Appendices
We, Mohammed-Said Pasha, Viceroy of Egypt, considering our Charter being dated the 30th November, 1854, by which we have granted to our friend M. Ferdinand de Lesseps exclusive power to constitute and direct a Universal Company for cutting the Isthmus of Suez, opening a passage suitable for large vessels, forming or adapting two sufficient entrances, one on the Mediterranean, the other on the Red Sea, and establishing one or two ports, as the case may be.

M. Ferdinand de Lesseps, having represented to us that in order to constitute a company as above described under the forms and conditions generally adopted for companies of that nature, it is expedient to stipulate beforehand by a fuller and more specific document, the burdens, obligations, and services to which that company will be subjected on the one part, and the concessions, immunities, and advantages to which it will be entitled, as also the facilities which will be accorded to it for its administration, on the other part:

Have decreed as follows the conditions of the concession which is the subject matter of these presents.

II. CONCESSIONS

ARTICLE X

For the construction of the Canals and their dependencies mentioned in the foregoing articles, the Egyptian Government grants to the Company free of impost or rent, the use and enjoyment of all lands not the property of individuals which may be found necessary.

It likewise grants to the Company the use and enjoyment of all uncultivated lands not the property of individuals which shall have been irrigated and cultivated by their care and at their expense, with these provisos:

1st That lands comprised under the latter head shall be free of impost during ten years only, to date from their being put in a productive condition;
2nd That after that period they shall be subject for the remainder of the term of concession, to the same obligations and imposts which are subjected under like circumstances, the lands in other provinces of Egypt:

3rd That the Company shall afterwards, themselves or through their agents, continue in the use and enjoyment of these lands and the water-courses necessary to their fertilisation, subject to payment to the Egyptian Government of the imposts assessed upon lands under like conditions.

ARTICLE XI

For determining the area and boundaries of the lands conceded to the Company under Article X, reference is made to the plans hereunto annexed, in which plans the lands conceded for the construction of the Canals and their dependencies free of impost or rent, conformably to clause 1 is coloured black, and the land conceded for the purpose of cultivation, on paying certain duties conformably with clause 2 is coloured blue.

All acts and deeds done subsequently to the 30th November, 1854, the effect of which would be to give to individuals as against the Company either claims to compensation which were not then vested in the ownership of the lands, or claims to compensation more considerable than those which the owners could then justly advance, shall be considered void.

ARTICLE XII

The Egyptian Government will deliver to the Company should the case arise, all lands the property of private individuals, whereof possession should be necessary for the execution of the works and the carrying into effect of the concession, subject to the payment of just compensation to the parties concerned.

Compensation for temporary occupation or definitive appropriation shall as far as possible be determined amicably, in case of disagreement the terms shall be fixed by a court of arbitration deciding summarily and composed of:

1st An arbitrator chosen by the Company;
2nd An arbitrator chosen by the interested parties;
3rd A third arbitrator appointed by us.

The decisions of the court of arbitration shall be executed without further process, and subject to no appeal.

ARTICLE XIII

The Egyptian Government grants to the leasing Company, for the whole period of the concession, the privilege of drawing from the mines and quarries belonging to the public domain, without paying duty, impost, or compensation, all necessary materials for the construction and maintenance of the works and buildings of the undertaking. It, moreover, exempts the Company from all duties of customs, entrance dues and other, on the importation into Egypt of all machinery and materials whatsoever which they shall bring from foreign countries for employment in the construction of the works or working the undertaking.

ARTICLE XIV

We solemnly declare for our part and that of our successors, subject to the ratification of His Imperial Majesty the Sultan, that the Grand Maritime Canal from Suez to Pelusium and the ports appertaining thereto, shall always remain open as a neutral passage to every merchant ship crossing from one sea to another, without any distinction, exclusion, or preference of persons or nationalities, on payment of the dues and observance of the regulations established by the Universal Company lessee for the use of the said canal and its dependencies.

ARTICLE XV

In pursuance of the principle laid down in the foregoing Article, the Universal Company can in no case grant to any vessel, company, or individual, any advantage or favour not accorded to all other vessels, companies, or individuals on the same conditions.

ARTICLE XVI

The term of the Company's existence is fixed at 99 years reckoning from the completion of the works and the opening of the Maritime canal to large vessels.
At the expiration of the said term, the Egyptian Government shall enter into possession of the Maritime Canal constructed by the Company, upon condition, in that event, of taking all the working stock and appliances and stores employed and provided for the naval department of the enterprise, and paying to the Company such amount for the same as shall be determined either amicably or by the decision of sworn appraisers.

Nevertheless, if the Company should retain the concession for a succession of terms of 99 years, the amount stipulated to be paid to the Egyptian Government by Article XVIII, hereinafter recited, shall be raised for the second term to 20 per cent, for the third term to 25 per cent, and so on augmenting at the rate of 5 per cent for each term, but so as never to exceed on the whole 35 per cent of the net proceeds of the undertaking.

ARTICLE XVII

To indemnify the Company for the expenses of construction maintenance and working, charged upon them by these presents, we authorize the Company henceforth, and during the whole term of their lease, as determined by Clauses 1 and 3 of the preceding Article, to levy and receive for passage through and entrance into the canals and ports thereunto appertaining tools and charges for navigation, pilotage, towage or harbour dues, according to tariffs which they shall be at liberty to modify at all times, upon the following express conditions:

1st That these dues be collected, without exception or favour, from all ships under like conditions;

2nd That the tariffs be published three months before they come into force, in the capitals and principal commercial ports of all nations whom it may concern;

3rd That for the simple right of passage through the Canal the maximum toll shall be ten francs per measurement ton on ships and per head on passengers, and that the same shall never be exceeded.

The Company may also, for granting the privilege of establishing water-courses, upon the request of individuals by virtue of Article XVIII, receive dues, according to tariffs to be hereafter settled, proportionable to the quantity of water diverted and the extent of the lands irrigated.
ARTICLE XVIII

Nevertheless in consideration of the concessions of land and other advantages accorded to the Company by the preceding Articles, we reserve on behalf of the Egyptian Government a claim of 15 per cent on the net profits of each year, according to the dividend settled and declared by the General Meeting of Shareholders.

ARTICLE XIX

The list of Foundation Members who have contributed by their exertions, professional labours, and capital to the realisation of the undertaking before the establishment of the Company, shall be settled by us.

After the said payment to the Egyptian Government, according to Article XVIII above recited, there shall be divided out of the net annual profits of the undertaking one share of 10 per cent among the Foundation Members or their heirs or assigns.

ARTICLE XX

Independently of the time necessary for the execution of the works, our friend and authorised agent, M. Ferdinand de Lesseps, shall preside over and direct the Company, as original founder, during ten years from the first day on which the term of concession for 99 years shall begin to run, by the terms of Article XVI above contained.

ARTICLE XXI

The Articles of Association hereunto annexed of the Company established under the title of THE SUEZ MARITIME CANAL UNIVERSAL COMPANY, are hereby approved, and the present approval shall have force as an authority for its constitution in the form of Societies Anonymes to date from the day when the entire capital of the Company shall be completely subscribed.
ARTICLE XXII

In witness of the interest which we feel in the success of the undertaking, we promise to the Company the loyal co-operation of the Egyptian Government, and we expressly, by these presents, call upon the functionaries and agents of all our administrative departments to give aid and protection at all times to the Company.

Our engineers, Linant-Bay and Mougel-Bay, whose services we place at the disposal of the Company for the direction and conduct of the works ordered by the said Company, shall have the superintendence of the workmen, and shall be charged with the enforcing of regulations respecting the execution of the works.

ARTICLE XXIII

All provisions of our Charter of the 30th November, 1854, and others which are inconsistent with the clauses and conditions of the present book of charges, which alone shall constitute the law in respect of the concession to which it applies, are hereby revoked.

Done at Alexandria, 5th January, 1856

To my devoted friend of high birth and elevated rank,

MONS. FERDINAND DE LESSEPS

The concession accorded to the Suez Canal Universal Company, requiring the ratification of His Imperial Majesty the Sultan. I remit you this authentic copy in order that you may constitute the said Financial Company. As regards the works for cutting the Isthmus, the Company may execute them as soon as the authorisation of the Sublime Porte has been accorded to me.

Alexandria, the 26 Rebi-al-akhber, 1272 (5th Jan. 1856)

(The Viceroy's Seal)
The United States of America and His Majesty, Edward the Seventh of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, and Emperor of India, being desirous to facilitate the construction of a ship canal to connect the Atlantic and Pacific Oceans, by whatever route may be considered expedient, and to that end to remove any objection which may arise out of the Convention of the 19th April, 1850, commonly called the Clayton-Bulwer Treaty, to the construction of such canal under the auspices of the Government of the United States, without impairing the "general principle" of neutralization established in Article VIII of that Convention, have for that purpose appointed as their Plenipotentiaries:

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

And His Majesty Edward the Seventh, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, and Emperor of India, the Right Honorable Lord Pauncefote, G.C.B., G.C.M.G., His Majesty's Ambassador Extra-ordinary and Plenipotentiary to the United States;

Who, having communicated to each other their full powers which were found to be in due and proper form, have agreed upon the following articles:

ARTICLE 1

The high contracting parties agree that the present treaty shall supersede the afore-mentioned convention of the 19th April, 1850.

ARTICLE 2

It is agreed that the canal may be constructed under the auspices of the government of the United States, either directly at its own cost, or by gift or loan of money to individuals or corporations, or through subscription to our purchase of stock or shares, and that, subject to the provisions of the present treaty, the said government shall have and enjoy all the rights incident to such construction, as well as the exclusive right of providing for the regulation and management of the canal.
The United States adopts, as the basis of the neutralization of such ship canal, the following rules, substantially as embodied in the Constitution of Constantinople, signed the 29th October, 1868, for the free navigation of the Suez Canal, that is to say:

1. The canal shall be free and open to the vessels of commerce and of war of all nations observing these rules, on terms of entire equality, so that there shall be no discrimination against any such nation, or its citizens or subjects, in respect of the conditions or charges of traffic, or otherwise. Such conditions and charges of traffic shall be just and equitable.

2. The canal shall never be blockaded, nor shall any right of war be exercised nor any act of hostility be committed within it. The United States, however, shall be at liberty maintain such military police along the canal as may be necessary to protect it against lawlessness and disorder.

3. Vessels of war of a belligerent shall not revictual nor take any stores in the canal except so far as may be strictly necessary; and the transit of such vessels through the canal shall be effected with the least possible delay in accordance with the regulations in force, and with only such intermission as may result from the necessities of the service.

Prizes shall be in all respects subject to the same rules as vessels of war of the belligerents.

4. No belligerent shall embark or disembark troops, munitions of war, or warlike materials in the canal, except in case of accidental hindrance of the transit, and in such case the transit shall be resumed with all possible dispatch.

5. The provisions of this article shall apply to waters adjacent to the canal, within three marine miles of either end. Vessels of war of a belligerent shall not remain in such waters longer than twenty-four hours at any one time, except in case of distress, and in such case, shall depart as soon as possible; but a vessel of war of one belligerent shall not depart within twenty-four hours from the departure of a vessel of war of the other belligerent.

6. The plant, establishments, buildings, and all work necessary to the construction, maintenance, and operation of the canal shall be deemed to be part thereof, for the purposes of this treaty, and in time of war, as in time of peace, shall enjoy complete immunity from attack or injury by belligerents, and from acts calculated to impair their usefulness as part of the canal.
ARTICLE 4

It is agreed that no change of territorial sovereignty or of the international relations of the country or countries traversed by the before-mentioned canal, shall affect the general principle of neutralization or the obligation of the high contracting parties under the present treaty.

ARTICLE 5

The present treaty shall be ratified by the president of the United States, by and with the advice and consent of the senate thereof, and by His Britannic Majesty, and the ratifications shall be exchanged at Washington or at London at the earliest possible time within six months from the date hereof.

In faith whereof the respective plenipotentiaries have signed this treaty and thereunto affixed their seals.

Done in duplicate at Washington, the 18th day of November, in the year of Our Lord one thousand nine hundred and one.

(Seal) JOHN HAY

(Seal) PAUNCEFOTE
APPENDIX 'C'

CONVENTION BETWEEN THE UNITED STATES AND THE REPUBLIC OF PANAMA FOR THE CONSTRUCTION OF A SHIP CANAL TO CONNECT THE WATERS OF THE ATLANTIC AND PACIFIC OCEANS

(NOVEMBER 18, 1903)

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

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

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

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 Panama and Colon 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 of the Republic of Panama of any such sovereign
rights, power or authority.

ARTICLE IV

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

ARTICLE V

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

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

ARTICLE VII

The Republic of Panama grants to the United States within the limits of the cities of Panama and Colon and their adjacent harbors and within the territory adjacent thereto the right to acquire by purchase or by the exercise of the right of eminent domain, any lands, buildings, water rights or other properties necessary and convenient for the construction, maintenance, operation and protection of the canal and of any works of sanitation, such as the collection and disposition of sewage and the distribution of water in the said cities of Panama and Colon, 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 Panama and Colon shall be made at the expense of the United States, and the government of the United States, its agents or nominees shall be authorized to impose and collect water rates and sewerage rates which shall be sufficient to provide for the payment of interest and the
amortization of the principal of the cost of said works within
a period of fifty years and upon the expiration of said term
of fifty years the system of sewers and water works shall
revert to and become the properties of the cities of Panama
and Colon respectively, and the use of the water shall be free
to the inhabitants of Panama and Colon, except to the extent
that water rates may be necessary for the operation and maintenance
of said system of sewers and water.

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

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

ARTICLE VIII

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

ARTICLE IX

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

The Government of the Republic of Panama shall have the right to establish in such ports and in the towns of Panama and Colon 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 Panama and Colon as places of anchorage, and for making repairs, for loading, unloading, depositing, or transshipping cargoes either in transit or destined for the service of the canal and for other works pertaining to the canal.

ARTICLE X

The Republic of Panama agrees that there shall not be imposed any taxes, national, municipal, departmental, or of any other class, upon the canal, the railways and auxiliary works, tugs and other vessels employed in the service of the canal, store houses, work shops, offices, quarters for laborers, factories of all kinds, warehouses, wharves, machinery and other works, property, and effects appertaining to the canal or railroad and auxiliary works, or their officers or employees, situated within the cities of Panama and Colon, 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 of vessels, dredges, engines, cars, machinery, tools, explosives, materials, supplies, and other articles necessary and convenient in the construction, maintenance, operations, 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 of 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.

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 commission 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 commission of crimes, felonies and misdemeanors within said zone and auxiliary lands.

ARTICLE XVII

The Republic of Panama grants to the United States the use of all the ports of the Republic open to commerce as places of refuge for any vessels employed in the canal enterprise, and for all vessels passing or bound to pass through the canal which may be in distress and be driven to seek refuge in said ports. Such vessels shall be exempt from anchorage and tonnage dues on the part of the Republic of Panama.

ARTICLE XVIII

The canal, when constructed, and the entrances thereto shall be neutral in perpetuity, and shall be opened upon the terms provided for by section 1 of article III of, and in conformity with all the stipulations of, the treaty entered into by the governments of the United States and Great Britain on November 18, 1901.
ARTICLE XIX

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

ARTICLE XX

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

ARTICLE XXI

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

ARTICLE XXII

The Republic of Panama renounces and grants to the United States the participation to which it might be entitled in the
future earnings 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 be long 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 may 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 independencen in such government, union or confederation, the rights of the United States under this convention shall not be in any respect lessened or impaired.

ARTICLE XXV

For the better performance of the engagements of this convention and to the end of the efficient protection of the canal and the preservation of its neutrality, the Government of the Republic of Panama will sell or lease to the United States lands adequate and necessary for naval or coaling stations on the Pacific coast and on the western Caribbean coast of the Republic at certain points to be agreed upon with the President of the United States.

ARTICLE XXVI

This convention when signed by the plenipotentiaries of the contracting parties shall be ratified by the respective governments and the ratifications shall be exchanged at Washington at the earliest date possible.

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

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

JOHN HAY (SEAL)

P. BURNAJ VARILLA (SEAL)
APPENDIX 'D'

CONVENTION OF CONSTANTINOPLE
(October 29, 1888)

Between Great Britain, Germany, Austria-Hungary, Spain, France, Italy, the Netherlands, Russia and Turkey, respecting the free navigation of the Suez Maritime Canal, signed at Constantinople, October 29, 1888.

ARTICLE I

The Suez Maritime Canal shall always be free and open, in time of war as in time of peace, to every vessel of commerce or of war, without distinction of flag.

Consequently, the High Contracting Parties agree not in any way to interfere with the free use of the Canal in time of war as in time of peace.

The Canal shall never be subjected to the exercise of the right of blockade.

ARTICLE II

The High Contracting Parties, recognising that the Fresh Water Canal is indispensable to the Maritime Canal take note of the engagements of His Highness the khedive towards the Universal Suez Canal Company as regards the Fresh Water Canal, which engagements are stipulated in a Convention bearing the date of 18th March, 1963, containing an expose and four Articles.

They undertake not to interfere in any way with the security of that Canal and its branches, the working of which shall not be exposed to any attempt at obstruction.

ARTICLE III

The High Contracting Parties likewise undertake to respect the plant, establishments, buildings, and work of the Maritime Canal and of the Fresh Water Canal.
ARTICLE IV

The Maritime Canal remaining open in time of war as a free passage, even to ships of war of belligerents, according to the terms of Article I of the present Treaty, the High Contracting Parties agree that no right of war, no act of hostility, nor any act having for its object to obstruct the free navigation of the Canal, shall be committed in the Canal and its ports of access, as well as within a radius of three marine miles from those ports, even though the Ottoman Empire should be one of the belligerent Powers.

Vessels of war of belligerents shall not revictual or take in stores in the Canal and its ports of access, except in so far as may strictly necessary. The transit of the aforesaid vessels through the Canal shall be effected with the least possible delay, in accordance with the Regulations in force, and without any other intermission than that resulting from the necessities of the service.

Their stay at Port Said and in the roadstead of Suez shall not exceed twenty-four hours, except in case of distress. In such case they shall be bound to leave as soon as possible. An interval of twenty-four hours shall always elapse between the sailing of a belligerent ship from one of the ports of access and the departure of a ship belonging to the hostile Power.

ARTICLE V

In time of war belligerent Powers shall not disembark nor embark within the Canal and its ports of access either troops, munitions, or materials of war. But in case of an accidental hindrance in the Canal, men may be embarked or disembarked at the ports of access by detachments not exceeding 1,000 men, with a corresponding amount of war material.

ARTICLE VI

Prizes shall be subjected, in all respects, to the same rules as the vessels of war of belligerents.

ARTICLE VII

The Powers shall not keep any vessel of war in the waters of the Canal (including Lake Timsah and the Bitter Lakes).
Nevertheless, they may station vessels of war in the
ports of access of Port Said and Suez, the number of which
shall not exceed two for each Power.

This right shall not be exercised by belligerents.

ARTICLE VIII

The Agents in Egypt of the Signatory Powers of the present
Treaty shall be charged to watch over its execution. In case
of any event threatening the security or the free passage of
the Canal, they shall meet on the summons of three of their
number under the presidency of their Doyen, in order to proceed
to the necessary verifications. They shall inform the Khedival
Government of the danger which they may have perceived. In order
that Government may take proper steps to ensure the protection
and the free use of the Canal. Under any circumstances, they
shall meet once a year to take note of the due execution of the
Treaty.

The last-mentioned meetings shall take place under the
presidency of a Special Commissioner nominated for that purpose
by the Imperial Ottoman Government. A Commissioner of the Khedive
may also take part in the meeting, and may preside over it
in case of the absence of the Ottoman Commissioner.

They shall especially demand the suppression of any work
or the dispersion of any assemblage on either bank of the Canal,
the object or effect of which might be to interfere with the
liberty and the entire security of the navigation.

ARTICLE IX

The Egyptian Government shall, within the limits of its
powers resulting from the Firmans, and under the conditions
provided for in the present Treaty, take the necessary measures
for insuring the execution of the said Treaty.

In case the Egyptian Government shall not have sufficient
means at its disposal, it shall call upon the Imperial Ottoman
Government, which shall take the necessary measures to respond
to such appeal; shall give notice thereof to the Signatory
Powers of the Declaration of London of the 17th March, 1885,
and shall, if necessary concert with them on the subject.

The provisions of Articles IV, V, VII and VIII shall not
interfere with the measures which shall be taken in virtue of
the present Article.
ARTICLE X

Similarly, the provisions of Articles IV, V, VII and VIII, shall not interfere with the measures which His Majesty the Sultan and His Highness the Khedive, in the name of His Imperial Majesty, and within the limits of the Firmans granted, might find it necessary to take for securing by their own forces the defence of Egypt and the maintenance of public order.

In case His Imperial Majesty the Sultan, or His Highness the Khedive, should find it necessary to avail themselves of the exceptions for which this Article provides, the Signatory Powers of the Declaration of London shall be notified thereof by the Imperial Ottoman Government.

It is likewise understood that the provisions of the four Articles aforesaid shall in no case occasion any obstacle to the measures which the Imperial Ottoman Government may think it necessary to take in order to insure by its own forces the defence of its other possessions situated on the eastern coast of the Red Sea.

ARTICLE XI

The measures which shall be taken in the cases provided for by Articles IX and X of the present Treaty shall not interfere with the free use of the Canal. In the same cases, the erection of permanent fortifications contrary to the provisions of Article VIII is prohibited.

ARTICLE XII

The High Contracting Parties, by application of the principle of equality as regards the free use of the canal, a principle which forms one of the bases of the present Treaty, agree that none of them shall endeavour to obtain with respect to the Canal territorial or commercial advantages or privileges in any international arrangements which may be concluded. Moreover, the rights of Turkey as the territorial Power are reserved.

ARTICLE XIII

With the exception of the obligations expressly provided by the clauses of the present Treaty, the sovereign rights of His Imperial Majesty the Sultan and the rights and immunities of His Highness the Khedive, resulting from the Firmans, are in no way affected.
ARTICLE XIV

The High Contracting Parties agree that the engagements resulting from the present Treaty shall not be limited by the duration of the Acts of Concession of the Universal Suez Canal Company.

ARTICLE XV

The stipulations of the present Treaty shall not interfere with the sanitary measures in force in Egypt.

ARTICLE XVI

The High Contracting Parties undertake to bring the present Treaty to the knowledge of the States which have not signed it, inviting them to accede to it.

ARTICLE XVII

The present Treaty shall be ratified, and the ratifications shall be exchanged at Constantinople, within the space of one month, or sooner, if possible.

In faith of which the respective Plenipotentiaries have signed the present Treaty, and have affixed to it the seal of their arms.

Done at Constantinople,
the 29th day of the month of October,
in the year 1888.
APPENDIX 'E'

DECREES OF NATIONALISATION

(JULY 26, 1956)

In the Name of the Nation.

The President of the Republic;

Having regard to the two Firmans of the 30th November 1854 and of the 5th January 1856 on the subject of a concession relative to passage in the Suez Canal and of the establishment of an Egyptian joint stock company for that purpose;

Having regard to Law No. 192 of 1947, relative to the concession of public services;

Having regard to Law No. 317 of 1952, relative to individual contracts of work;

Having regard to Law No. 26 of 1954, relative to joint stock companies, limited partnerships and to limited liability companies;

The Council of State having been consulted;

ARTICLE I

The Universal Suez Maritime Canal Company S.A.E. is hereby nationalized. All its funds and rights and obligations connected therewith are transferred to the State. All bodies and committees at present existing for its administration are dissolved. Shareholders and holders of foundation bonds will be compensated for the shares and bonds they possess, at their value estimated at the closing rate on the Paris Bourse prior to the date on which this Law entered into effect. Payment of this compensation shall take place after completion of the handover to the State of all the funds and property of the nationalized company.

ARTICLE II

An independent body shall undertake the management of the traffic in the Suez Canal. This body shall be a juristic person and shall be attached to the Ministry of Commerce. A decision shall be issued by the President of the Republic for the formation of this body, which shall have in the administration of this
utility all the necessary powers for this end without being
bound by Government rules and regulations. Without prejudice
to the control of the State audit over the final balance sheet
the body shall have an independent budget drafted on the
lines followed in commercial enterprises. The financial year
shall begin on July 1 and end on the last day of June each year.
The budget and the final balance sheet shall be approved by
decision of the President of the Republic. The first financial
year will begin from the date of the entering into effect of
this law and will end on the last day of June, 1957. The body
is authorized to delegate one or more of its members to carry
out its decisions or to carry out whatever, takes it entrusts
to him or them. It is authorized to form from amongst its
members and other technical committees to assist it in researches
and studies. The body shall be represented by its President
before judicial, governmental and other quarters, and in its
transactions with others.

ARTICLE III

All funds and rights of this nationalized company in the
Republic of Egypt and abroad shall be frozen. Banks, bodies and
individuals are forbidden to dispose of these funds in any way
or to spend any sums or to settle any claim or liabilities except
by a decision of the body provided for in Article II.

ARTICLE IV

The body shall retain all the present officials, employees
and workmen of the nationalized company. They must continue to
carry out their duties. No one of them is in any way or for
any reason, authorized to leave or relinquish his post except
with the permission of the body provided for in Article II.

ARTICLE V

He who contravenes the rules of Article II shall be
punished with imprisonment and fine equal to three times the
amount involved in the case. He who contravenes the rules of
Article IV shall be punished with imprisonment in addition to
his being deprived of any right to gratuity, pension or
compensation.
ARTICLE VI

This decree shall be published in the Official Gazette and shall have the power of law. It shall enter into effect on the date of its publication. The Minister of Commerce is to issue the necessary decisions for its execution.

The present decision shall bear the seal of the State and shall be executed as one of its laws.

DECISION

The President of the Republic

Having regard to Article Two of Law No. 285 of 1956 relative to the nationalization of the Universal Company of the Suez Maritime Canal

DECIDES

Art 1 The composition of the Authority for the Administration of the Suez Canal:

(Here follows a list of 12 names)

Art 2 The Minister of Commerce is charged with the execution of the present decision, which will enter into force on the date of its publication (26.7.1956).

(Gamal Abdel Nasser)
APPENDIX 'F'

DECLARATION OF THE SUEZ CANAL

(APRIL 24, 1957)

In elaboration of the principles set forth in their memorandum dated March 18, 1957, the Government of Egypt, in accord with the Constantinople Convention of 1888 and the Charter of United Nations, make hereby the following Declaration on the Suez Canal and the arrangements for its operation.

Reaffirmation of Convention:

1. It remains the unaltered policy and firm purpose of the Government of Egypt to respect the terms and the spirit of the Constantinople Convention of 1888 and the right and obligations arising therefrom. The Government of Egypt will continue to respect, observe and implement them.

2. Observance of the Convention and of the Charter of the United Nations:

While reaffirming their determination to respect the terms and the spirit of the Constantinople Convention of 1888 and to abide by the Charter and the principles and purposes of the United Nations, the Government of Egypt are confident that the other signatories of the said Convention and all others concerned will be guided by the same resolve.

3. Freedom of navigation, tolls and development of the Canal:

The Government of Egypt are more particularly determined:

a) To afford and maintain free and uninterrupted navigation for all nations within the limits of and in accordance with the provisions of the Constantinople Convention of 1888;

b) That tolls shall continue to be levied in accordance with the last agreement, concluded on April 28, 1936, between the Government of Egypt and the Suez Canal Maritime Company, and that any increase in the current rate of tolls within any twelve months, if it takes place, shall be limited to 1 per cent, any increase
beyond that level to be the result of negotiations, and failing agreement, be settled by arbitration according to the procedures set forth in paragraph 7(b);

c) That the Canal is maintained and development in accordance with the progressive requirements of modern navigation and that such maintenance and development shall include the 8th and 9th programme of the Suez Canal Maritime Company and such improvements to them as are considered necessary;

4. Operation and Management:

The Canal will be operated and managed by the autonomous Suez Canal Authority established by the Government of Egypt on July 26, 1956. The Government of Egypt are looking forward with confidence to continued co-operation with the nations of the world in advancing the usefulness of the canal. To that end the Government of Egypt would welcome and encourage co-operation between the Suez Canal Authority and representatives of shipping and trade.

5. Financial Arrangements:

a) Tolls shall be payable in advance to the account of the Suez Canal Authority at any bank as may be authorised by it. In pursuance of this, the Suez Canal Authority has authorised the National Bank of International Settlement to accept on its behalf payment of the canal tolls.

b) The Suez Canal Authority shall pay to the Government of Egypt 5 per cent of all the gross receipts as royalty.

c) The Suez Canal Authority will establish a Suez Canal Capital and Development Fund into which shall be paid 25 per cent of all gross receipts. This fund will assure that these shall be available to the Suez Canal Authority adequate resources to meet the needs of development and Capital expenditure for the fulfilment of the responsibilities they have assumed and are fully determined to discharge.

6. Canal Code:

The regulations governing the Canal, including the details of its operation, are embodied in the Canal Code.
which is the law of the Canal. Due notice will be given of any alteration in the code, and any such alteration, if it affects the principles and commitments in this Declaration and is challenged or complained against for that reason, shall be dealt with in accordance with the procedure set forth in paragraph 7(b).

7. Discrimination and Complaints relating to the Canal Code:

a) In pursuance of the principles laid down in the Constantinople Convention of 1888, the Suez Canal Authority, by the terms of its Charter can be in no case grant any vessels, company or other party any advantage or favour not accorded to other vessels, companies or parties on the same conditions.

b) Complaints of discrimination or violation of the canal code shall be sought to be resolved by the complaining party by reference to the Suez Canal Authority. In the event that such a reference does not resolve the party or the Authority, to an arbitration tribunal composed of one nominee of the complaining party, one of the Authority and a third to be chosen by both. In case of disagreement, such third member will be chosen by the President of the International Court of Justice upon the application of either party.

c) The decision of the arbitration tribunal shall be made by a majority of its members. The decision shall be binding upon the parties when they are rendered and they must be carried out in good faith.

d) The Government of Egypt wills study further appropriate arrangements that could be made for fact finding, consultation and arbitration on complaints relating to the canal code.

8. Compensation and Claims:

The question of compensation and claims in connection with the nationalisation of the Suez Canal Maritime Company shall, unless agreed between the parties concerned, be referred to arbitration in accordance with the established international practice.

9. Disputes, Disagreements or differences arising out of the Convention and this Declaration:
a) Disputes or disagreements arising in respect of the Constantinople Convention of 1888 or this Declaration shall be settled in accordance with the Charter of the United Nations.

b) Differences arising between the parties to the said Convention in respect of the interpretation or the applicability of its provision, if not otherwise resolved, will be referred to the International Court of Justice. The Government of Egypt would take the necessary steps in order to accept the compulsory jurisdiction of the International Court of Justice in conformity with the provisions of Art. 36 of its statute.

10. Status of this Declaration:

The Government of Egypt makes this declaration which re-affirms and is in full accord with the terms and spirit of the Constantinople Convention of 1888, as an expression of their desire and determination to enable the Suez Canal to be an efficient and adequate waterway linking the nations of the world and serving the cause of peace and prosperity.

This declaration, with the obligations therein, constitute an international instrument and will be deposited and registered with the Secretariat of the United Nations.
APPENDIX 'G'

PANAMA CANAL TREATY
(SEPTEMBER 7, 1977)

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, initiated 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 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 aforementioned 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 the 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) -

(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, 1999. 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) -

4.5 -

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 recommendation 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.

9-10. -

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.

ARTICLES V - VIII

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 of 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.

2-7.
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 nondiscriminatory 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, the 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 components, 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. —

ARTICLE X.— EMPLOYMENT WITH THE PANAMA CANAL COMMISSION

1. In exercising its rights 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 Commission. The United States of America shall endeavor to ensure that the 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 in 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) -

4. -

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. -

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.

9-10. -

ARTICLE XI -- PROVISIONS FOR THE TRANSITION PERIOD

1. The Republic of Panama shall reassert 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) -
3. 

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.

5.6. 

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. 

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 of the United States of America may have with respect to all real property, including nonremovable improvements thereon as set forth below:
(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.

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 equivalency, 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 conciliation, mediation, arbitration, or such other procedure for the peaceful settlement of the dispute as they may mutually deem appropriate.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.
APPENDIX 'H'
TREATY CONCERNING THE PERMANENT NEUTRALITY
AND OPERATION ON THE PANAMA CANAL, 1977

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
discriminations 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 just, equitable and reasonable, and limited to those necessary for safe navigation and efficient, sanitary operation of the Canal;

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

(c) Tolls and other charges for transit and ancillary services shall be just, reasonable, equitable and consistent with the principles of international law;

(d) As a pre-condition of transit, vessels may be required to establish clearly the financial responsibility and guarantees for payment of reasonable and adequate indemnification, consistent with international practice and standards, for damages resulting from acts or omissions of such vessels when passing through the Canal. In the case of vessels owned or operated by a State or for which it has acknowledged responsibility, a certification by that State that it shall observe its obligations under international law to pay for damages resulting from the act or omission of such vessels when passing through the Canal shall be deemed sufficient to establish such financial responsibility;

(e) Vessels of war and auxiliary vessels of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operation, means of propulsion, origin, destination or armament, without being subjected as a condition of transit, to inspection, search or surveillance. However, such vessels may be required to certify that they have complied with all applicable health, sanitation and quarantine regulations. In addition, such vessels shall be entitled to refuse to disclose their internal operation, origin, armament, cargo or destination. However, auxiliary vessels may be required to present written assurances, certified by an official at a high level of the government of the State requesting the exemption, that they are owned or operated by that government and in this case are being used only on government non-commercial service.
2. For the purposes of this Treaty, the terms "canal", "vessel of war", "auxiliary vessel", "internal operation", "armament" and "inspection" shall 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 maintain the regime of neutrality established in this Treaty, which shall be maintained in order that the Canal shall remain permanently neutral, notwithstanding the termination of any other treaties entered into by the two Contracting Parties.

ARTICLE V

After the termination of the Panama Canal Treaty, only the Republic of Panama shall operate the Canal and maintain military forces, defense sites 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 nations 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 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 A), and any other interoceanic 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 transmit vessels under the control of pilots while such vessels are in the Canal.

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