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NSC

23 JULY 75

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23 July 1975

DCI BRIEFING FOR
23 JULY NSC MEETING

PANAMA

- I. Mr. President, I will focus on two key questions:
 - First, what are the real pressures on General Torrijos to obtain a treaty?
 - And, secondly, are we dealing with a government that is responsible enough to carry out the provisions of a new treaty?
- II. As for the first question, Torrijos' political future and, in his view, his place in Panamanian history, depend on securing a treaty that will satisfy Panama's main aspirations. He sees his reputation on the line, and thus some of the pressure on him is self-generated.
 - A. There are, however, other important pressures on him.
 1. Torrijos' authority derives from his position as commander of the National Guard -- Panama's only military and police establishment. Its officers

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continue to support him largely because of his substantial record of success, both at home and abroad. A major failure -- such as a breakdown in the canal negotiations -- could lead to a reappraisal of this commitment.

2. The students are another key constituency that Torrijos knows he must not disappoint. A small but vocal number of ultra-nationalist youth already believe he is not standing firm enough against what they view as US "demands" for a prolonged presence on "sovereign Panamanian soil." Should these highly volatile students take things into their own hands -- and they are fully capable of doing so -- they could make Torrijos a prisoner of events. There could be a danger of real violence against canal installations.
3. And, lastly, the general population's expectations about the benefits of a new treaty for Panama have been raised significantly. There is not only a national consensus that the time for a new treaty has

SECRET

25X1

come, but also a belief that it should clearly provide for complete Panamanian control over the present canal zone before the end of this century.

III. As for the second question, if Torrijos does get a new treaty generally consistent with the declaration of eight negotiating principles signed in February 1974, we believe his government will live up to its terms.

A. There would be no reason for subsequent governments to renege, provided that key Panamanian interests are satisfied. (Most Panamanian governments since 1903 have been unhappy with the present treaty, but all have generally respected its provisions.)

B. It would be difficult for Torrijos to repudiate a treaty he himself had negotiated, and in which most Panamanians saw benefits such as:

- a considerable increase in direct revenue to Panama;
- new land for commercial and residential development; and
- a greater role for Panamainans in the operation and defense of the canal, looking to

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the time when they would have complete responsibility.

IV. Torrijos has had significant success in getting expressions of support for his canal aspirations from his Latin American neighbors -- largely because in much of the area, the canal negotiations are regarded as the single most important indicator of whether the US intends to work out a new relationship with Latin America.

- A. Thus, even leaders who are privately indifferent or cool toward Panama's desire to gain control over the canal, such as those in Ecuador and Chile, would line up with a Latin American consensus highly critical of the US if Panama took its case to international forums such as the OAS and the UN.
- B. If the negotiations break down, Torrijos could count on particularly strong support from Venezuela, Mexico, and, of course, Cuba. The prospects for an effective multilateral dialogue with the region would be dealt a severe blow.
- C. Also, impetus would be given to Latin American organizations that exclude the US, such as the

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proposed Latin American Economic System, and there would probably be damage to bilateral relations in some countries.

1. Venezuela and Colombia would be particularly upset, while in others -- especially Argentina and Brazil -- the effect on bilateral relations would be minimal.

V. Finally, Mr. President, let me review the two main unresolved substantive issues:

A. On the question of the duration of a treaty, Panama has twice announced publicly ~~secret~~ recently in the March 1973 UN Security Council meeting in Panama ~~that~~ that it can never accept a 50-year period.

1. To most Panamanians this sounds like perpetuity, a key factor of the 1903 treaty they insist must be changed.

B. As for the issue of land and water, the Panamanians are insisting that the US retain for use only the land and water essential for the operation, maintenance and defense of the canal.

1. We believe that Torrijos must obtain some visible benefit to Panama on this issue at the treaty's outset, especially adjacent to Panama City and Colon.

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