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THE WHITE HOUSE
WASHINGTON

January 5, 1995

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PRESIDENTIAL REVIEW DIRECTIVE/ NSC-49

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Issues Related to U.S. Military Presence and Canal
Reversion in Panama (C)

This Presidential Review Directive tasks an examination of policy issues regarding compliance with the Panama Canal Treaties of 1977 and related legislation. (C)

I. REVERSION OF PROPERTY AND FACILITIES TO THE GOVERNMENT OF PANAMA

The process of transferring properties and facilities to the Government of Panama per our treaty obligations will accelerate in the coming years. The IWG should review current practice and policy with regard to reversion and identify any steps we should take unilaterally or in conjunction with the Government of Panama to ensure the process meets U.S. objectives. (C)

A. Background

What are the specific requirements of the Panama Canal Treaties with respect to reversion of properties and facilities currently maintained by the United States in Panama? What aspects of reversion are left to the discretion of the United States? (U)

Beyond complying with treaty obligations, what are our principal objectives in the reversion process? (C)

What is the current schedule for reverting properties and facilities to the Government of Panama and on what cost and other considerations is it based? (C)

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What bilateral and interagency mechanisms exist for coordinating the reversion of property to the Government of Panama? (U)

B. Assessment

Evaluate the readiness of the Government of Panama now and in the coming five years to receive and effectively employ these properties and facilities. What assistance are we providing to improve its ability to do so? What more could be done by the United States Government or by the multilateral lending agencies to facilitate conversion of these properties to productive civilian use? Are there targeted trade or investment incentives that could be usefully employed? Has Panama tabled any proposals -- such as establishing educational facilities to create a "City of Knowledge" on these properties -- that warrant favorable U.S. consideration? (S)

How would a decision to seek a post-2000 military presence affect the reversion process? (S)

Identify and assess any issues related to the conditions of these properties that are likely to arise between the United States and Panama during the reversion process. Are current mechanisms for resolving disagreements over treaty obligations effective? Discussion of this issue should include possible environmental concerns and the presence of unexploded ordinance on certain properties. What is current U.S. practice with regard to these issues and on what considerations is it based? (S)

C. Policy Options

Identify any substantive or procedural measures that the United States should take or recommend to increase the Government of Panama's ability to manage the properties and facilities that will be conveyed to it. All options should include cost factors and likely Congressional reaction. (S)

II. TRANSITION OF CANAL ADMINISTRATION TO PANAMA

The IWG should assess current policy and practice regarding the transfer of the Panama Canal to the Government of Panama and propose any measures to help ensure that U.S. interests in the Canal will be protected. (S)

A. Background

What are the specific requirements of the Panama Canal Treaties and related legislation with respect to transfer of the Panama Canal? (U)

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Which U.S. Government agency bears overall responsibility for ensuring a transition that protects U.S. interests with regard to the Canal. What is the role of the Panama Canal Commission and other U.S. agencies? (U)

Describe the roles various Panamanian government agencies are playing in the transition process. What measures has the Government of Panama taken to prepare for assuming responsibility for the management and operation of the Canal? (U)

Describe current plans for progressively transferring responsibility for management and operation of the Canal to Panama. (U)

B. Assessment

What are the chief obstacles -- actual or potential -- to ensuring a smooth transfer of the Canal to Panamanian control? This review should assess whether the Government of Panama desires and/or will be able to insulate the management of the Canal from domestic political pressures. (C)

Assess the effectiveness of measures taken to date to increase Panamanian involvement in the management and operation of the Canal. (C)

Assess the degree of confidence Canal users, including relevant governments, have in Panama's ability to successfully operate the Canal after December 31, 1999. (C)

How would a decision to maintain a post-2000 military presence affect the transition process? (C)

C. Policy Options

Identify any substantive or procedural measures the United States should consider to help ensure the efficient management and operation of the Panama Canal after December 31, 1999, including the possibility of negotiating additional bilateral or multilateral agreements. All options should include cost factors and likely Congressional reaction. (C)

III. POSSIBLE POST-2000 U.S. MILITARY PRESENCE IN PANAMA

Current U.S. policy directs that in compliance with the Treaties all U.S. military forces will be withdrawn from Panama by December 31, 1999 unless agreement to the contrary is reached with the Government of Panama. The Interagency Working Group established by this Presidential Review Directive should examine current policy and recommend whether the United States should

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seek to maintain a post-2000 military presence in Panama and, if so, under what legal arrangements. ~~(S)~~

A. Background

What are the specific requirements of the Panama Canal Treaties and related legislation with respect to U.S. military presence in Panama? What was the rationale behind these agreements? Have conditions changed that suggest a reconsideration of our position? ~~(C)~~

What is the current size and scope of the U.S. military presence in Panama? Describe the missions assigned to each component and the schedule for withdrawing these forces per treaty obligations. ~~(S)~~

Describe options under consideration for relocating SOUTHCOM headquarters to CONUS or another location. ~~(S)~~

B. Assessment

What impacts, positive and negative, would the planned total withdrawal of U.S. military forces from Panama have on meeting SOUTHCOM's future operational missions; advancing general U.S. foreign policy objectives in Latin America; and achieving U.S. objectives in Panama, including maintaining the security of the Panama Canal and meeting U.S. interests regarding its efficient operation beyond the year 2000? ~~(S)~~

What is the position of the current Panamanian government toward a post-2000 U.S. military presence in Panama? What would be the reaction within Latin America to our seeking a post-2000 presence? Would it affect negatively or positively our relations with countries in the region? ~~(C)~~

C. Policy Options

Should the United States seek to maintain a post-2000 military presence in Panama? Options should include but are not limited to a full withdrawal by December 31, 1999 and maintenance of a limited presence beyond the year 2,000. Options for maintaining a post-2000 presence should include specific steps the United States should take in the coming year to secure same. All options should include an assessment of costs, likely Congressional reaction and the likely effect on property reversion and Canal transition. ~~(S)~~

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IV. PUBLIC AFFAIRS

The IWG should prepare a public affairs strategy outlining how we would publicly present any significant changes in U.S. policy that might result from this review. The strategy should focus on gaining public support for such changes both in Panama and Latin America and the Caribbean as a whole. (C)

V. CONGRESSIONAL REACTION

There is likely to be considerable Congressional interest in the results of this review, whether or not it results in significant changes in U.S. policy. In addition to assessing each option in terms of likely Congressional reaction as requested above, the IWG should, in coordination with the Congressional liaison offices of the departments and agencies represented, include an assessment of current Congressional attitudes toward the Panama Canal Treaties and related legislation and likely reactions to policy changes. (C)

VI. TASKING

The Assistant Secretary of State for Inter-American Affairs will convene an Interagency Working Group, task specific drafting responsibilities and set deadlines for drafts. Differences of opinion should be clearly stated rather than compromised for the sake of an agreed product. A final decision paper is due to the NSC Executive Secretary not later than February 3, 1995. (C)



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National Security Affairs

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