality of the incumbent or proposed incumbent.

Citizens of Panama will be afforded opportunity to participate in such training programs as may be conducted for employees by United States agencies in the Canal Zone.

2. With reference to that part of Article V of the Treaty signed today which deals with the conveyance to the Republic of Panama free of cost of all the right, title and interest held by the United States of America or its agencies in and to certain lands and improvements situated in territory under the jurisdiction of the Republic of Panama, steps will be taken as provided in this Item.

(a) Legislation will be sought to authorize and direct the transfer to the Republic of Panama of all the right, title and interest held by the United States or its agencies in or to the following real property:

1. The J. N. Vialette and Huerta de San Doval tracts in the city of Panamá and the Aspinwall tract on the Island of Taboga.

2. Las Isletas and Santa Catalina Military Reservations on the Island of Taboga. This transfer will include the cable rights-of-way which have a width of 20 feet (6.10 meters) and extend between the Ancon Cove Military Reservation and the Santa Catalina Military Reservation, and between the El Vigia Military Reservation and the Las Isletas Military Reservation.

3. The lot in Colón now reserved for consulate purposes.

4. Certain lands on the westerly shores of the city of Colón described roughly as extending from the southerly boundary of the de Lesseps area (4th Street extended) to the Colón-Canal Zone boundary and bounded on the east by the east wall of the old freight house and, below that structure, by a line 25 feet (7.622 meters) west of the center line of the most westerly railroad track. This transfer will include the certain improvements consisting of the old freight house and Colón Pier Number 3.

(b) Legislation will be sought to authorize and direct the Panama Canal Company to remove its railway terminal operations from the city of Panamá and to transfer to the Republic of Panama free of cost all of the right, title and interest of the Panama Canal Company in and to the lands known as the Panama Railroad Yard, including the improvements thereon and specifically including the railway passenger station. This action will also relieve the Government of the Republic of Panama of its obligation under Point 10 of the General Relations Agreement between the United States of America and the Republic of Panama signed May 18, 1942 to make available without cost to the Government of the United States of America a suitable new site for such terminal facilities.

(c) With re Lesseps, Colón lots in the de consulate pan the gradual w fer to the Rep interest of the Company, in this process and/or its ag in such areas the lands and severability of consideration tions of the ing water an supply, et ce and Sewerage Canal and t

(d) With city of Colón withdrawal drawal from Cristobal, have been Panama fr States and site and st in Colón, ha piers, will be

(e) All t templed b tion, will n outstanding fully prote against an as a result

(f) The ject to leg Paitilla P signed tod VI of said

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(c) With respect to those areas in the city of Colón known as de Lesseps, Colón Beach and New Cristobal (with the exception of two lots in the de Lesseps area which the United States intends to use for consulate purposes), legislation will be sought to authorize and direct the gradual withdrawal from these areas and the conveyance or transfer to the Republic of Panama free of cost of all the right, title and interest of the United States and of its agency, the Panama Canal Company, in and to the lands and improvements thereon. Under this process of gradual withdrawal the United States Government, and/or its agencies, will not be obligated to install any new structure in such areas and, as severable parts of the areas cease to be needed, the lands and improvements would be conveyed or transferred. The severability of parts of the areas depends upon a number of practical considerations including those having to do with the present obligations of the United States, with respect to the subject areas, concerning water and sewerage facilities, street cleaning and paving, water supply, et cetera, as stipulated in the Instrument of Transfer of Water and Sewerage Systems, executed between the Governor of the Panama Canal and the Foreign Minister of Panama on December 28, 1945.

(d) With respect to the railroad passenger station and site in the city of Colón, legislation will be sought to authorize and direct the withdrawal from such site and structure at such time as the withdrawal from the areas known as de Lesseps, Colón Beach and New Cristobal, contemplated by the next preceding subparagraph, shall have been fully completed, and the conveyance to the Republic of Panama free of cost of all the right, title and interest of the United States and of its agency, the Panama Canal Company, in and to such site and structure. However, the railroad tracks and trackage area in Colón, being required for switching purposes serving the Cristobal piers, will be retained for such purposes.

(e) All transfers or conveyances of lands and improvements contemplated by this Item, subject to legislative authorization and direction, will necessarily be made subject to any leases which may be outstanding in the respective areas, and will also contain provisions fully protecting the Government of the United States of America against any claims by lessees for damages or losses which may arise as a result of such transfers or conveyances.

(f) The transfers or conveyances contemplated by this Item, subject to legislative authorization, are in addition to the conveyance of Paitilla Point as specifically covered by Article V of the Treaty signed today, and to the transfer of real property effected by Article VI of said Treaty.

3. Articles, materials, and supplies that are mined, produced or manufactured in the Republic of Panama, when purchased for use in the Canal Zone, will be exempted from the provisions of the Buy American Act.

4. Referring to the exchange of notes dated March 2, 1936, accessory to the General Treaty between the United States of America and the Republic of Panama signed on that date, relative to the sale to ships of goods imported into the Canal Zone by the Government of the United States of America, the United States of America agrees, effective December 31, 1956, and in benefit of Panamanian commerce,

to withdraw wholly from, and thereafter to refrain from, any such sales to ships, provided that nothing in this Item shall apply—

- (a) to sales to ships operated by or for the account of the Government of the United States of America,
- (b) to the sale of fuel or lubricants, or
- (c) to any sale or furnishing of ships stores which is incidental to the performance of ship repair operations by any agency of the Government of the United States of America.

5. Legislative authorization and the necessary appropriations will be sought for the construction of a bridge at Balboa referred to in Point 4 of the General Relations Agreement of 1942.

6. The United States of America agrees, effective December 31, 1956, to withdraw from persons employed by agencies of the Government of the United States of America in the Canal Zone who are not citizens of the United States of America and who do not actually reside in said Zone the privilege of availing themselves of services which are offered within said Zone except those which are essential to health or necessary to permit them to perform their duties.

7. It is and will continue to be the policy of the Panama Canal agencies and of the Armed Forces in the Canal Zone in making purchases of supplies, materials and equipment, so far as permitted under United States legislation, to afford to the economy of the Republic of Panama full opportunity to compete for such business.

8. In general connection with the matter of the importation of items of merchandise for resale in the sales stores in the Canal Zone, (it will be the practice of the agencies concerned to acquire such items either from United States sources or Panamanian sources unless, in certain instances, it is not feasible to do so.

9. With respect to the manufacture and processing of goods for sale to or consumption by individuals, now carried on by the Panama Canal Company, it will be the policy of the United States of America to terminate such activities whenever and for so long as such goods, or particular classes thereof, are determined by the United States of America to be available in the Republic of Panama on a continuing basis, in satisfactory qualities and quantities, and at reasonable prices. The United States of America will give prompt consideration to a request in writing on the part of the Government of Panama concerning the termination of the manufacture or processing of any goods covered in this Item as to which the Government of Panama may consider the criteria specified in this Item to have been met.

10. Prompt consideration will be given to withdrawing from the handling of commercial cargo for transshipment on Canal Zone piers so soon as Panamanian port facilities are in satisfactory operation in Colón.

11. The United States agrees that the term "auxiliary works" as used in the Treaty includes the Armed Forces of the United States of America.

On the part of the Republic of Panama:

1. The Republic of Panama will lease to the United States of America, free of all cost save for the recited consideration of one Balboa, for a period of 99 years, two parcels of land contiguous to

the present United States sketch (Not accompanying description) Republic of Panama

2. The Republic of Panama agrees that the proposed project SGN-6-54, dated 1954, prepared by the United States in front of the United States the Bay of Panama between 37th and 38th park and not de

3. So long as those provisions of the Republic of Panama regarding the importation of goods and the import duty on importation into

4. In connection with the United States of America have free access to the area described in said and maneuvers under the Const

The provisions of the Treaty signed between the United States and the Republic of Panama

the present United States Embassy residence site, as designated on the sketch (No. SGN-9-54, dated November 19, 1954) and accompanying descriptions prepared by the Comisión Catastral of the Republic of Panama, attached hereto.

2. The Republic of Panama assures the United States of America that the property, shown and described on the attached map (No. SGN-6-54, dated October 1954) and the accompanying description prepared by the Comisión Catastral of the Republic of Panama, in front of the United States Embassy office building site and between the Bay of Panama and Avenida Balboa as it may be extended between 37th and 39th Streets, will be preserved permanently as a park and not developed for commercial or residential purposes.

3. So long as the United States of America maintains in effect those provisions of Executive Order No. 6997 of March 25, 1935 governing the importation of alcoholic beverages into the Canal Zone, the Republic of Panama will grant a reduction of 75 percent in the import duty on alcoholic beverages which are sold in Panama for importation into the Canal Zone pursuant to such Executive Order.

4. In connection with the authorization granted to the United States of America in Article VIII of the Treaty, the United States shall have free access to the beach areas contiguous to the maneuver area described in said Article VIII for purposes connected with training and maneuvers, subject to the public use of said beach as provided under the Constitution of Panama.

The provisions of this Memorandum of Understandings Reached shall enter into force upon the exchange of instruments of ratification of the Treaty signed this day by the United States of America and the Republic of Panama.



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1952

STATEMENT OF PRINCIPLES

Joint Statement by the Honorable Henry A. Kissinger, Secretary of State of the United States of America, and His Excellency Juan Antonio Tack, Minister of Foreign Affairs of the Republic of Panama, on February 7, 1974 at Panama.

The United States of America and the Republic of Panama have been engaged in negotiations to conclude an entirely new treaty respecting the Panama Canal, negotiations which were made possible by the Joint Declaration between the two countries of April 3, 1964, agreed to under the auspices of the Permanent Council of the Organization of American States acting provisionally as the Organ of Consultation. The new treaty would abrogate the treaty existing since 1903 and its subsequent amendments, establishing the necessary conditions for a modern relationship between the two countries based on the most profound mutual respect. Since the end of last November, the authorized representatives of the two governments have been holding important conversations which have permitted agreement to be reached on a set of fundamental principles which will serve to guide the negotiations in the effort to conclude a just and equitable treaty eliminating, once and for all, the causes of conflict between the two countries.

The principles to which we have agreed, on behalf of our respective governments, are as follows:

1. The treaty of 1903 and its amendments will be abrogated by the conclusion of an entirely new interoceanic canal treaty.
2. The concept of perpetuity will be eliminated. The new treaty concerning the lock canal shall have a fixed termination date.
3. Termination of United States jurisdiction over Panamanian territory shall take place promptly in accordance with terms specified in the treaty.
4. The Panamanian territory in which the canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, in its capacity as territorial sovereign, shall grant to the United States of America, for the duration of the new interoceanic canal treaty and in accordance with what that treaty states, the right to use the lands, waters and airspace which may be necessary for the operation, maintenance, protection and defense of the canal and the transit of ships.

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

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

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

8. The United States of America and the Republic of Panama, recognizing the important services rendered by the interoceanic Panama Canal to international maritime traffic, and bearing in mind the possibility that the present canal could become inadequate for said traffic, shall agree bilaterally on provisions for new projects which will enlarge canal capacity. Such provisions will be incorporated in the new treaty in accord with the concepts established in principle 2.



THE WHITE HOUSE

WASHINGTON

~~SECRET~~

June 5, 1970

National Security Decision Memorandum 64

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

SUBJECT: Panama Canal

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

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

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NSC 80086	12/30/84
By WHM	NARS, Date 12/19/84

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

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

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

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



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

Richard King

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

SECRET

THE WHITE HOUSE
WASHINGTON

~~SECRET/EXDIS~~

June 24, 1971

National Security Decision Memorandum 115

TO: The Secretary of State
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

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

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

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

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

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

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

Richard Nixon



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

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

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By W HM	RAKS, Date 12/19/84

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:

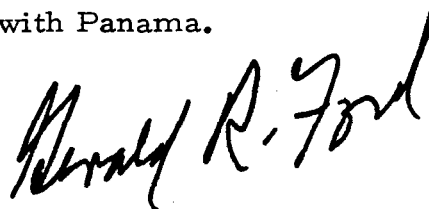
- Cristobal Piers
- Land and Water Areas in Gatun Lake
- Fort Sherman jungle training area south of the 22nd grid
- Coco Solo, Fort Randolph and access to them via Randolph Road
- Portions of the Albrook/Clayton Training Areas

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

State Fallback Position:

Ambassador Anderson should be provided flexibility as regards: (1) the time period for the phase-out of US jurisdiction in the Canal Zone; (2) the specific jurisdictional rights that the US would retain in the phaseout period; and (3) the rights, privileges and immunities that the US would retain for the duration of the treaty after jurisdiction is phased out. The United States position on these matters should be the maximum that Ambassador Anderson can successfully negotiate with the Government of Panama consistent with an orderly transfer of jurisdiction to Panama, and Congressional acceptance.

B

Approve _____ Disapprove _____

3. CONTROL

(a) The *first* negotiating objective should be continued exclusive US control of canal operations.

(b) The *fallback* US position should be an arrangement whereby the US retains control of canal operations with Panamanian participation in the canal organization.

Approve _____ Disapprove _____

4. DEFENSE

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(b) Other Military Activities

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Approve _____ Disapprove _____

5. AREAS

(a) Retention and Relinquishment of Areas

No specific areas will be advanced by the US as being available. In response to Panama's statement as to what areas it wishes to have, we will be as forthcoming as possible in terms of what we regard as essential for..... operation of the canal, its supporting facilities, and other agreed upon US Government activities.

Approve _____ Disapprove _____

(b) Status of Base/Defense Areas

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Approve _____ Disapprove _____

6. EXPANDED CANAL CAPACITY

a. Third Locks

The US negotiating objective should be to retain the right, without obligation, to add a third lane of locks to the existing canal.

Approve _____ Disapprove _____

b. Sea-level Canal

The *first* US negotiating objective should be to obtain definitive rights, without obligation, to construct, operate, and defend a conventionally excavated sea-level canal on Route 10.

Our *fallback* position should be that, in the event Panama refuses to grant a definitive option for a sea-level canal, we should re-evaluate our position in light of other aspects of the negotiations existing at the time.

Approve _____ Disapprove _____

7. ECONOMIC BENEFITS

There should be substantially increased income for Panama from the canal operations, even though this may involve a significant increase in tolls, and from the opening up of commercial opportunities to Panama in the canal area.

Approve _____ Disapprove _____

C. The Under Secretaries Committee recommends that Congressional consultations be initiated as soon as possible to test support for a treaty along the lines you approve.

Approve _____ Disapprove _____

D. The Under Secretaries Committee recommends that you continue to be closely and periodically informed as to the state of negotiations and Congressional consultations.

Approve _____ Disapprove _____

E. The Under Secretaries Committee recommends that you forward to Ambassador Anderson the proposed reply to his letter of April 12, 1971 (attached).

Approve _____ Disapprove _____

THE WHITE HOUSE

WASHINGTON

~~SECRET/EXDIS~~

September 13, 1971

National Security Decision Memorandum 131

TO: The Secretary of State
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

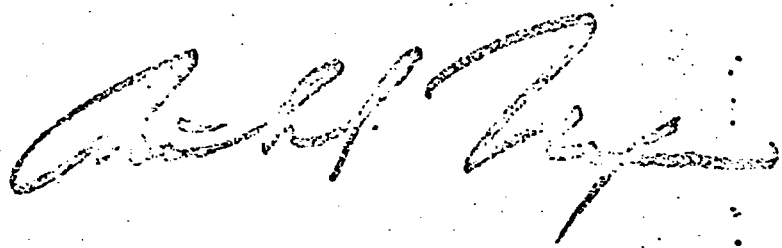
I have reviewed Ambassador Anderson's letter of August 20, 1971, as well as the views of the Departments of State and Defense concerning modification of Ambassador Anderson's negotiating instructions on duration of a new treaty as set forth in NSDM 115. On the basis of that review, I have made the following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

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

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By W/HM	NARS, Date 12/19/84

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

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

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