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## MEMORANDUM

## NATIONAL SECURITY COUNCIL

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DOS Review Completed

INFORMATION

March 5, 1971

MEMORANDUM FOR: DR. KISSINGER

FROM: Ashley C. Hewitt *ACH*SUBJECT: Panama and Prospects for the Canal  
NegotiationsArmy Review  
Completed  
(C05138889)

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

Attached are several reports and studies about the character of the Junta Government (PJM) in Panama, the personality of General Torrijos, and the prospects for canal negotiations. The main conclusions to be drawn from these reports and studies are that:

- Torrijos and the PJM are in full control of the country, and that no effective opposition to him or his conduct of the negotiations can be expected;
- Torrijos and the PJM are genuinely disposed to negotiate new treaty arrangements with the US because of growing financial problems, and due to political imperatives that require something that Torrijos can display as a personal victory. It seems likely that the PJM will approach the negotiations, at least initially, fairly, frankly and openly, if somewhat naively;
- the PJM will be willing to concede to the United States primacy in the defense and administration of the canal and the facilities in its immediate support;
- the PJM will demand major concessions in the areas of legal jurisdiction in what is now the Canal Zone and a greater share in the direct and indirect economic benefits from the presence of the canal and its associated facilities. It is unlikely that the PJM will be willing to accept any open-ended treaty arrangements;
- Torrijos himself is emotional and unpredictable. He may "shoot first and ask questions afterward", but he is capable of reversing himself if decisions taken in haste do not seem to be working out;

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Implications for US policy

- Negotiations will be extremely delicate and should be conducted with tact and sensitivity.
- Negotiations may be punctuated by temporary breakdowns which could be followed by attacks on the US in the media in Panama, and perhaps even by demonstrations.
- Nevertheless, a satisfactory treaty is probably obtainable, though perhaps not within the desired time frame.
- If we conclude that a satisfactory treaty is not obtainable before the deadline we ourselves have set, we should consider some unilateral concessions to the PJG in order to avoid severe negative reactions in Panama.

Attachments:

Tab A - CIA Working Paper 1/29/71

Panama Canal Negotiations: Torrijos vs US

Tab B - Special NIE 84-71 Cy 13 2/18/71

Tab C -

Tab D - Canal Zone Cable 1473 2/26/71

Tab E - Panama Cable 1020 3/4/71

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