APPENDIX.— A

B. PANAMA

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

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

ARTICLES

Of Panama.

In Canal Zone.

Rights.

For construction, etc.

Property.

Colón; harbors.

Canal Company and railroad.

Entrance of Canal.

Spates.

Employees.

On into zone.

Station.

Mission.

Panama.

Rules.

Sport.

Revocation of existing treaties.

Debts, concessions, etc.

Revocation of rights under concessionary contracts.

Use of Canal.

Government, laws, etc.

Toll.

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

Plenipotentiaries—

Plenipotentiary Extraordinary and Minister Plenipotentiary of the Panama, thereunto specially empowered by said government, after communicating with each other their respective full powers, to be in good and due form, have agreed upon and the following articles:

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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 an 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 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 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 to 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, employees, or by reason of the construction, maintenance, operation, sanitation and protection of the said Canal or of the works of communication herein provided for, shall be appraised and determined 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 solely by the United States. No part of the work on said Canal or Panama railroad or on any auxiliary works relating thereto 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 within the territory adjacent thereto the right to acquire by purchase or by the exercise of the right of eminent domain, any lands, waters, water rights or other properties necessary and convenient for the construction, maintenance, operation and protection of the said Canal and railroad, and of any works of sanitation, such as the collection and disposal 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 rates and sewerage rates which shall be sufficient to provide for the payment of interest and the amortization of the principal of said works within a period of fifty years and upon the
Hall 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 citizens of Panamá and Colón, except to the extent that water may be necessary for the operation and maintenance of said sewers and water.

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 the Government of Panama is unable or fails in its duty to enforce 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.

Same right and authority are granted to the United States for maintenance of public order in the cities of Panamá and Colón and 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

Republic of Panama grants to the United States all rights which as or hereafter may acquire to the property of the New Panama Company and the Panama Railroad Company as a result of the cession of sovereignty from the Republic of Colombia to the Republic of Panama over the Isthmus of Panamá and authorizes the New Canal Company to sell and transfer to the United States its privileges, properties and concessions as well as the Panama Canal and all the shares or part of the shares of that company; public lands situated outside of the zone described in Article 11 of the treaty now included in the concessions to both said enterprises not required in the construction or operation of the Canal and to the Republic of Panama except any property now or in the possession of said companies within Panamá or the ports or terminals thereof.

ARTICLE IX

United States agrees that the ports at either entrance of the Canal and the waters thereof, and the Republic of Panama agrees that as of Panamá and Colón shall be free for all time so that there shall be imposed or collected custom house tolls, tonnage, anchorage, wharf, pilot, or quarantine dues or any other charges of any kind upon any vessel using or passing through the Canal, or engaged to or employed by the United States, directly or indirectly in connection with the construction, maintenance, operation, or protection of the main Canal, or auxiliary works, or the cargo, officers, crew, or passengers of any such vessels, except tolls and charges as may be imposed by the United States for the Canal and other works, and except tolls and charges imposed by the Republic of Panama upon merchandise destined to be imported for the consumption of the rest of the Republic of Panama, on vessels touching at the ports of Colón and Panamá and which 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 argoes 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 axes, 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.
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
en to seek refuge in said ports. Such vessels shall be exempt from lorage and tonnage dues on the part of the Republic of Panama.

ARTICLE XVIII

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

ARTICLE XIX

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

ARTICLE XX

by virtue of any existing treaty in relation to the territory of the us of Panama, whereof the obligations shall descend or be ned by the Republic of Panama, there may be any privilege or sion in favor the Government or the citizens and subjects third power relative to an interoceanic means of communication in any of its terms may be incompatible with the terms of the ent convention, the Republic of Panama agrees to cancel or mod-uch treaty in due form, for which purpose it shall give to the third power the requisite notification within the term of four hs from the date of the present convention, and in case the exist-reaty contains no clause permitting its modification or annul, the Republic of Panama agrees to procure its modification or lment in such form that there shall not exist any conflict with the ilations of the present convention.

ARTICLE XXI

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

ARTICLE XXII

The Republic of Panama renounces and grants to the United States participation to which it might be entitled in the future earnings
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
Il or lease to the United States lands adequate and necessary for or coaling stations on the Pacific coast and on the western coast of the Republic at certain points to be agreed upon by the President of the United States.

ARTICLE XXVI

The convention when signed by the Plenipotentiaries of the Con- gressional Parties shall be ratified by the respective Governments and ratifications shall be exchanged at Washington at the earliest date possible.

Faith whereof the respective Plenipotentiaries have signed the 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]
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.
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 hereinafore.

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 Panama and of the port of Cristobal to the city of Colon, 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.
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.
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 Cativí. 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 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 bound-
ary 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 in-
cluded 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 pertain-
ing 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 under-
ground 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 herein-
above.

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 pur-
suant 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, con-
taining 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 bound-
ary 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 455.55 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 a 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.;
thence on a 10\(^\circ\) curve to the left a distance of 451.7 ft. to sta-
tion 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
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 un-
impeded transit across the said corridor at any point, and of travel
along the corridor, subject to such traffic regulations as may be estab-
lished 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,
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 Repub-
ic 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 terri-
tory 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 obliga-
tions of either of the two High Contracting Parties under the treaties
now in force between the two countries, nor be considered as a limit-
tation, 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 in Washington.

In witness whereof, the Plenipotentiaries have signed this Treaty 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 cause 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 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.
APPENDIX - C

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, as 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, re 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, ound 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.
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 agree 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 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 northeastern boundary of the Colón Corridor (at its Colón extremity), the geodetic position of which, referred to the Panama-Colón datum of the Canal Zone triangulation system, is in latitude 9° 21' N. plus 0.00 feet (0.00 meters) and longitude 70° 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° 21' plus 0.00 feet (0.000 meters): to an unmarked point in Folks River, called "F", located at longitude 79° 53' W. plus 3700.00 feet (1127.762 meters);

N. 36° 36' 30" E., 2616.00 feet (797.358 meters), to an unmarked point in Manzanillo Bay, called "G";

N. 22° 41' 30" W., 1192.00 feet (363.332 meters), to an unmarked point in Manzanillo Bay, called "H";

N. 56° 40' 00" W., 777.00 feet (236.830 meters), to an unmarked point in Manzanillo Bay, called "I";

N. 29° 51' 00" W., 2793.00 feet (851.308 meters), to an unmarked point in Manzanillo Bay, called "J";

N. 50° 56' 00" W., 3292.00 feet (1003.404 meters), to an unmarked point in Limon Bay, called "K";

S. 56° 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 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° 30' 30'" W., 2104.73 feet (641.523 meters), on a line to the light house on 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° 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° 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° 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° 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° 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 (99.035 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° 57' 40" E., 117.10 feet (35.602 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° 21' plus 1356.18 feet (413.364 meters) and West longitude 79° 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 westerly 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 (254.012 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 1669.87 feet (508.825 meters), and a curve to the right with a radius of 1522 feet (463.907 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 (337.976 meters));

Through a curve to the left with a radius of 262.2 feet (79.319 meters) and the intersection of its tangents at point A-3 in North latitude 9° 21' plus 769.07 feet (234.113 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 (205.217 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° 51' plus 680.96 feet (207.557 meters) to Monument No. "A", which is a 1/2 inch brass plug located in the old sea wall, in North latitude 9° 21' plus 43.60 feet (13.299 meters) and West longitude 79° 51' plus 487.65 feet (148.636 meters);

S. 21° 31' 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 Corridor the portion thereof lying north of North latitude 9° 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 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 cate-
gories, of persons authorized to reside in said Zone; it being under-
stood nevertheless that all personnel of the agencies of the United
States of America will be permitted under adequate controls to pur-
chase 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 Decem-
ber 31, 1956, and notwithstanding the provisions of the first para-
graph 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 terri-
tory under the jurisdiction of the Republic of Panama during the per-
formance 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 instru-
ments of ratification shall be exchanged at Washington. It shall enter
into force on the date of the exchange of the instruments of ratifica-
tion.

**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 exist-
ing 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 repre-
senting an overseas differential plus an allowance for those ele-
ments, such as taxes, which operate to reduce the disposable in-
come 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 allow-
ga es 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 respect to those areas in the city of Colón known as de Lesseps, Colón Beach and New Cristobal (with the exception of two in the de Lesseps area which the United States intends to use for salute purposes), legislation will be sought to authorize and direct 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 a process of gradual withdrawal the United States Government, 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, lands and improvements would be conveyed or transferred. The separability 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, etc., 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 Area, 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 standing in the respective areas, and will also contain provisions 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 Itilla Point as specifically covered by Article V of the Treaty signed today, and to the transfer of real property effected by Article V 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 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.
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 Article 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 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
a present United States Embassy residence site, as designated on a 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 (1) the property, shown and described on the attached map (No. IN-6-54, dated October 1954) and the accompanying description prepared by the Comisión Catastral of the Republic of Panama, in part of the United States Embassy office building site and between a 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 the 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 port duty on alcoholic beverages which are sold in Panama for portation 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 for under the Constitution of Panama.

The provisions of this Memorandum of Understandings Reached shall enter into force upon the exchange of instruments of ratification the Treaty signed this day by the United States of America and the Republic of Panama.
Letter to 
President Carter
from Admirals
Robert B. Carney
Arleigh A. Burke
George W. Anderson
and Thomas H. Moorer
June 8, 1977

Dear Mr. President:

As former Chiefs of Naval Operations, fleet commanders and Naval Advisers to previous Presidents, we believe we have an obligation to you and the nation to offer our combined judgment on the strategic value of the Panama Canal to the United States.

Contrary to what we read about the declining strategic and economic value of the Canal, the truth is that this inter-oceanic waterway is as important, if not more so, to the United States than ever. The Panama Canal enables the United States to transfer its naval forces and commercial units from ocean to ocean as
the need arises. This capability is increasingly important now in view of the reduced size of the U.S. Atlantic and Pacific fleets.

We recognize that the Navy's largest aircraft carriers and some of the world's super-tankers are too wide to transit the Canal as it exists today. The super-tankers represent but a small percentage of the world's commercial fleets. From a strategic viewpoint, the Navy's largest carriers can be wisely positioned as pressures and tensions build in any kind of a short-range, limited situation. Meanwhile, the hundreds of combatants, from submarines to cruisers, can be funneled through the transit as can the vital fleet train needed to sustain the combatants. In the years ahead as carriers become smaller or as the Canal is modernized, this problem will no longer exist.

Our experience has been that as each crisis developed during our active service—World War II, Korea, Vietnam and the Cuban missile crisis—the value of the Canal was forcefully emphasized by emergency transits of our naval units and massive logistic support for the Armed Forces. The Canal provided operational flexibility and rapid mobility. In addition, there are the psychological advantages of this power potential. As Commander-in-Chief, you will find the ownership and sovereign control of the Canal indispensable during periods of tension and conflict.

As long as most of the world's combatant and commercial tonnage can transit through the Canal, it offers inestimable strategic advantages to the United States, giving us maximum strength at minimum cost. Moreover, sovereignty and jurisdiction over the Canal Zone and Canal offer the opportunity to use the waterway or to deny its use to others in wartime. This authority was especially helpful during World War II and also Vietnam. Under the control of a potential adversary, the Panama Canal would become an immediate crucial problem and prove a serious weakness in the over-all U.S. defense capability, with enormous potential consequences for evil.

Mr. President, you have become our leader at a time when the adequacy of our naval capabilities is being seriously challenged. The existing maritime threat to us is compounded by the possibility that the Canal under Panamanian sovereignty could be neutralized or lost, depending on that government's relationship with other nations. We note that the present Panamanian government has close ties with the present Cuban government which in turn is closely tied to the Soviet Union. Loss of the Panama Canal, which would be a serious set-back in war, would
contribute to the encirclement of the U.S. by hostile naval forces, and threaten our ability to survive.

For meeting the current situation, you have the well-known precedent of former distinguished Secretary of State (later Chief Justice) Charles Evans Hughes, who, when faced with a comparable situation in 1923, declared to the Panamanian government that it was an “absolute futility” for it “to expect an American administration, no matter what it was, any President or any Secretary of State, ever to surrender any part of (the) rights which the United States had acquired under the Treaty of 1903” (Ho. Doc. No. 474, 89th Congress, p.154).

We recognize that a certain amount of social unrest is generated by the contrast in living standards between Zonians and Panamanians living nearby. Bilateral programs are recommended to upgrade Panamanian boundary areas. Canal modernization, once U.S. sovereignty is guaranteed, might benefit the entire Panamanian economy, and especially those areas near the U.S. Zone.

The Panama Canal represents a vital portion of our U.S. naval and maritime assets, all of which are absolutely essential for free world security. It is our considered individual and combined judgment that you should instruct our negotiators to retain full sovereign control for the United States over both the Panama Canal and its protective frame, the U.S. Canal Zone as provided in the existing treaty.

Very respectfully,

(signed)

ROBERT B. CARNEY
ARLEIGH A. BURKE
GEORGE W. ANDERSON
THOMAS H. MOORE
President Carter and Panamanian ruler Brig. Gen. Omar Torrijos Herrera signed two controversial treaties Sept. 7 that would give Panama control of the Panama Canal by the year 2000 and would guarantee the canal's permanent neutrality. Representatives from 26 Western Hemisphere nations joined scores of federal officials and other prominent Americans invited by President Carter to demonstrate support for the pacts at brief signing ceremonies in Washington at the Organization of American States (OAS).

Despite this orchestrated unity, opposition to U.S. ratification of the treaties was strong. The question of whether or not the treaties would be approved by the U.S. Senate remained unanswered. [For ratification of a treaty, the Constitution requires that the Senate approve the treaty by a two-thirds majority vote of those senators present.] In a national referendum Oct. 23, Panamanians voted 2-1 in favor of the treaties.

In his remarks at the OAS ceremonies, Carter said the agreements "mark the commitment of the United States to the belief that fairness, not force, should lie at the heart of our dealings with the nations of the world." Moreover, he said, the 1903 canal treaty, because it was "drafted in a world so different from ours today, has become an obstacle to better relations with Latin America."

Details of Treaties

Under the terms of the basic treaty governing the operation and defense of the canal, the United States would have the primary responsibility to
protect and defend the canal for the rest of the century, with Panama guaranteeing American access to its land and waters for the canal's defense. After the United States relinquished control of the canal at the end of 1999, the nation still would have the permanent right to defend the canal indefinitely as specified by the companion treaty guaranteeing the canal's permanent neutrality. In addition, U.S. warships would have the permanent right to move through the canal without restrictions.

On the effective date of the treaties, Panama would assume general territorial jurisdiction over the Canal Zone and the country could use portions of the area not needed for the operation and defense of the canal. The United States would maintain control over all lands, waters and installations necessary to manage, operate and defend the canal until 1999, acting through a new U.S. government agency that would replace the Panama Canal Company. Panamanians would participate increasingly in the canal's operations; until 1990, the canal administrator would be an American and the deputy, Panamanian. Thereafter, the positions would be reversed.

During the treaty's life, Panama would receive from canal revenues 30 cents per ton shipped through the canal, $10-million from annual toll revenues and up to an additional $10-million if canal revenues were high enough. The United States also pledged $200-million in Export-Import Bank credits; $75-million in housing guarantees and $20-million in Overseas Private Investment Corporation guarantees.

Under the basic treaty terms, all U.S. civilians employed in the canal could continue to hold their federal jobs until retirement or could opt for early retirement. Those displaced from their jobs by the terms of the treaty could transfer to other U.S. Civil Service jobs. The treaty recognized the continued right of canal employees to bargain collectively, a key factor in winning AFL-CIO support for the pacts.

Proponents and Opponents

Building the case for approval of the treaties at Senate Foreign Relations Committee hearings, administration leaders stressed that the pacts would win the United States worldwide respect and "help set the tone" of inter-American relations for years to come. If the Senate rejected the treaties, Secretary of State Cyrus R. Vance said, "our relations with Panama would be shattered, our standing in Latin America damaged immeasurably, and the security of the canal itself placed in jeopardy." The practical advantage of the treaties for the United States, Vance explained, was that the canal would be open, neutral, secure and efficiently operated without cost to U.S. taxpayers. And for Panama, according to Vance, there would be economic benefits from toll revenues and, most important, full jurisdiction over its own territory.

Both State Department and Pentagon officials bore down on a major contention of treaty critics that if the United States relinquished control of
mitted a prompt U.S. response to keep the waterway open if a political upheaval in Panama led to an attempt to nationalize the canal.

To clarify the interpretation of the wording, Carter again met with Gen. Torrijos Oct. 14 and they issued a Statement of Understanding saying: the correct interpretation of this principle is that each of the two countries shall, in accordance with their respective constitutional processes, defend the canal against any threat to the regime of neutrality...." But the statement said, "this does not nor shall it be interpreted as a right of intervention of the United States in the internal affairs of Panama." The understanding clarified another disputed article in the neutrality pact—the language giving the U.S. and Panamanian warships the right to "transit the canal expeditiously." In case of need or emergency, the statement said, the two nations' vessels "can go to the head of the line of vessels in order to transit the canal rapidly."

Following are the texts of the Panama Canal treaties signed Sept. 7, 1977, by President Carter and Brig. Gen. Omar Torrijos Herrera at ceremonies in Washington, D.C., at the Organization of American States, and the Statement of Clarification issued Oct. 14 by Carter and Torrijos:

**PANAMA CANAL TREATY**

The United States of America and the Republic of Panama,

Acting in the spirit of the Joint Declaration of April 3, 1964, by the Representatives of the Governments of the United States of America and the Republic of Panama, and of the Joint Statement of Principles of February 7, 1974, initialed by the Secretary of State of the United States of America and the Foreign Minister of the Republic of Panama, and

Acknowledging the Republic of Panama's sovereignty over its territory,

Have decided to terminate the prior Treaties pertaining to the Panama Canal and to conclude a new Treaty to serve as the basis for a new relationship between them and, accordingly, have agreed upon the following:

**ARTICLE I**

Abrogation of Prior Treaties

and Establishment

of a New Relationship

1. Upon its entry into force, this Treaty terminates and supersedes:

(a) The Isthmian Canal Convention between the United States of America and the Republic of Panama, signed at Washington, November 18, 1903;

(c) All other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama, concerning the Panama Canal which were in force prior to the entry into force of this Treaty; and

(d) Provisions concerning the Panama Canal which appear in other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama which were in force prior to the entry into force of this Treaty.

2. In accordance with the terms of this Treaty and related agreements, the Republic of Panama, as territorial sovereign, grants to the United States of America, for the duration of this Treaty, the rights necessary to regulate the transit of ships through the Panama Canal, and to manage, operate, maintain, improve, protect and defend the Canal. The Republic of Panama guarantees to the United States of America the peaceful use of the land and water areas which it has been granted the rights to use for such purposes pursuant to this Treaty and related agreements.

3. The Republic of Panama shall participate increasingly in the management and protection and defense of the Canal, as provided in this Treaty.

4. In view of the special relationship established by this Treaty, the United States of America and the Republic of Panama shall cooperate to assure the uninterrupted and efficient operation of the Panama Canal.

ARTICLE II

Ratification, Entry into
Force, and Termination

1. This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, six calendar months from the date of the exchange of the instruments of ratification.

2. This Treaty shall terminate at noon, Panama time, December 31, 1999.
ARTICLE III

Canal Operation and Management

1. The Republic of Panama, as territorial sovereign, grants to the United States of America the rights to manage, operate, and maintain the Panama Canal, its complementary works, installations and equipment and to provide for the orderly transit of vessels through the Panama Canal. The United States of America accepts the grant of such rights and undertakes to exercise them in accordance with this Treaty and related agreements.

2. In carrying out the foregoing responsibilities, the United States of America may:

   (a) Use for the aforesaid purposes, without cost except as provided in this Treaty, the various installations and areas (including the Panama Canal) and waters, described in the Agreement in Implementation of this Article, signed this date, as well as such other areas and installations as are made available to the United States of America under this Treaty and related agreements, and take the measures necessary to ensure sanitation of such areas;

   (b) Make such improvements and alterations to the aforesaid installations and areas as it deems appropriate, consistent with the terms of this Treaty;

   (c) Make and enforce all rules pertaining to the passage of vessels through the Canal and other rules with respect to navigation and maritime matters, in accordance with this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules;

   (d) Establish, modify, collect and retain tolls for the use of the Panama Canal, and other charges, and establish and modify methods of their assessment;

   (e) Regulate relations with employees of the United States Government;

   (f) Provide supporting services to facilitate the performance of its responsibilities under this Article;

   (g) Issue and enforce regulations for the effective exercise of the rights and responsibilities of the United States of America under this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules; and

   (h) Exercise any other right granted under this Treaty, or otherwise agreed upon between the two Parties.
3. Pursuant to the foregoing grant of rights, the United States of America shall, in accordance with the terms of this Treaty and the provisions of United States law, carry out its responsibilities by means of a United States Government agency called the Panama Canal Commission, which shall be constituted by and in conformity with the laws of the United States of America.

(a) The Panama Canal Commission shall be supervised by a Board composed of nine members, five of whom shall be nationals of the United States of America, and four of whom shall be Panamanian nationals proposed by the Republic of Panama for appointment to such positions by the United States of America in a timely manner.

(b) Should the Republic of Panama request the United States of America to remove a Panamanian national from membership on the Board, the United States of America shall agree to such a request. In that event, the Republic of Panama shall propose another Panamanian national for appointment by the United States of America to such position in a timely manner. In case of removal of a Panamanian member of the Board at the initiative of the United States of America, both Parties will consult in advance in order to reach agreement concerning such removal, and the Republic of Panama shall propose another Panamanian national for appointment by the United States of America in his stead.

(c) The United States of America shall employ a national of the United States of America as Administrator of the Panama Canal Commission, and a Panamanian national as Deputy Administrator, through December 31, 1989. Beginning January 1, 1990, a Panamanian national shall be employed as the Administrator and a national of the United States of America shall occupy the position of Deputy Administrator. Such Panamanian nationals shall be proposed to the United States of America by the Republic of Panama for appointment to such positions by the United States of America.

(d) Should the United States of America remove the Panamanian national from his position as Deputy Administrator, or Administrator, the Republic of Panama shall propose another Panamanian national for appointment to such position by the United States of America.

4. An illustrative description of the activities the Panama Canal Commission will perform in carrying out the responsibilities and rights of the United States of America under this Article is set forth at the Annex. Also set forth in the Annex are procedures for the discontinuance or transfer of those activities performed prior to the entry into force of this Treaty by the Panama Canal Company or the Canal Zone Government which are not to be carried out by the Panama Canal Commission.

5. The Panama Canal Commission shall reimburse the Republic of Panama for the costs incurred by the Republic of Panama in providing the following public services in the Canal operating areas and in housing areas.
HISTORIC DOCUMENTS OF 1977

set forth in the Agreement in Implementation of Article III of this Treaty and occupied by both United States and Panamanian citizen employees of the Panama Canal Commission: police, fire protection, street maintenance, street lighting, street cleaning, traffic management and garbage collection. The Panama Canal Commission shall pay the Republic of Panama the sum of ten million United States dollars ($10,000,000) per annum for the foregoing services. It is agreed that every three years from the date that this Treaty enters into force, the costs involved in furnishing said services shall be reexamined to determine whether adjustment of the annual payment should be made because of inflation and other relevant factors affecting the cost of such services.

6. The Republic of Panama shall be responsible for providing, in all areas comprising the former Canal Zone, services of a general jurisdictional nature such as customs and immigration, postal services, courts and licensing, in accordance with this Treaty and related agreements.

7. The United States of America and the Republic of Panama shall establish a Panama Canal Consultative Committee, composed of an equal number of high-level representatives of the United States of America and the Republic of Panama, and which may appoint such subcommittees as it may deem appropriate. This Committee shall advise the United States of America and the Republic of Panama on matters of policy affecting the Canal's operation. In view of both Parties' special interest in the continuity and efficiency of the Canal operation in the future, the Committee shall advise on matters such as general tolls policy, employment and training policies to increase the participation of Panamanian nationals in the operation of the Canal, and international policies on matters concerning the Canal. The Committee's recommendations shall be transmitted to the two Governments, which shall give such recommendations full consideration in the formulation of such policy decisions.

8. In addition to the participation of Panamanian nationals at high management levels of the Panama Canal Commission, as provided for in paragraph 3 of this Article, there shall be growing participation of Panamanian nationals at all other levels and areas of employment in the aforesaid Commission, with the objective of preparing, in an orderly and efficient fashion, for the assumption by the Republic of Panama of full responsibility for the management, operation and maintenance of the Canal upon the termination of this Treaty.

9. The use of the areas, waters and installations with respect to which the United States of America is granted rights pursuant to this Article, and the rights and legal status of United States Government agencies and employees operating in the Republic of Panama pursuant to this Article, shall be governed by the Agreement in Implementation of this Article, signed this date.

10. Upon entry into force of this Treaty, the United States Government agencies known as the Panama Canal Company and the Canal Zone Government shall cease to operate within the territory of the Republic of Panama that formerly constituted the Canal Zone.

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ARTICLE IV

Protection and Defense

1. The United States of America and the Republic of Panama commit themselves to protect and defend the Panama Canal. Each Party shall act, in accordance with its constitutional processes, to meet the danger resulting from an armed attack or other actions which threaten the security of the Panama Canal or of ships transiting it.

2. For the duration of this Treaty, the United States of America shall have primary responsibility to protect and defend the Canal. The rights of the United States of America to station, train, and move military forces within the Republic of Panama are described in the Agreement in implementation of this Article, signed this date. The use of areas and installations and the legal status of the armed forces of the United States of America in the Republic of Panama shall be governed by the aforesaid Agreement.

3. In order to facilitate the participation and cooperation of the armed forces of both Parties in the protection and defense of the Canal, the United States of America and the Republic of Panama shall establish a Combined Board comprised of an equal number of senior military representatives of each Party. These representatives shall be charged by their respective governments with consulting and cooperating on all matters pertaining to the protection and defense of the Canal, and with planning for actions to be taken in concert for that purpose. Such combined protection and defense arrangements shall not inhibit the identity or lines of authority of the armed forces of the United States of America or the Republic of Panama. The Combined Board shall provide for coordination and cooperation concerning such matters as:

(a) The preparation of contingency plans for the protection and defense of the Canal based upon the cooperative efforts of the armed forces of both Parties;

(b) The planning and conduct of combined military exercises; and

(c) The conduct of United States and Panamanian military operations with respect to the protection and defense of the Canal.

4. The Combined Board shall, at five-year intervals throughout the duration of this Treaty, review the resources being made available by the two Parties for the protection and defense of the Canal. Also, the Combined Board shall make appropriate recommendations to the two Governments respecting projected requirements, the efficient utilization of available resources of the two Parties, and other matters of mutual interest with respect to the protection and defense of the Canal.

5. To the extent possible consistent with its primary responsibility for the protection and defense of the Panama Canal, the United States of America will endeavor to maintain its armed forces in the Republic of Panama in normal times at a level not in excess of that of the armed forces
of the United States of America in the territory of the former Canal Zone immediately prior to the entry into force of this Treaty.

ARTICLE V

Principle of Non-Intervention

Employees of the Panama Canal Commission, their dependents and designated contractors of the Panama Canal Commission, who are nationals of the United States of America, shall respect the laws of the Republic of Panama and shall abstain from any activity incompatible with the spirit of this Treaty. Accordingly, they shall abstain from any political activity in the Republic of Panama as well as from any intervention in the internal affairs of the Republic of Panama. The United States of America shall take all measures within its authority to ensure that the provisions of this Article are fulfilled.

ARTICLE VI

Protection of the Environment

1. The United States of America and the Republic of Panama commit themselves to implement this Treaty in a manner consistent with the protection of the natural environment of the Republic of Panama. To this end, they shall consult and cooperate with each other in all appropriate ways to ensure that they shall give due regard to the protection and conservation of the environment.

2. A Joint Commission on the Environment shall be established with equal representation from the United States of America and the Republic of Panama, which shall periodically review the implementation of this Treaty and shall recommend as appropriate to the two Governments ways to avoid or, should this not be possible, to mitigate the adverse environmental impacts which might result from their respective actions pursuant to the Treaty.

3. The United States of America and the Republic of Panama shall furnish the Joint Commission on the Environment complete information on any action taken in accordance with this Treaty which, in the judgment of both, might have a significant effect on the environment. Such information shall be made available to the Commission as far in advance of the contemplated action as possible to facilitate the study by the Commission of any potential environmental problems and to allow for consideration of the recommendation of the Commission before the contemplated action is carried out.
ARTICLE VII
Flags

1. The entire territory of the Republic of Panama, including the areas the use of which the Republic of Panama makes available to the United States of America pursuant to this Treaty and related agreements, shall be under the flag of the Republic of Panama, and consequently such flag always shall occupy the position of honor.

2. The flag of the United States of America may be displayed, together with the flag of the Republic of Panama, at the headquarters of the Panama Canal Commission, at the site of the Combined Board, and as provided in the Agreement in Implementation of Article IV of this Treaty.

3. The flag of the United States of America also may be displayed at other places and on some occasions, as agreed by both Parties.

ARTICLE VIII
Privileges and Immunities

1. The installations owned or used by the agencies or instrumentalities of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements, and their official archives and documents, shall be inviolable. The two Parties shall agree on procedures to be followed in the conduct of any criminal investigation at such locations by the Republic of Panama.

2. Agencies and instrumentalities of the Government of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements shall be immune from the jurisdiction of the Republic of Panama.

3. In addition to such other privileges and immunities as are afforded to employees of the United States Government and their dependents pursuant to this Treaty, the United States of America may designate up to twenty officials of the Panama Canal Commission who, along with their dependents, shall enjoy the privileges and immunities accorded to diplomatic agents and their dependents under international law and practice. The United States of America shall furnish to the Republic of Panama a list of the names of said officials and their dependents, identifying the positions they occupy in the Government of the United States of America, and shall keep such list current at all times.

ARTICLE IX
Applicable Laws and Law Enforcement

1. In accordance with the provisions of this Treaty and related agreements, the law of the Republic of Panama shall apply in the areas
made available for the use of the United States of America pursuant to this Treaty. The law of the Republic of Panama shall be applied to matters or events which occurred in the former Canal Zone prior to the entry into force of this Treaty only to the extent specifically provided in prior treaties and agreements.

2. Natural or juridical persons who, on the date of entry into force of this Treaty, are engaged in business or non-profit activities at locations in the former Canal Zone may continue such business or activities at those locations under the same terms and conditions prevailing prior to the entry into force of this Treaty for a thirty-month transition period from its entry into force. The Republic of Panama shall maintain the same operating conditions as those applicable to the aforementioned enterprises prior to the entry into force of this Treaty in order that they may receive licenses to do business in the Republic of Panama subject to their compliance with the requirements of its law. Thereafter, such persons shall receive the same treatment under the law of the Republic of Panama as similar enterprises already established in the rest of the territory of the Republic of Panama without discrimination.

3. The rights of ownership, as recognized by the United States of America, enjoyed by natural or juridical private persons in buildings and other improvements to real property located in the former Canal Zone shall be recognized by the Republic of Panama in conformity with its laws.

4. With respect to buildings and other improvements to real property located in the Canal operating areas, housing areas or other areas subject to the licensing procedure established in Article IV of the Agreement in Implementation of Article III of this Treaty, the owners shall be authorized to continue using the land upon which their property is located in accordance with the procedures established in that Article.

5. With respect to buildings and other improvements to real property located in areas of the former Canal Zone to which the aforesaid licensing procedure is not applicable, or may cease to be applicable during the lifetime or upon termination of this Treaty, the owners may continue to use the land upon which their property is located, subject to the payment of a reasonable charge to the Republic of Panama. Should the Republic of Panama decide to sell such land, the owners of the buildings or other improvements located thereon shall be offered a first option to purchase such land at a reasonable cost. In the case of non-profit enterprises, such as churches and fraternal organizations, the cost of purchase will be nominal in accordance with the prevailing practice in the rest of the territory of the Republic of Panama.

6. If any of the aforementioned persons are required by the Republic of Panama to discontinue their activities or vacate their property for public purposes, they shall be compensated at fair market value by the Republic of Panama.

7. The provisions of paragraphs 2-6 above shall apply to natural or juridical persons who have been engaged in business or non-profit ac-
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tivities at locations in the former Canal Zone for at least six months prior to the date of signature of this Treaty.

8. The Republic of Panama shall not issue, adopt or enforce any law, decree, regulation, or international agreement or take any other action which purports to regulate or would otherwise interfere with the exercise on the part of the United States of America of any right granted under this Treaty or related agreements.

9. Vessels transiting the Canal, and cargo, passengers and crews carried on such vessels shall be exempt from any taxes, fees, or other charges by the Republic of Panama. However, in the event such vessels call at a Panamanian port, they may be assessed charges incident thereto, such as charges for services provided to the vessel. The Republic of Panama may also require the passengers and crew disembarking from such vessels to pay such taxes, fees and charges as are established under Panamanian law for persons entering its territory. Such taxes, fees and charges shall be assessed on a non-discriminatory basis.

10. The United States of America and the Republic of Panama will cooperate in taking such steps as may from time to time be necessary to guarantee the security of the Panama Canal Commission, its property, its employees and their dependents, and their property, for Forces of the United States of America and the members thereof, the civilian component of the United States Forces, the dependents of members of the Forces and the civilian component, and their property, and the contractors of the Panama Canal Commission and of the United States Forces, their dependents, and their property. The Republic of Panama will seek from its Legislative Branch such legislation as may be needed to carry out the foregoing purposes and to punish any offenders.

11. The Parties shall conclude an agreement whereby nationals of either State, who are sentenced by the courts of the other State, and who are not domiciled therein, may elect to serve their sentences in their State of nationality.

ARTICLE X

Employment with the Panama Canal Commission

1. In exercising its right and fulfilling its responsibilities as the employer, the United States of America shall establish employment and labor regulations which shall contain the terms, conditions and prerequisites for all categories of employees of the Panama Canal Commission. These regulations shall be provided to the Republic of Panama prior to their entry into force.

2. (a) The regulations shall establish a system of preference when hiring employees, for Panamanian applicants possessing the skills and qualifications required for employment by the Panama Canal Com-
ission. The United States of America shall endeavor to ensure that the number of Panamanian nationals employed by the Panama Canal Commission in relation to the total number of its employees will conform to the proportion established for foreign enterprises under the law of the Republic of Panama.

(b) The terms and conditions of employment to be established will general be no less favorable to persons already employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty, than those in effect immediately prior to that date.

3. (a) The United States of America shall establish an employment policy for the Panama Canal Commission that shall generally limit the recruitment of personnel outside the Republic of Panama to persons possessing requisite skills and qualifications which are not available in the Republic of Panama.

(b) The United States of America will establish training programs for Panamanian employees and apprentices in order to increase the number of Panamanian nationals qualified to assume positions with the Panama Canal Commission, as positions become available.

(c) Within five years from the entry into force of this Treaty, the number of United States nationals employed by the Panama Canal Commission who were previously employed by the Panama Canal Company shall be at least twenty percent less than the total number of United States nationals working for the Panama Canal Company immediately prior to the entry into force of this Treaty.

(d) The United States of America shall periodically inform the Republic of Panama, through the Coordinating Committee, established pursuant to the Agreement in Implementation of Article III of this Treaty, of available positions within the Panama Canal Commission. The Republic of Panama shall similarly provide the United States of America with any information it may have as to the availability of Panamanian nationals claiming to have skills and qualifications that might be required by the Panama Canal Commission, in order that the United States of America may take this information into account.

4. The United States of America will establish qualification standards for skills, training and experience required by the Panama Canal Commission. In establishing such standards, to the extent they include a requirement for a professional license, the United States of America, without prejudice to its right to require additional professional skills and qualifications, shall recognize the professional licenses issued by the Republic of Panama.

5. The United States of America shall establish a policy for the periodic rotation, at a maximum of every five years, of United States citizen employees and other non-Panamanian employees, hired after the entry into force of this Treaty. It is recognized that certain exceptions to the said policy of rotation may be made for sound administrative reasons, such as in the case of employees holding positions requiring certain non-transferable or non-recruitable skills.
6. With regard to wages and fringe benefits, there shall be no discrimination on the basis of nationality, sex, or race. Payments by the Panama Canal Commission of additional remuneration, or the provision of other benefits, such as home leave benefits, to United States nationals employed prior to entry into force of this Treaty, or to persons of any nationality, including Panamanian nationals who are thereafter recruited outside of the Republic of Panama and who change their place of residence, shall not be considered to be discrimination for the purpose of this paragraph.

7. Persons employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty, who are displaced from their employment as a result of the discontinuance by the United States of America of certain activities pursuant to this Treaty, will be placed by the United States of America, to the maximum extent feasible, in other appropriate jobs with the Government of the United States in accordance with United States Civil Service regulations. For such persons who are not United States nationals, placement efforts will be confined to United States Government activities located within the Republic of Panama. Likewise, persons previously employed in activities for which the Republic of Panama assumes responsibility as a result of this Treaty will be continued in their employment to the maximum extent feasible by the Republic of Panama. The Republic of Panama shall, to the maximum extent feasible, ensure that the terms and conditions of employment applicable to personnel employed in the activities for which it assumes responsibility are no less favorable than those in effect immediately prior to the entry into force of this Treaty. Non-United States nationals employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty who are involuntarily separated from their positions because of the discontinuance of an activity by reason of this Treaty, who are not entitled to an immediate annuity under the United States Civil Service Retirement System, and for whom continued employment in the Republic of Panama by the Government of the United States of America is not practicable, will be provided special job placement assistance by the Republic of Panama for employment in positions for which they may be qualified by experience and training.

8. The Parties agree to establish a system whereby the Panama Canal Commission may, if deemed mutually convenient or desirable by the two parties, assign certain employees of the Panama Canal Commission, for a limited period of time, to assist in the operation of activities transferred to the responsibility of the Republic of Panama as a result of this Treaty or related agreements. The salaries and other costs of employment of any such persons assigned to provide such assistance shall be reimbursed to the United States of America by the Republic of Panama.

9. (a) The right of employees to negotiate collective contracts with the Panama Canal Commission is recognized. Labor relations with employees of the Panama Canal Commission shall be conducted in accor-
dance with forms of collective bargaining established by the United States of America after consultation with employee unions.

(b) Employee unions shall have the right to affiliate with international labor organizations.

10. The United States of America will provide an appropriate early optional retirement program for all persons employed by the Panama Canal Company or Canal Zone Government immediately prior to the entry into force of this Treaty. In this regard, taking into account the unique circumstances created by the provisions of this Treaty, including its duration, and their effect upon such employees, the United States of America shall, with respect to them:

(a) determine that conditions exist which invoke applicable United States law permitting early retirement annuities and apply such law for a substantial period of the duration of the Treaty;

(b) seek special legislation to provide more liberal entitlement to, and calculation of, retirement annuities than is currently provided for by law.

ARTICLE XI
Provisions for the Transition Period

1. The Republic of Panama shall reassume plenary jurisdiction over the former Canal Zone upon entry into force of this Treaty and in accordance with its terms. In order to provide for an orderly transition to the full application of the jurisdictional arrangements established by this Treaty and related agreements, the provisions of this Article shall become applicable upon the date this Treaty enters into force, and shall remain in effect for thirty calendar months. The authority granted in this Article to the United States of America for this transition period shall supplement, and is not intended to limit, the full application and effect of the rights and authority granted to the United States of America elsewhere in this Treaty and in related agreements.

2. During this transition period, the criminal and civil laws of the United States of America shall apply concurrently with those of the Republic of Panama in certain of the areas and installations made available for the use of the United States of America pursuant to this Treaty, in accordance with the following provisions:

(a) The Republic of Panama permits the authorities of the United States of America to have the primary right to exercise criminal jurisdiction over United States citizen employees of the Panama Canal Commission and their dependents, and members of the United States Forces and civilian component and their dependents, in the following cases:

(i) for any offense committed during the transition period within such areas and installations, and

(ii) for any offense committed prior to that period in the former Canal Zone.
The Republic of Panama shall have the primary right to exercise jurisdiction over all other offenses committed by such persons, except as otherwise provided in this Treaty and related agreements or as may be otherwise agreed.

(b) Either Party may waive its primary right to exercise jurisdiction in a specific case or category of cases.

3. The United States of America shall retain the right to exercise jurisdiction in criminal cases relating to offenses committed prior to the entry into force of this Treaty in violation of the laws applicable in the former Canal Zone.

4. For the transition period, the United States of America shall retain police authority and maintain a police force in the aforementioned areas and installations. In such areas, the police authorities of the United States of America may take into custody any person not subject to their primary jurisdiction if such person is believed to have committed or to be committing an offense against applicable laws or regulations, and shall promptly transfer custody to the police authorities of the Republic of Panama. The United States of America and the Republic of Panama shall establish joint police patrols in agreed areas. Any arrests conducted by a joint patrol shall be the responsibility of the patrol member or members representing the party having primary jurisdiction over the person or persons arrested.

5. The courts of the United States of America and related personnel, functioning in the former Canal Zone immediately prior to the entry into force of this Treaty, may continue to function during the transition period for the judicial enforcement of the jurisdiction to be exercised by the United States of America in accordance with this Article.

6. In civil cases, the civilian courts of the United States of America in the Republic of Panama shall have no jurisdiction over new cases of a private civil nature, but shall retain full jurisdiction during the transition period to dispose of any civil cases, including admiralty cases, already instituted and pending before the courts prior to the entry into force of this Treaty.

7. The laws, regulations, and administrative authority of the United States of America applicable in the former Canal Zone immediately prior to the entry into force of this Treaty shall, to the extent not inconsistent with this Treaty and related agreements, continue in force for the purpose of the exercise by the United States of America of law enforcement and judicial jurisdiction only during the transition period. The United States of America may amend, repeal or otherwise change such laws, regulations and administrative authority. The two Parties shall consult concerning procedural and substantive matters relative to the implementation of this Article, including the disposition of cases pending at the end of the transition period and, in this respect, may enter into appropriate agreements by an exchange of notes or other instrument.

8. During this transition period, the United States of America may continue to incarcerate individuals in the areas and installations made
available for the use of the United States of America by the Republic of Panama pursuant to this Treaty and related agreements, or to transfer them to penal facilities in the United States of America to serve their sentences.

ARTICLE XII

A Sea-Level Canal or a Third Lane of Locks

1. The United States of America and the Republic of Panama recognize that a sea-level canal may be important for international navigation in the future. Consequently, during the duration of this Treaty, both Parties commit themselves to study jointly the feasibility of a sea-level canal in the Republic of Panama, and in the event they determine that such a waterway is necessary, they shall negotiate terms, agreeable to both Parties, for its construction.

2. The United States of America and the Republic of Panama agree on the following:

(a) No new interoceanic canal shall be constructed in the territory of the Republic of Panama during the duration of this Treaty, except in accordance with the provisions of this Treaty, or as the two Parties may otherwise agree; and

(b) During the duration of this Treaty, the United States of America shall not negotiate with third States for the right to construct an interoceanic canal on any other route in the Western Hemisphere, except as the two Parties may otherwise agree.

3. The Republic of Panama grants to the United States of America the right to add a third lane of locks to the existing Panama Canal. This right may be exercised at any time during the duration of this Treaty, provided that the United States of America has delivered to the Republic of Panama copies of the plans for such construction.

4. In the event the United States of America exercises the right granted in paragraph 3 above, it may use for that purpose, in addition to the areas otherwise made available to the United States of America pursuant to this Treaty, such other areas as the two Parties may agree upon. The terms and conditions applicable to Canal operating areas made available by the Republic of Panama for the use of the United States of America pursuant to Article III of this Treaty shall apply in a similar manner to such additional areas.

5. In the construction of the aforesaid works, the United States of America shall not use nuclear excavation techniques without the previous consent of the Republic of Panama.
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ARTICLE XIII

Property Transfer and Economic Participation by the Republic of Panama

1. Upon termination of this Treaty, the Republic of Panama shall assume total responsibility for the management, operation, and maintenance of the Panama Canal, which shall be turned over in operating condition and free of liens and debts, except as the two Parties may otherwise agree.

2. The United States of America transfers, without charge, to the Republic of Panama all right, title and interest the United States of America may have with respect to all real property, including non-removable improvements thereon, as set forth below:

(a) Upon the entry into force of this Treaty, the Panama Railroad and such property that was located in the former Canal Zone but that is not within the land and water areas the use of which is made available to the United States of America pursuant to this Treaty. However, it is agreed that the transfer on such date shall not include buildings and other facilities, except housing, the use of which is retained by the United States of America pursuant to this Treaty and related agreements, outside such areas;

(b) Such property located in an area or a portion thereof at such time as the use by the United States of America of such area or portion thereof ceases pursuant to agreement between the two Parties.

(c) Housing units made available for occupancy by members of the Armed Forces of the Republic of Panama in accordance with paragraph 5(h) of Annex B to the Agreement in Implementation of Article IV of this Treaty at such time as such units are made available to the Republic of Panama.

(d) Upon termination of this Treaty, all real property, and non-removable improvements that were used by the United States of America for the purposes of this Treaty and related agreements, and equipment related to the management, operation and maintenance of the Canal remaining in the Republic of Panama.

3. The Republic of Panama agrees to hold the United States of America harmless with respect to any claims which may be made by third parties relating to rights, title and interest in such property.

4. The Republic of Panama shall receive, in addition, from the Panama Canal Commission a just and equitable return on the national resources which it has dedicated to the efficient management, operation, maintenance, protection and defense of the Panama Canal, in accordance with the following:

(a) An annual amount to be paid out of Canal operating revenues computed at a rate of thirty hundredths of a United States dollar ($0.30)
per Panama Canal net ton, or its equivalence, for each vessel transiting the Canal, after the entry into force of this Treaty, for which tolls are charged. The rate of thirty hundredths of a United States dollar ($0.30) per Panama Canal net ton, or its equivalency, will be adjusted to reflect changes in the United States wholesale price index for total manufactured goods during biennial periods. The first adjustment shall take place five years after entry into force of this Treaty, taking into account the changes that occurred in such price index during the preceding two years. Thereafter successive adjustments shall take place at the end of each biennial period. If the United States of America should decide that another indexing method is preferable, such method shall be proposed to the Republic of Panama and applied if mutually agreed.

(b) A fixed annuity of ten million United States dollars ($10,000,000) to be paid out of Canal operating revenues. This amount shall constitute a fixed expense of the Panama Canal Commission.

(c) An annual amount of up to ten million United States dollars ($10,000,000) per year, to be paid out of Canal operating revenues to the extent that such revenues exceed expenditures of the Panama Canal Commission including amounts paid pursuant to this Treaty. In the event Canal operating revenues in any year do not produce a surplus sufficient to cover this payment, the unpaid balance shall be paid from operating surpluses in future years in a manner to be mutually agreed.

ARTICLE XIV

Settlement of Disputes

In the event that any question should arise between the Parties concerning the interpretation of this Treaty or related agreements, they shall make every effort to resolve the matter through consultation in the appropriate committees established pursuant to this Treaty and related agreements, or, if appropriate, through diplomatic channels. In the event the Parties are unable to resolve a particular matter through such means, they may, in appropriate cases, agree to submit the matter to reconciliation, mediation, arbitration, or such other procedure for the peaceful settlement of the dispute as they may mutually deem appropriate.

ANNEX

Procedures for the Cessation or Transfer of Activities Carried out by the Panama Canal Company and the Canal Zone Government and Illustrative List of the Functions that may be Performed by the Panama Canal Commission

1. The laws of the Republic of Panama shall regulate the exercise of private economic activities within the areas made available by the
Republic of Panama for the use of the United States of America pursuant to this Treaty. Natural or juridical persons who, at least six months prior to the date of signature of this Treaty, were legally established and engaged in the exercise of economic activities in the former Canal Zone, may continue such activities in accordance with the provisions of paragraphs 2-7 of Article IX of this Treaty.

2. The Panama Canal Commission shall not perform governmental or commercial functions as stipulated in paragraph 4 of this Annex, provided, however, that this shall not be deemed to limit in any way the right of the United States of America to perform those functions that may be necessary for the efficient management, operation and maintenance of the Canal.

3. It is understood that the Panama Canal Commission, in the exercise of the rights of the United States of America with respect to the management, operation and maintenance of the Canal, may perform functions such as are set forth below by way of illustration:

   b. Aids to navigation in Canal waters and in proximity thereto.
   c. Control of vessel movement.
   d. Operation and maintenance of the locks.
   e. Tug service for the transit of vessels and dredging for the piers and docks of the Panama Canal Commission.
   f. Control of the water levels in Gatun, Alajuela (Madden) and Miraflores Lakes.
   g. Non-commercial transportation services in Canal waters.
   h. Meteorological and hydrographic services.
   i. Admeasurement.
   j. Non-commercial motor transport and maintenance.
   k. Industrial security through the use of watchmen.
   l. Procurement and warehousing.
   m. Telecommunications.
   n. Protection of the environment by preventing and controlling the spillage of oil and substances harmful to human or animal life and of the ecological equilibrium in areas used in operation of the Canal and the anchorages.
   o. Non-commercial vessel repair.
   p. Air conditioning services in Canal installations.
   q. Industrial sanitation and health services.
   r. Engineering design, construction and maintenance of Panama Canal Commission installations.
   s. Dredging of the Canal channel, terminal ports and adjacent waters.
   t. Control of the banks and stabilizing of the slopes of the Canal.
   u. Non-commercial handling of cargo on the piers and docks of the Panama Canal Commission.
   v. Maintenance of public areas of the Panama Canal Commission, such as parks and gardens.
   w. Generation of electric power.
x. Purification and supply of water.
y. Marine salvage in Canal waters.
z. Such other functions as may be necessary or appropriate to carry out, in conformity with this Treaty and related agreements, the rights and responsibilities of the United States of America with respect to the management, operation and maintenance of the Panama Canal.

4. The following activities and operations carried out by the Panama Canal Company and the Canal Zone Government shall not be carried out by the Panama Canal Commission, effective upon the dates indicated herein:

(a) Upon the date of entry into force of this Treaty:

(i) Wholesale and retail sales, including those through commissaries, food stores, department stores, optical shops and pastry shops;
(ii) The production of food and drink, including milk products and bakery products;
(iii) The operation of public restaurants and cafeterias and the sale of articles through vending machines;
(iv) The operation of movie theaters, bowling alleys, pool rooms and other recreational and amusement facilities for the use of which a charge is payable;
(v) The operation of laundry and dry cleaning plants other than those operated for official use;
(vi) The repair and service of privately owned automobiles or the sale of petroleum or lubricants, including the operation of gasoline stations, repair garages and tire repair and recapping facilities, and the repair and service of other privately owned property, including appliances, electronic devices, boats, motors, and furniture;
(vii) The operation of cold storage and freezer plants other than those operated for official use;
(viii) The operation of freight houses other than those operated for official use;
(ix) Commercial services to and supply of privately owned and operated vessels, including the construction of vessels, the sale of petroleum and lubricants and the provision of water, tug services not related to the Canal or other United States Government operations, and repair of such vessels, except in situations where repairs may be necessary to remove disabled vessels from the Canal;
(x) Printing services other than for official use;
(xi) Maritime transportation for the use of the general public;
(xii) Health and medical services provided to individuals, including hospitals, leperasiums, veterinary, mortuary and cemetery services;
(xiii) Educational services not for professional training, including schools and libraries;
(xiv) Postal services;
(xv) Immigration, customs and quarantine controls, except those measures necessary to ensure the sanitation of the Canal;
(xvi) Commercial pier and dock services, such as the handling of cargo and passengers; and
(xvii) Any other commercial activity of a similar nature, not related to the management, operation or maintenance of the Canal.

(b) Within thirty calendar months from the date of entry into force of this Treaty, governmental services such as:
(i) Police;
(ii) Courts; and
(iii) Prison system.

5. (a) With respect to those activities or functions described in paragraph 4 above, or otherwise agreed upon by the two Parties, which are to be assumed by the Government of the Republic of Panama or by private persons subject to its authority, the two Parties shall consult prior to the discontinuance of such activities or functions by the Panama Canal Commission to develop appropriate arrangements for the orderly transfer and continued efficient operation or conduct thereof.

(b) In the event that appropriate arrangements cannot be arrived at to ensure the continued performance of a particular activity or function described in paragraph 4 above which is necessary to the efficient management, operation or maintenance of the Canal, the Panama Canal Commission may, to the extent consistent with the other provisions of this Treaty and related agreements, continue to perform such activity or function until such arrangements can be made.

AGREED MINUTE TO THE PANAMA CANAL TREATY

1. With reference to paragraph 1(c) of Article I (Abrogation of Prior Treaties and Establishment of a New Relationship), it is understood that the treaties, conventions, agreements and exchanges of notes, or portions thereof, abrogated and superseded thereby include:

(a) The Agreement delimiting the Canal Zone referred to in Article II of the Interocéan Canal Convention of November 18, 1903, signed at Panama on June 15, 1904.

(b) The Boundary Convention signed at Panama on Sept. 2, 1914.

(c) The Convention regarding the Colon Corridor and certain other corridors through the Canal Zone signed at Panama on May 24, 1950.

(d) The Trans-Isthmian Highway Convention signed at Washington on March 2, 1936, the Agreement supplementing that Convention entered into through an exchange of notes signed at Washington on August 31 and September 6, 1940, and the arrangement between the United States of America and Panama respecting the Trans-Isthmian Joint Highway Board, entered into through an exchange of notes at Panama on October 19 and 23, 1939.

(e) The Highway Convention between the United States and Panama signed at Panama on September 14, 1950.
(f) The Convention regulating the transit of alcoholic liquors through the Canal Zone signed at Panama on March 14, 1932.

(g) The Protocol of an Agreement restricting use of Panama and Canal Zone waters by belligerents signed at Washington on October 10, 1914.

(h) The Agreement providing for the reciprocal recognition of motor vehicle license plates in Panama and the Canal Zone entered into through an exchange of notes at Panama on December 7 and December 12, 1950, and the Agreement establishing procedures for the reciprocal recognition of motor vehicle operator’s licenses in the Canal Zone and Panama entered into through an exchange of notes at Panama on October 31, 1960.

(i) The General Relations Agreement entered into through an exchange of notes at Washington on May 18, 1942.

(j) Any other treaty, convention, agreement or exchange of notes between the United States and the Republic of Panama, or portions thereof, concerning the Panama Canal which was entered into prior to the entry into force of the Panama Canal Treaty.

2. It is further understood that the following treaties, conventions, agreements and exchanges of notes between the two Parties are not affected by paragraph 1 of Article I of the Panama Canal Treaty:

(a) The Agreement confirming the cooperative agreement between the Panamanian Ministry of Agriculture and Livestock and the United States Department of Agriculture for the prevention of foot-and-mouth disease and rinderpest in Panama, entered into by an exchange of notes signed at Panama on June 21 and October 5, 1972, and amended May 28 and June 12, 1974.

(b) The Loan Agreement to assist Panama in executing public marketing programs in basic grains and perishables, with annex, signed at Panama on September 10, 1975.

(c) The Agreement concerning the regulation of commercial aviation in the Republic of Panama, entered into by an exchange of notes signed at Panama on April 22, 1929.


(e) The Agreement relating to the establishment of headquarters in Panama for a civil aviation technical assistance group for the Latin American area, entered into by an exchange of notes signed at Panama on August 8, 1952.

(f) The Agreement relating to the furnishing by the Federal Aviation Agency of certain services and materials for air navigation aids, entered into by an exchange of notes signed at Panama on December 5, 1967, and February 22, 1968.

(g) The Declaration permitting consuls to take note in person, or by authorized representatives, of declarations of values of exports made by shippers before customs officers, entered into by an exchange of notes signed at Washington on April 17, 1913.
(h) The Agreement relating to customs privileges for consular officers, entered into by an exchange of notes signed at Panama on January 7 and 31, 1935.

(i) The Agreement relating to the sale of military equipment, materials, and services to Panama, entered into by an exchange of notes signed at Panama on May 20, 1959.

(j) The Agreement relating to the furnishing of defense articles and services to Panama for the purpose of contributing to its internal security, entered into by an exchange of notes signed at Panama on March 26 and May 23, 1962.

(k) The Agreement relating to the deposit by Panama of ten percent of the value of grant military assistance and excess defense articles furnished by the United States, entered into by an exchange of notes signed at Panama on April 4 and May 9, 1972.

(l) The Agreement concerning payment to the United States of net proceeds from the sale of defense articles furnished under the military assistance program, entered into by an exchange of notes signed at Panama on May 20 and December 6, 1974.

(m) The General Agreement for Technical and Economic Cooperation, signed at Panama on December 11, 1961.

(n) The Loan Agreement relating to the Panama City water supply system, with annex, signed at Panama on May 6, 1969, and amended September 30, 1971.

(o) The Loan Agreement for rural municipal development in Panama, signed at Panama on November 28, 1975.

(p) The Loan Agreement relating to a project for the modernization, restructuring and orientation of Panama's educational programs, signed at Panama on November 19, 1975.

(q) The Treaty providing for the extradition of criminals, signed at Panama on May 25, 1904.


(s) The Agreement for enlargement and use by Canal Zone of sewerage facilities in Colon Free Zone Area, entered into by an exchange of notes signed at Panama on March 8 and 25, 1954.

(t) The Agreement relating to the construction of the inter-American highway, entered into by an exchange of notes signed at Panama on May 15 and June 7, 1943.

(u) The Agreement for cooperation in the construction of the Panama segment of the Darien Gap highway, signed at Washington on May 6, 1971.

(w) The Informal Arrangement, relating to cooperation between the American Embassy, or Consulate, and Panamanian authorities when American merchant seamen or tourists are brought before a magistrate's court, entered into by an exchange of notes signed at Panama on September 18 and October 15, 1947.

(x) The Agreement relating to the mutual recognition of ship measurement certificates, entered into by an exchange of notes signed at Washington on August 17, 1937.

(y) The Agreement relating to the detail of a military officer to serve as adviser to the Minister of Foreign Affairs of Panama, signed at Washington on July 7, 1942, and extended and amended February 17, March 23, September 22 and November 6, 1959, March 26 and July 6, 1962, and September 20 and October 8, 1962.

(z) The Agreement relating to the exchange of official publications, entered into by an exchange of notes signed at Panama on November 27, 1941 and March 7, 1942.


(bb) The Arrangement providing for relief from double income tax on shipping profits, entered into by an exchange of notes signed at Washington on January 15, February 8, and March 28, 1941.

(cc) The Agreement for withholding of Panamanian income tax from compensation paid to Panamanians employed within Canal Zone by the canal, railroad, or auxiliary works, entered into by an exchange of notes signed at Panama on August 12 and 30, 1963.

(dd) The Agreement relating to the withholding of contributions for educational insurance from salaries paid to certain Canal Zone employees, entered into by an exchange of notes signed at Panama on September 8 and October 13, 1972.

(ee) The Agreement for radio communications between amateur stations on behalf of third parties, entered into by an exchange of notes signed at Panama on July 19 and August 1, 1956.

(ff) The Agreement relating to the granting of reciprocal authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, entered into by an exchange of notes signed at Panama on November 16, 1966.

(gg) The Convention facilitating the work of traveling salesmen, signed at Washington on February 8, 1919.

(hh) The Reciprocal Agreement for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on March 27 and May 22 and 25, 1956.
(ii) The Agreement modifying the Agreement of March 27 and May and 25, 1956 for gratis nonimmigrant visas, entered into by an exchange notes signed at Panama on June 14 and 17, 1971.

(jj) Any other treaty, convention, agreement or exchange of notes, portions thereof, which does not concern the Panama Canal and which is force immediately prior to the entry into force of the Panama Canal Treaty.

3. With reference to paragraph 2 of Article X (Employment with the Panama Canal Commission), concerning the endeavor to ensure that the number of Panamanian nationals employed in relation to the total number of employees will conform to the proportion established under Panamanian law for foreign business enterprises, it is recognized that progress in this regard may require an extended period in consonance with the concept of growing and orderly Panamanian participation, through training programs and otherwise, and that progress may be affected from time to time by such actions as the transfer or discontinuance of functions and activities.

4. With reference to paragraph 10(a) of Article X, it is understood that the currently applicable United States law is that contained in Section 8336 of Title 5, United States Code.

5. With reference to paragraph 2 of Article XI (Transitional provisions), the areas and installations in which the jurisdictional arrangements therein described shall apply during the transition period as follows:

(a) The Canal operating areas and housing areas described in Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty.

(b) The Defense Sites and Areas of Military Coordination described in the Agreement in Implementation of Article IV of this Treaty.

(c) The Ports of Balboa and Cristobal described in Annex B of the Agreement in Implementation of Article III of the Panama Canal Treaty.

6. With reference to paragraph 4 of Article XI, the areas in which the police authorities of the Republic of Panama may conduct joint police patrols with the police authorities of the United States of America during the transition period are as follows:

(a) Those portions of the Canal operating areas open to the general public, the housing areas and the Ports of Balboa and Cristobal.

(b) Those areas of military coordination in which joint police patrols are established pursuant to the provisions of the Agreement in Implementation of Article IV of this Treaty, signed this date. The two police authorities shall develop appropriate administrative arrangements for the scheduling and conduct of such joint police patrols.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

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TREATY

CONCERNING THE PERMANENT NEUTRALITY
AND OPERATION OF THE PANAMA CANAL

The United States of America and the Republic of Panama have agreed upon the following:

ARTICLE I

The Republic of Panama declares that the Canal, as an international transit waterway, shall be permanently neutral in accordance with the regime established in this Treaty. The same regime of neutrality shall apply to any other international waterway that may be built either partially or wholly in the territory of the Republic of Panama.

ARTICLE II

The Republic of Panama declares the neutrality of the Canal in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the Canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world. The foregoing shall be subject to the following requirements:

(a) Payment of tolls and other charges for transit and ancillary services, provided they have been fixed in conformity with the provisions of Article III (c);
(b) Compliance with applicable rules and regulations, provided such rules and regulations are applied in conformity with the provisions of Article III;
(c) The requirement that transiting vessels commit no acts of hostility while in the Canal; and
(d) Such other conditions and restrictions as are established by this Treaty.

ARTICLE III

1. For purposes of the security, efficiency and proper maintenance of the Canal the following rules shall apply:
(a) The Canal shall be operated efficiently in accordance with conditions of transit through the Canal, and rules and regulations that shall be
CANAL TREATIES

... equitable and reasonable, and limited to those necessary for safe
igation and efficient, sanitary operation of the Canal;

(b) Ancillary services necessary for transit through the Canal shall
provided;

(c) Tolls and other charges for transit and ancillary services shall be
 reasonable, equitable and consistent with the principles of inter-

tional law;

(d) As a pre-condition of transit, vessels may be required to es-
lish clearly the financial responsibility and guarantees for payment of
solable and adequate indemnification, consistent with international
ctice and standards, for damages resulting from acts or omissions of

h vessels when passing through the Canal. In the case of vessels owned
operated by a State or for which it has acknowledged responsibility, a
ification by that State that it shall observe its obligations under inter-
tional law to pay for damages resulting from the act or omission of such
sels when passing through the Canal shall be deemed sufficient to
lish such financial responsibility;

(e) Vessels of war and auxiliary vessels of all nations shall at allies be entitled to transit the Canal, irrespective of their internal
ration, means of propulsion, origin, destination or armament, without
ng subjected, as a condition of transit, to inspection, search or sur-
ance. However, such vessels may be required to certify that they have
plied with all applicable health, sanitation and quarantine
ulations. In addition, such vessels shall be entitled to refuse to disclose
ir internal operation, origin, armament, cargo or destination. However,
iliary vessels may be required to present written assurances, certified
an official at a high level of the government of the State requesting the
ption, that they are owned or operated by that government and in this
se are being used only on government non-commercial service.

2. For the purposes of this Treaty, the terms “Canal,” “vessel of war,”
uxiliary vessel,” “internal operation,” “armament” and “inspection”
all have the meanings assigned them in Annex A to this Treaty.

ARTICLE IV

The United States of America and the Republic of Panama agree to
tain the regime of neutrality established in this Treaty, which shall be
tain in order that the Canal shall remain permanently neutral,
thwithstanding the termination of any other treaties entered into by the
hting Parties.

ARTICLE V

After the termination of the Panama Canal Treaty, only the Republic
Panama shall operate the Canal and maintain military forces, defense
es and military installations within its national territory.
ARTICLE VI

1. In recognition of the important contributions of the United States of America and of the Republic of Panama to the construction, operation, maintenance, and protection and defense of the Canal, vessels of war and auxiliary vessels of those nations shall, notwithstanding any other provisions of this Treaty, be entitled to transit the Canal irrespective of their internal operation, means of propulsion, origin, destination, armament or cargo carried. Such vessels of war and auxiliary vessels will be entitled to transit the Canal expeditiously.

2. The United States of America, so long as it has responsibility for the operation of the Canal, may continue to provide the Republic of Colombia toll-free transit through the Canal for its troops, vessels and materials of war. Thereafter, the Republic of Panama may provide the Republic of Colombia and the Republic of Costa Rica with the right of toll-free transit.

ARTICLE VII

1. The United States of America and the Republic of Panama shall jointly sponsor a resolution in the Organization of American States opening to accession by all States of the world the Protocol to this Treaty whereby all the signatories will adhere to the objectives of this Treaty, agreeing to respect the regime of neutrality set forth herein.

2. The Organization of American States shall act as the depository for this Treaty and related instruments.

ARTICLE VIII

This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Panama Canal Treaty, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Panama Canal Treaty, six calendar months from the date of the exchange of the instruments of ratification.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

ANNEX A

1. “Canal” includes the existing Panama Canal, the entrances thereto and the territorial seas of the Republic of Panama adjacent thereto, as defined on the map annexed hereto (Annex B), and any other inter-oceanic
waterway in which the United States of America is a participant or in which the United States of America has participated in connection with the construction or financing, that may be operated wholly or partially within the territory of the Republic of Panama, the entrances thereto and the territorial seas adjacent thereto.

2. "Vessel of war" means a ship belonging to the naval forces of a State, and bearing the external marks distinguishing warships of its nationality, under the command of an officer duly commissioned by the government and whose name appears in the Navy List, and manned by a crew which is under regular naval discipline.

3. "Auxiliary vessel" means any ship, not a vessel of war, that is owned or operated by a State and used, for the time being, exclusively on government non-commercial service.

4. "Internal operation" encompasses all machinery and propulsion systems, as well as the management and control of the vessel, including its crew. It does not include the measures necessary to transit vessels under the control of pilots while such vessels are in the Canal.

5. "Armament" means arms, ammunitions, implements of war and other equipment of a vessel which possesses characteristics appropriate for use for warlike purposes.

6. "Inspection" includes on-board examination of vessel structure, cargo, armament and internal operation. It does not include those measures strictly necessary for admeasurement, nor those measures strictly necessary to assure safe, sanitary transit and navigation, including examination of deck and visual navigation equipment, nor in the case of live cargoes, such as cattle or other livestock, that may carry communicable diseases, those measures necessary to assure that health and sanitation requirements are satisfied.

PROTOCOL

TO THE TREATY CONCERNING THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL

Whereas the maintenance of the neutrality of the Panama Canal is important not only to the commerce and security of the United States of America and the Republic of Panama, but to the peace and security of the Western Hemisphere and to the interests of world commerce as well;

Whereas the regime of neutrality which the United States of America and the Republic of Panama have agreed to maintain will ensure permanent access to the Canal by vessels of all nations on the basis of entire equality;

Whereas the said regime of effective neutrality shall constitute the best protection for the Canal and shall ensure the absence of any hostile act against it;
The Contracting Parties to this Protocol have agreed upon the following:

ARTICLE I

The Contracting Parties hereby acknowledge the regime of permanent neutrality for the Canal established in the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal and associate themselves with its objectives.

ARTICLE II

The Contracting Parties agree to observe and respect the regime of permanent neutrality of the Canal in time of war as in time of peace, and to ensure that vessels of their registry strictly observe the applicable rules.

ARTICLE III

This Protocol shall be open to accession by all states of the world, and shall enter into force for each State at the time of deposit of its instrument of accession with the Secretary General of the Organization of American States.

STATEMENT OF UNDERSTANDING

October 14, 1977

Under the treaty concerning the permanent neutrality and operation of the Panama Canal (The Neutrality Treaty), Panama and the United States have the responsibility to assure that the Panama Canal will remain open and secure to ships of all nations. The correct interpretation of this principle is that each of the two countries shall, in accordance with their respective Constitutional processes, defend the Canal against any threat to the regime of neutrality, and consequently shall have the right to act against any aggression or threat directed against the Canal or against the peaceful transit of vessels through the Canal.

This does not mean, nor shall it be interpreted as a right of intervention of the United States in the internal affairs of Panama. Any United States action will be directed at insuring that the Canal will remain open, secure and accessible, and it shall never be directed against the territorial integrity or political independence of Panama.

The Neutrality Treaty provides that the vessels of war and auxiliary vessels of the United States and Panama will be entitled to transit the
Canal expeditiously. This is intended, and it shall be so interpreted, to assure the transit of such vessels through the Canal as quickly as possible, without any impediment, with expedited treatment, and in case of need or emergency, to go to the head of the line of vessels in order to transit the Canal rapidly.
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<td>189,864,205</td>
<td>493,385,737</td>
</tr>
</tbody>
</table>

In fiscal year ending September 30, 1997, 14,747 ships of all sizes transited through the Canal. Oceangoing commercial transits by flag included 2,672 Panamanian; 1,561 Liberian; 1,370 Bahamian; 688 Greek; 885 Cypriot; 517 Norwegian; 328 US; 265 Philippine; 443 Malta; 255 Denmark; 262 German; 239 Latvian; 231 Chinese.

Note: This part of the material is collected from the Internet.
WORLD OPINION OVER THE US INTERVENTION IN PANAMA

The Developments in the United Nations

The very day the invasion took place the matter was immediately brought to the notice of the United Nations Security Council by Serrano Caldera, the Permanent Representative of Nicaragua. In a letter dated December 20, 1989, he requested the President of the Security Council Penalosa, to include in the agenda of the Council the topic "THE SITUATION IN PANAMA" for discussion. The Permanent Representative of the United States Pickering in a letter also referred the matter to the Security Council. The Council met at 8.00 a.m. on December 20, 1989. Nicaragua which was not a member of Security Council at the time, was allowed to participate without a vote. Nicaraguan Representative, Serrano Caldera came down heavily on the United States action in Panama. He referred Article 1(2) and Article 2(4) of the United Nations Charter to condemn the US action in Panama. He also highlighted the principles of non-intervention as enshrined in the Charter of the O.A.S. under Articles 18 and 21. Referring to some of the resolutions he said that the United States has violated the principles of non-intervention reaffirmed in various decision of the United Nations, including General Assembly resolutions 2131(xx), Declaration on the Inadmissibility of Intervention in the Domestic Affairs of States and the Protection
of Their Independence and Sovereignty. The United States, he further observed, has violated the resolution 78, of April 21, 1972, of the General Assembly of O.A.S. He further observed that the United States has violated Article 4 of the Convention of December 23, 1936, of which United States is a signatory and has violated Article 1 and 3 of the Rio de Janeiro Treaty of Non-Aggression and Conciliation of October 10, 1933. By its invasion of Panama, the government of the United States has also violated the Convention on the Maintenance, Preservation and Restoration of Peace in December 23, 1936, which has been in effect and binding on the United States since August 25, 1937, he observed.

Serrano referred the earlier interventions of the United States in the western hemisphere and condemned the Monroe Doctrine and called on the UN Security Council to "condemn this outrage" (as he defined) against the conscience of the civilized peoples of the world and demanded immediate withdrawal of the invading troops from Panamanian soil. The Representative of Soviet Republic Belonogov expressed his governments concern saying "The news of the invasion of Panama by the United States troops was received with great concern in the Soviet Union. Whatever arguments the American Administration uses to try to justify that step, it is a flagrant violation of the elementary norms of international law and the United Nations Charter, and it must be condemned by the international community". He further said: "in fact, they are no more convincing than would be an explanation by a cat that it was chasing a mouse because it absolutely had to protect itself against it". He criticised the concept of "World
Policeman" and warned that whoever takes it upon itself, the role is but a dangerous anachronism in modern times. It may be recalled that the Soviet Union at that time did not have diplomatic ties with Panama.

The Chinese Representative, Li Luye, expressed his government's shock and condemnation on the aggressive actions of the United States. It called on the United States to solve disputes through dialogues and demanded immediate withdrawal of its troops.

The Representative of France, Blanc, however supported the American action. He regretted the deplorable law and order situation prevailing in Panama during the regime of Noriega. He observed: "My Government, which has noted the absence of institutional legitimacy from General Noriega's regime, considers that the Panamanian people must be able to decide, in a sovereign manner, freely and democratically on their own leaders". He expressed his Government's full and total support for the struggle against drugs and its firm support for democratic movements throughout the world."

The United Kingdom wholeheartedly supported the American intervention. Richardson, the Representative of UK, observed "The British government welcomes the establishment of democratic government in Panama". He observed that it was almost an unanimous decision in condemning the Noriega regime which declared the "May 7, 1989 election as null and void". He made it very clear that the decision of O.A.S. to condemn Noriega for his allegedly illegal decision of annulling the election which was won overwhelmingly by the opposition
party, restricted options for the people of Panama to return to democracy.

Mr. Fortier, the Representative of Canada, said that intervention by force in the affairs of another country is regrettable. However, "The United States relied on force as a last resort, and only after the failure of numerous attempts to resolve the situation in Panama peacefully".

Yugoslavia, the champion of non-aligned movement, however, criticised the American intervention. Pejic, the Representative of Yugoslavia observed: "Non-aligned countries have always considered as unacceptable any foreign intervention, especially military intervention, under any pretext, since it represents a gross violation of sovereignty.... We express our firm objection to that act, which constitutes a violation of and disregard for the independence, sovereignty, territorial integrity of Panama". It may be recorded that Panama is a non-aligned country. The Co-ordinating Bureau of the Non-Aligned Countries on December 20, 1989, called on the United States to cease immediately all military operations and withdraw its troops.

Finland which did not accept intervention, called for the Security Council to help facilitate a cease-fire. However, it projected the lawlessness of the Noriega regime and stated that all the mechanism available to solve a bilateral dispute had been exhorted.

Besides the Security Council Members, some other countries of the western hemisphere were also allowed to participate in the discussion of the council by request and they voiced their opinions on the issue.
**Cuban Reaction**

Referring to the earlier military despatches of the United States to Panama, the Cuban Representative, Oramas Oliva said "For more than two years now we have been warning in every international forum of the possibility of a Yankee intervention in Panama. The United States has conducted a constant policy of destabilisation, coercion and the threat of the use of force against the State of Panama. On December 20, 1989, the President of Cuba, Fidel Castro, in a letter to the Security Council’s President had condemned the intervention. Referring Article 51 of the UN Charter he said that the aggressors themselves take the pretext of “self defence”. He condemned the intervention as flagrant violation of international law.

**Peru**

The Representative of Peru, Luna, condemned the intervention as flagrant violation of international law. However, Peru which claims to have a functional democracy in Latin America focussed more attention in highlighting the undemocratic practices that were going on under the Noriega regime. He observed "...my country... has condemned the undemocratic practices of the forces of General Manuel Antonio Noriega. Therefore, our condemnation of this invasion can in no way be construed as supporting a dictatorial Government which we have repeatedly denounced. Peru has in fact in a number of multilateral forums, initiated a number of actions aimed at ensuring the sovereign will of the people of Panama". He also said "We consider that any effort aimed at eliminating an
authoritarian and usurping power is legitimate, provided that
the foundation of international relations is not undermined.

**Columbia**

Colombian response assumes greater importance at the
present context because Panama and Colombia shared the
common history, until 1903. Immediate neighbour and a
major drug producing country in Latin America, Colombia, in
the light of sensitiveness on drug trafficking, should perhaps
have got a more alarming message from the intervention than
any other Latin American country. Penalosa, the
Representative of Colombia, who was also the President of the
Security Council during the invasion period, took almost the
same stand like Peru. He characterised invasion as flagrant
violation of international law and of the independence,
sovereignty and territorial integrity of States. However, he
highlighted the bankruptcy of legality of the Noriega regime and
hoped that democracy will be restored in Panama.

**El Salvador**

Castaneda, the Representative of El Salvador seems to
have totally supported the intervention. He highlighted the
inalienable right of Panamanian people to choose democratically
their representative which was by force annulled by Noriega.
He said “El Salvador is unreservedly in favour of the legitimate
Government of Panama presided over by Guillermo Endara”.
Brazil

Brazilian Government just after the intervention, issued a declaration on the subject. Brazil showed a mild reaction on the issue and expressed its hope that a “prompt and peaceful solution to the crisis be found, based on respect for the principles of self-determination and non-intervention.”

In the Security Council the intervention was perceived by its members as violation of international law. In Latin America, the majority opinion was clearly against the United States intervention. However, unlike the opinion from the outside world which was more focussed and was crystal clear in the tone of condemnation of the US action, some of the Latin American countries took an opportunistic stand to protect their own ties with the US. Such countries did not approve of the US action but diluted their disapproval by condemning the Noriega regime. However they affirmed their hope for the restoration of democracy in Panama. So far as the question of leadership in Panama was concerned, most Latin American countries, showed their genuine respect for the decision of the Panamanian people through the verdict of May 7, 1989 election.

Cuba, however, after the American intervention declared that it would not recognise the Endara government.

“The Cuban government does not recognise any legitimacy in the self styled government which claims to have assumed power in the Republic of Panama”, observed the Cuban Foreign Ministry note.

On the draft resolution under the title “SITUATION IN PANAMA” a vote was taken. After hearing the views of all the members and invitees, the resolution was put to vote. 10 were
in favour and 4 against. However, as the three permanent Members of the Council voted against it, the draft resolution could not be adopted.

**UN General Assembly**

In the General Assembly of the United Nations the issue was taken up for discussion on December 28, 1989. Thirty five speakers were heard during the two plenary meetings. On December 29, the Assembly demanded "the immediate cessation of the intervention and the withdrawal from Panama of the armed invasion forces of the United States".

It also strongly deplored the intervention, calling it "a flagrant violation of international law and of the independence, sovereignty and territorial integrity of States".

In resolution 44/240, adopted by 75 votes to 20 with 40 abstentions, the Assembly demanded full respect for and strict observance of the letter and spirit of the Torrijos-Carter Treaties on the Panama Canal.

The Assembly also called upon all states to uphold and respect the sovereignty, independence and territorial integrity of Panama.

In the recorded vote on the Resolution 44/240, however, Dominican Republic, El Salvador and Panama were the countries of Latin America who voted against. Costa Rica, Grenada and Honduras preferred to abstain. The Panamanian envoy, Leon Anbadi, supported the new government in Panama headed by President Endara.
Organisation of American States (O.A.S.)

The Organisation of American States (O.A.S.) on December 20, 1989, voted in favour of a resolution "deeply deploring" the Panamanian invasion and called for the withdrawal of the US troops and for the "right of the Panamanian people to self-determination without outside interference".

The resolution was adopted by 20/1 votes. Only the US voted against the resolution. Costa Rica, Honduras, El Salvador and Guatemala abstained from voting joined by the island state of Antigua and Barbuda.

Nicaragua sought to introduce a resolution condemning the US action and calling for an immediate withdrawal of all foreign troops. However, Ambassadors from other nations abstained from participating in the discussion telling that they don't have the necessary instruction from their respective government. However, the O.A.S. accepted the Representative of General Noriega in the special meeting of O.A.S. instead of Representative of the Endara government.

Other Reactions

President Alan Garcia of Peru, who was a strong critic of Noriega, withdrew his Ambassador to the US. Though in the UN Security Council, Peru's Representative, devoted more time in criticising the Noriega's government still, President Garcia told that he would not attend the drug summit to be held at Cartagena, Colombia, in February 1990, where leaders from the US, Colombia, Bolivia and Peru were scheduled to meet. It was reported the following day that the government of Peru was persuading the US to temporarily suspend its coca eradication programme.
Mexico reacted very mildly. The Mexican official reaction said, it "publicly censured the conduct of Mr. Manuel Antonio Noriega, and reiterated the need of radically facing the problem of drug smuggling." But added, "the combat of international crimes cannot be a motive for intervening in a sovereign nation", and declared, "The Panamanian crisis must be resolved only by the Panamanian people."
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