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Panama: Prospects for Latin American Mediation



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Summary

The mediation efforts in Panama of various influential Latin American statesmen have stalled. Former Venezuelan President Carlos Andres Perez, whose initiative is broadly supported by democratic leaders in the region, is beginning to back off from involvement because he believes Defense Forces Chief Noriega has grown too strong and is not bargaining in good faith. Guatemalan President Cerezo is trying to gain the support of the Central and South American democratic leaders to pressure Noriega to engage his domestic opposition in direct negotiations, but Noriega scorns the opposition as impotent and so far has ignored Cerezo's entreaties. Some members of the Group of Eight may use the group's meetings in Mexico beginning on 25 June to call for the Group to act as interlocutor between Noriega and the United States. The Group may sound out Washington and Panama City about such an effort, although we judge that divisions within the organization itself will probably circumscribe the extent of its involvement in the Panama situation.



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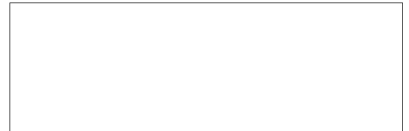
On balance, we believe prospects for any of the Latin American mediation efforts are slim given

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Noriega's strengthened position, the failure of the Latins to combine their efforts, and the sentiment of many regional leaders to avoid involvement in what they see as a no-win situation. A broad-based initiative led by Perez and supported by South and Central American democratic leaders probably would have the best chance of persuading Noriega to leave power, but we believe that even such a unified Latin effort could not succeed without support from the United States-- including a willingness by Washington to permit Latin interlocutors to offer US concessions. [REDACTED]

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There have been three serious, albeit tentative and cautious, offers by influential Latin American statesmen to try to mediate a resolution of the Panama crisis since Defense Forces Chief Noriega ousted President Delvalle in late February. The first and the most sustained effort--which actually began in late 1987--has been that of former Venezuelan President Carlos Andres Perez and two other Latin ex-presidents, Daniel Oduber of Costa Rica and Alfonso Lopez Michelsen of Colombia. More recently, Guatemalan President Vinicio Cerezo sent envoys to Panama to offer his good offices to facilitate talks between Noriega and his domestic opponents. In addition, of late leaders of some of the Latin American Group of Eight countries have become increasingly disposed toward direct involvement in Panama. Foreign ministers from the Group are likely to discuss a possible mediation role at their meeting that begins 25 June in Mexico. This paper analyzes the current status and the outlook of these independent initiatives, and assesses their implications for the United States. [REDACTED]

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#### The Ex-President's Initiative

Former Venezuelan President Perez has been the driving force behind the most serious effort to induce Noriega to step down from power and to effect a smooth transition to democratic rule. Perez, Oduber and Lopez Michelsen have met with Noriega three times since November 1987. According to Perez, Noriega had agreed at their meeting in February--a few days before President Delvalle's attempt to oust him--to the three ex-presidents' proposal calling for:

- Noriega to retire as Commander in August 1988 and leave for Spain;

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- Designation of a new, politically anodyne Defense Forces Commander and strengthening of civilian control over the military;
- Reform of Panama's electoral laws and the holding of free elections in 1989; and
- Respect for the principle of nonintervention by the United States and Panama and mutual pledges to uphold the Canal Treaties.

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Perez remains convinced that the Defense Forces Chief would have quit had Delvalle not tried to move against him, even though a Perez associate familiar with the substance of the Noriega talks says Perez did not obtain a specific timetable from Noriega for his retirement. Embassy reporting indicates that Perez alleges that Washington undercut his efforts by goading Delvalle to move against Noriega.

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In late March, Perez and Oduber met in Costa Rica with President Arias and Spanish Prime Minister Gonzalez, whereupon they jointly decided to press Archbishop McGrath of Panama to offer his services as mediator. Perez undoubtedly hoped the addition of Arias and Gonzalez--two statesmen of international stature who share his general political orientation--would increase the pressure on Noriega to accept the Church as an interlocutor. Although the Solis Palma regime agreed to accept McGrath's offer of mediation to gain propaganda points with the public, Noriega never responded to McGrath, whom he considers to represent the opposition and to sympathize with US efforts to oust him. By publicly backing McGrath as mediator, Perez and the others probably damaged their own credibility with Noriega as impartial interlocutors.

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Perez renewed his efforts after the sudden collapse of the US-Noriega negotiations in May, but he was discouraged by the tenor of his last meeting with Noriega on 31 May. He and others present at the meeting describe Noriega as fit, confident, "puffed up"--and not prepared to seriously discuss giving up power. Instead, Noriega reportedly insisted that Washington must reduce the US troop presence in Panama, recognize Solis Palma as President, and drop the economic sanctions and indictments. The military strongman reportedly told his associates after the May meeting that Perez seemed to be acting on Washington's behalf and would not be returning.

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US Embassy reporting indicates Perez has virtually given up hope on Panama, and will concentrate

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for the time being on his presidential election campaign at home.

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We believe Perez, whose efforts have had the strongest Latin American support, would be willing to give mediation in Panama another shot only if he had assurances that his efforts would have Washington's blessing. Indeed, he probably calculates--and we concur--that any chance for success would depend on US agreement to allow him to broker a US-Noriega deal. Perez probably would want to reschedule talks with Secretary Shultz to probe whether the US would let him act as a go-between with Noriega and, if so, what US concessions he might be able to deliver to Noriega to entice the strongman to step down. Perez agrees with the US that any acceptable solution requires an ironclad commitment from Noriega to retire, but Perez probably would accept a November or December timeframe and conditions allowing Noriega to remain in Panama. Moreover, Perez probably would agree with Noriega that in exchange, the US must drop the economic sanctions and indictments, and reduce its military presence in Panama. Perez, like most Latin American leaders, accords little legitimacy to either Solis Palma or Delvalle and probably believes that leadership of a transition government should be negotiable. Given his belief that Washington undermined his earlier "agreement" with Noriega, Perez also would be likely to seek guarantees that the US would forswear new policy initiatives before he undertakes renewed efforts. [redacted]

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Even with all the above conditions and concessions, Perez's ability to negotiate a settlement to include Noriega's retirement still assumes that Noriega is willing to relinquish power--a highly problematic assumption in our view. Although Noriega would have difficulty portraying Perez as a US stalking horse, he could continue to stall until the US withdraws its offer or Perez quits to return to his presidential campaign. Getting a majority of Latin American countries behind Perez' efforts from the start could make such delay tactics more difficult, or at least more costly politically, for Noriega. Perhaps as difficult to overcome is the outright rejection of Perez as mediator by opposition leaders, who believe that he is close to Noriega and the ruling party. Despite their claims to the contrary, most opposition leaders know that their parties are in no position--organizationally or financially--to contest elections in 1989.

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#### Cerezo's Central American Initiative

Guatemalan President Cerezo has made recent soundings about Noriega's receptivity to a possible effort by the leaders of the Central American democracies--led by him--to mediate between the regime and its domestic opposition. Cerezo's emissaries met in late May and early June with Noriega, the newly formed military

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council, and ruling party leaders to present the Guatemalan leader's ideas for resolving the crisis. Noriega--under little pressure--apparently is temporizing and has not yet responded. For their part, the Central American leaders have been tied up recently with developments in the region affecting the Central America peace accords. [REDACTED]

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Cerezo's proposed mediation track is substantially different from that of Perez, although their goals--Noriega's departure and fair elections--are the same. Unlike Perez, whose best ties are to groups and individuals linked to the regime--Cerezo's closest Panamanian connections are with members of the opposition. Thus, while Perez apparently would aim first to settle Noriega-US issues, a Panamanian opposition figure says Cerezo's proposal focuses on getting Noriega to negotiate directly with the domestic opposition, leaving aside temporarily the question of Noriega's timetable for relinquishing power. Cerezo apparently believes that once Noriega has acquiesced to direct talks with domestic opponents, they can put his resignation on the table for negotiation, as well as the composition of a transition government. On the latter issue, Cerezo probably would be more inclined than Perez to try to preserve a role for President Delvalle. In addition to his direct overtures to Noriega, the Guatemalan leader is working behind the scenes with the Panamanian opposition to get the leaders of the Central and South American democracies, Spanish Prime Minister Gonzalez, and the Papal Nuncio in Panama to help him pressure Noriega into direct talks with the opposition, according to US Embassy reporting. [REDACTED]

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In our view, Cerezo's independent mediation offer has even less chance of success than that of Perez. Noriega reportedly has little respect for the Central American presidents and views Costa Rican President Arias with contempt. Cerezo's close ties to Panamanian opposition party leaders, particularly the Christian Democrats' Arias Calderon, undoubtedly disqualifies the Guatemalan president as an acceptable arbiter in Noriega's eyes. Noriega might eventually give some encouragement to Cerezo, however, to keep largely illusory mediation hopes alive. He would only "favor" Cerezo's plan, however, because he probably views it as the easier to discredit. Cerezo's proposal to recognize and support Delvalle publicly probably would prompt Noriega to halt any role for foreign mediators, while putting only minimal pressure on him to talk to the domestic opposition. In the unlikely event that Cerezo could arrange for a majority of Latin American leaders to receive Delvalle, however, Noriega would suffer a significant setback to his effort to reintegrate Panama into the Latin fold. [REDACTED]

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Possible Group of Eight Involvement

While Noriega appears to be stalling Perez and Cerezo as potential Latin interlocutors, Panamanian officials are actively courting leaders of the Group of Eight countries in an attempt to end Panama's political isolation in the region. The Uruguayan foreign minister recently told US officials that Mexico and Peru appeared to be readying an attempt to persuade the Group to reinstate Panama. [redacted]

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[redacted] Panamanian diplomats have been working with representatives from Mexico and Peru at the United Nations to develop a plan for the Group to mediate between Panama and the United States and to draft a statement for the 25 June meetings to the effect that the US should facilitate a settlement by ending economic sanctions and recognizing the Solis Palma government. The Uruguayan foreign minister has confirmed that the Group intends to present its ideas to the Panamanian foreign minister when he arrives in Mexico on 27 June for discussions on Central America by the Contadora Group--to which Panama still belongs. The Group of Eight reportedly will propose to Noriega that he quit his command and agree not to interfere further in Panamanian politics. In exchange, they will ask the US to uphold its obligations under the Canal Treaties, guarantee that there will be no military intervention in Panama, lift the financial sanctions, and engage in a dialogue with the Solis Palma regime on preparations for elections--in effect providing recognition to the Noriega-imposed president. [redacted]

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Several countries are likely to oppose readmitting Panama or approving collective Group action on Panama, however. Calling the Panama situation a "minefield," for example, Argentine Foreign Minister Caputo says his government prefers to maintain a low profile on Panama. According to US Embassy officials, Venezuelan leaders believe Noriega is in complete control and under no pressure to make concessions, and Caracas is not inclined to undertake or support any new initiative. Brazil has consistently opposed direct involvement in the Panama situation. These countries probably would insist on receiving assurances of cooperation from both the US and Panama before taking any public steps. Those in favor of some gesture on Panama may be able to get the foreign ministers to decry foreign intervention in Panamanian affairs and to call for a Panamanian solution that leads to a democratically-elected civilian government. [redacted]

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Outlook

Current Latin American efforts to broker a political compromise in Panama are likely to fail given Noriega's obstinancy, the failure of Perez and Cerezo to combine their efforts, and the decision of many regional leaders to disengage

from what they see as a no-win situation. Panamanian officials have admitted to Latin leaders, moreover, that Noriega--believing he can stand up to US pressures--will not pursue the Latin mediation offers seriously unless the economic strains on Panamanians mount and popular opinion turns aggressively against him. [REDACTED]

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In our view, a unified Latin American effort led by Perez and supported by South and Central American democratic leaders would stand a better chance of persuading Noriega to leave power. Under any circumstances, however, we do not believe their efforts could succeed without being supported by the United States, including a willingness by Washington to permit them to bargain with Noriega using US concessions. Without this leverage, we doubt Latin mediation efforts can do much more than expose Noriega's intransigence and personal ambition. Moreover, Noriega would try to shift the focus of the Latin mediators toward the absence of US concessions to try to boost his legitimacy at home and abroad. [REDACTED]

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