THE TRIP OF HILLARY RODHAM CLINTON TO PANAMA

OCTOBER 8-10, 1997

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Clinton Presidential Records
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GENERAL INFORMATION

Divider Title:____

Washington, D.C. (DST)	Panama
0	**–1**
0600	0500
0700	0600
0800	0700
0900	0800
1000	0900
1100	1000
1200	1100
1300	1200
1400	1300
1500	1400
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2300	2200
2400	2300
0100	2400
0200	*0100*
0300	*0200*
0400	*0300*
0500	*0400*
0600	*0500*

+1 day

Notes on Gifts and Customs

Gifts

As set forth in 22 CFR Part 3, the Foreign Gifts Act specifies that employees and members of their families may accept and retain a gift tendered as a souvenir or mark of courtesy from foreign governments or their representatives if it is of "minimal value," which is currently defined as a retail value in the United States, at the time of acceptance, of $225 or less. However, an employee may accept a gift valued at over $225 only if to refuse it "would likely cause offense or embarrassment or otherwise adversely affect the foreign relations of the United States," and even then such a gift is deemed to have been accepted on behalf of the United States and, upon acceptance, becomes the property of the United States. Any such gift must, within 60 days after acceptance, either be deposited for disposal with the recipient's employing agency, or, subject to the approval of the employing agency, deposited with that agency for official use. For the President and First Lady of the United States, the depository for gifts is the White House Gift Unit, 457 Old Executive Office Building.

The Attorney General may bring a civil action in the U.S. District Court against any employee who knowingly has solicited or accepted a gift from a foreign government not consented to by the revised statute, or who has failed to deposit or report such a gift as the law requires. A penalty may be assessed in such a case in any amount not to exceed the retail value of the gift improperly solicited or received plus $5,000.

Customs

Everyone will be expected to fill out a customs declaration form to be returned to the steward just prior to returning to a U.S. point of entry. You will need to note on the declaration when:

- The total fair retail value of articles acquired abroad exceeds $400, or if acquired in American Samoa, Guam, or the U.S. Virgin Islands, $800.
- More than 1 liter (33.8 fl. oz.) of alcoholic beverages, 200 cigarettes, or more than 100 cigars are included. Or if returning from American Samoa, Guam, or the U.S. Virgin Islands: more than 4 liters (135.2 fl. oz.) of alcoholic beverages, 100 cigars, and 1,000 cigarettes.
- Some of the items are not intended for your personal or household use, such as commercial samples, items for sale or use in your business, or articles you are bringing home for another person.
- Articles acquired in the U.S. Virgin Islands, American Samoa, or Guam are being sent to the United States.
- A customs duty or internal revenue tax is collectible on any article in your possession.

Note: "Courtesy of Port" does not mean you do not have to fill out a declaration or that you will not have to pay customs duty. Your declarations will be reviewed by customs officials at the U.S. point of entry and you will be billed for any dutiable items purchased.

Prohibited and Restricted Articles

Some items must meet certain requirements, require a license or permit, or may be prohibited entry. Among these are:

- Absinthe
- Biological material
- Books protected by American copyright if unauthorized foreign reprints
- Candy, liquor-filled
- Copies of gold coins if not properly marked
- Electronic products subject to radiation emission standards
- Firearms and ammunition
- Food, drugs, and certain other items not approved by FDA
- Fruits, plants, vegetables and their products
- Hazardous articles (e.g., fireworks, dangerous toys, toxic or poisonous substances)
- Lottery tickets
- Meats, poultry, and products (e.g., sausage, pate, canned items)
- Motor vehicles not conforming to safety and emission standards
- Narcotics and dangerous drugs including medicine containing same
- Objects of Central and South American pre-Colombian Indian cultures
- Obscene articles and publications
- Pets (e.g., dogs, birds, turtles, monkeys)
- Seditious or treasonable matter
- Trademarked items (e.g., certain cameras, watches, perfumes)
- Switchblade knives
- Wildlife (birds, fish, animals) and endangered and protected species (e.g., pheasants; furskin; feathers, eggs, or skins of wild birds; articles from reptile skins, ivory, and whalebone).

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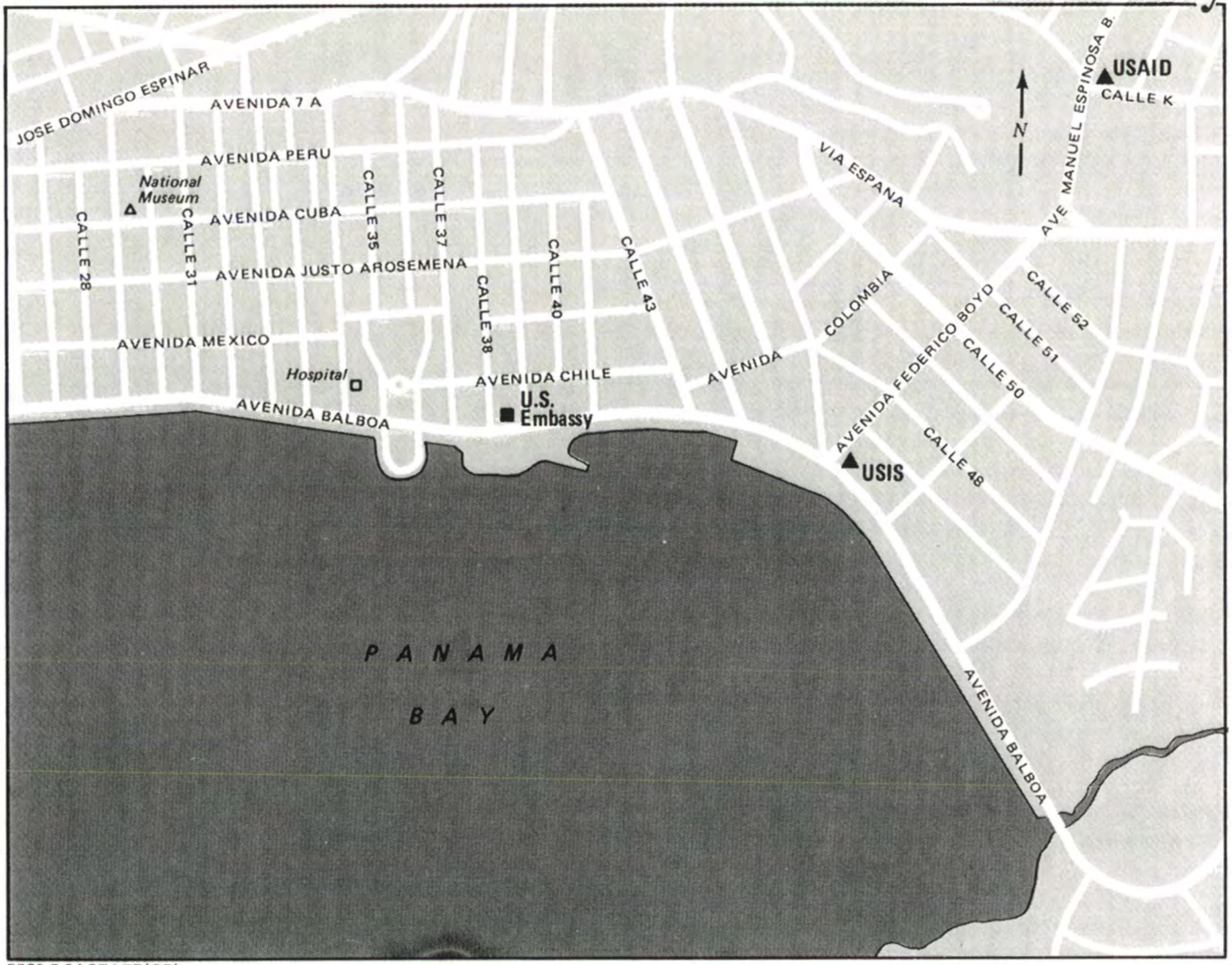
Divider Title: **PANAMA**

Base 802396 (540285) 5-95

Panama City



5709 7-84 STATE(GE)

Panamanian Balboa at B1.00 = U.S. $

Balboa to U.S. Dollars

Balboa	U.S. $
0.50	0.50
1.00	1.00
1.50	1.50
2.00	2.00
1.00	1.00
10.00	10.00
20.00	20.00
50.00	50.00
300.00	300.00
500.00	500.00
1,000.00	1,000.00
2,000.00	2,000.00
5,000.00	5,000.00

U.S. Dollars to Balboa

U.S. $	Balboa
0.10	0.10
0.25	0.25
0.50	0.50
0.75	0.75
1.00	1.00
3.00	3.00
5.00	5.00
10.00	10.00
20.00	20.00
50.00	50.00
100.00	100.00
300.00	300.00
500.00	500.00

NOTE: All U.S. dollar values are rounded to the nearest U.S. cent. The value of the Balboa fluctuates daily according to currency market conditions.

October 1997

U.S. Department of State

Background Notes: Panama, May 1997

Released by the Bureau of Inter-American Affairs.

Official Name: Republic of Panama

PROFILE

People

Nationality: Noun and adjective--Panamanian(s).
Population (1996 est.): 2.68 million.
Annual growth rate: 2%.
Ethnic groups: *Mestizo* (mixed Indian and European ancestry) 70%, West Indian 14%, Caucasian 10%, Indian 6%.
Religions: Roman Catholic 85%, Protestant (Evangelical) 15%.
Languages: Spanish (official); 14% speak English as their native tongue; various Indian languages.
Education: Years compulsory--6. Attendance--95% for primary school-age children, 96% for secondary. Literacy--About 90% overall: urban 94%, rural 62%.
Health: Infant mortality rate--17/1,000. Life expectancy--74 yrs.
Workforce (910,000): Government and community services--32%. Agriculture--27%. Commerce, restaurants, and hotels--16%. Manufacturing and mining--9%. Transportation and communication--6%. Construction--3%. Finance, insurance, and real estate--4%.

Geography

Area: 77,381 sq. km. (29,762 sq. mi.); slightly smaller than South Carolina. Panama occupies the southeastern end of the isthmus forming the land bridge between North and South America.
Cities: Capital--Panama City (827,828). Other cities--Colon (140,908), David (102,678).
Terrain: Mountainous (highest elevation Cerro Volcan, 3,475 m.--11,468 ft.); coastline 2,857 km. (1,786 mi.).
Climate: Tropical, with average daily rainfall 28 mm. (1 in.) in winter.

Government

Type: Constitutional democracy.
Independence: November 3, 1903.
Constitution: October 11, 1972; amended 1983 and 1994.
Branches: Executive--president (chief of state), two vice presidents. Legislative--Legislative Assembly (unicameral, 72 members). Judicial--Supreme Court.
Subdivisions: Nine provinces and two (Indian) territories.
Political parties: President Perez Balladares belongs to the Democratic Revolutionary Party (PRD), which in a coalition with smaller parties, holds a slim majority in the Legislative Assembly. Opposition parties include Arnulfista Party (PA), to which former President Endara belongs; the Christian Democratic Party (PDC); the Papa Egoro Party; and the National Liberal Republic Movement (MOLIRENA).

Suffrage: Universal and compulsory at 18.

Economy (1995)

Real GDP: $5.7 billion.
Annual growth rate: 1.9%.
Per capita GDP: $2,885.
Natural resources: Timber, seafood, copper.
Services (72% of GDP): Finance, insurance, canal-related services, Colon Free Zone.
Agriculture (11% of GDP): Products--bananas and other fruit, corn, sugar, rice, coffee, shrimp, timber, vegetables, cattle. Land--agricultural 24%, exploitable forest 20%, other 56%.
Industry (19% of GDP): Types--food and drink processing, metalworking, petroleum products, chemicals, paper and paper products, printing, mining, refined sugar, clothing, furniture, construction.
Trade: Exports--$565 million: bananas 33%, shrimp 11%, sugar 4%, coffee 2%, clothing 5%. Major markets: U.S. 40%. Imports--$2.33 billion: capital goods 21%, crude oil 11%, foodstuffs 9 %, other consumer and intermediate goods 57%. Major suppliers: U.S. 40%.
Exchange rate: Fixed at unity with the U.S. dollar.

PEOPLE

The culture, customs, and language of the Panamanians are predominantly Caribbean Spanish. Ethnically, the majority of the population is *mestizo* (mixed Spanish and Indian) or mixed Spanish, Indian, Chinese, and West Indian. Spanish is the official and dominant language; English is a common second language spoken by the West Indians and by many in business and the professions. More than half the population lives in the Panama City-Colon metropolitan corridor.

Panama is rich in folklore and popular traditions. Brightly colored national dress is worn during local festivals and the pre-Lenten carnival season, especially for traditional folk dances like the tanborito. Lively salsa--a mixture of Latin American popular music, rhythm and blues, jazz, and rock--is a Panamanian specialty. Indian influences dominate handicrafts such as the famous Kuna textile molas. Artist Roberto Lewis' Presidential Palace murals and his restoration work and ceiling in the National Theater are well known and admired.

Over 65,000 Panamanian students attend the University of Panama, the Technological University, and the University of Santa Maria La Antigua, a private Catholic institution. Including smaller colleges, there are 14 institutions of higher education in Panama.

The first six years of primary education are compulsory, and there are 357,000 students currently enrolled in grades one through six. The total enrollment in the six secondary grades is 207,000. Nearly 90% of Panamanians are literate.

HISTORY

Panama's history has been shaped by the evolution of the world economy and the ambitions of great powers. Rodrigo de Bastidas, sailing westward from Venezuela in 1501 in search of gold, was the first European to explore the Isthmus of Panama. A year later, Christopher Columbus visited the isthmus and established a short-lived settlement in the Darien. Vasco Nunez de Balboa's tortuous trek from the Atlantic to the Pacific in 1513 demonstrated that the isthmus was indeed the path between the seas, and Panama quickly became the crossroads and marketplace of Spain's empire in the New World. Gold and silver were brought by ship from South America, hauled across the Isthmus, and loaded aboard ships for Spain. The route became known as the Camino Real, or Royal Road.

Panama was part of the Spanish empire for 300 years (1538-1821). From the outset, Panamanian identity was based on a sense of "geographic destiny," and Panamanian fortunes fluctuated with the geopolitical importance of the isthmus. The colonial experience also spawned Panamanian nationalism as well as a racially complex and highly stratified society, the source of internal conflicts that ran counter to the unifying force of nationalism.

BUILDING THE CANAL

Modern Panamanian history has been shaped by its trans-isthmian canal, which had been a dream since the beginning of Spanish colonization. From 1880 to 1900, a French company under Ferdinand de Lesseps attempted unsuccessfully to construct a sea-level canal on the site of the present Panama Canal. In November 1903, with U.S. encouragement and French financial support, Panama proclaimed its independence and concluded the Hay/Bunau-Varilla Treaty with the United States. The treaty conceded rights to the United States "as if it were sovereign" in a zone roughly 10 miles wide and 50 miles long. In that zone, the U.S. would build a canal, then administer, fortify, and defend it "in perpetuity." In 1914, the United States completed the existing 83-kilometer (50-mile) lock canal, which today is one of the world's greatest engineering triumphs. The early 1960s saw the beginning of sustained pressure in Panama for the renegotiation of this treaty. (See discussion of United States-Panama relations and the 1977 Panama Canal Treaties below.)

MILITARY COUPS AND COALITIONS

From 1903 until 1968, Panama was a constitutional democracy dominated by a commercially oriented oligarchy. During the 1950s, the Panamanian military began to challenge the oligarchy's political hegemony. In October 1968, Dr. Arnulfo Arias Madrid, twice elected president and twice ousted by the Panamanian military, was again ousted as president by the National Guard after only 10 days in office. A military junta government was established, and the commander of the national guard, Brigadier General Omar Torrijos, emerged as the principal power in Panamanian political life. Torrijos' regime was harsh and corrupt, but he was a charismatic leader whose populist domestic programs and nationalist foreign policy appealed to the rural and urban constituencies largely ignored by the oligarchy.

Torrijos' death in 1981 altered the tone but not the direction of Panama's political evolution. Despite 1983 constitutional amendments which appeared to proscribe a political role for the military, the Panama Defense Force (PDF), as they were then known, continued to dominate Panamanian political life behind a facade of civilian government. The PDF's hand-picked candidate won the presidential election in 1984. Pro-government parties also won a majority of Legislative Assembly seats, in races tainted by charges of corruption. By this time, General Manuel Noriega was firmly in control of both the PDF and the civilian government.

The rivalry between civilian elites and the Panamanian military, which had been a recurring theme in Panamanian political life since the 1950s, now developed into a grave crisis. In the summer of 1987, prompted by government restrictions on media and civil liberties, more than 100 business, civic, and religious groups formed a loose coalition that organized widespread anti-government demonstrations.

Panama's developing domestic crisis was paralleled by rising tensions between the Panamanian Government and the United States. The United States froze economic and military assistance to Panama in the summer of 1987 in response to the political crisis and an attack on the U.S. embassy. The Government of Panama countered by ousting the U.S. Agency for International Development in December 1987; before the end of the year, the U.S. Congress cut off all assistance to Panama. General Noriega's February 1988 indictment in U.S. courts on drug trafficking charges sharpened tensions; in April 1988, President Reagan invoked the International Emergency Economic Powers Act, freezing Panamanian Government assets in U.S. banks and prohibiting a variety of payments by American agencies, firms, and individuals to the Noriega regime.

When national elections were held in May 1989, Panamanians voted for the anti-Noriega candidates by a margin of over three-to-one. Although the size of the opposition victory and the presence of international observers thwarted regime efforts to control the outcome of the vote, the Noreiga regime promptly annulled the election and embarked on a new round of repression.

By the fall of 1989, the regime was barely clinging to power. An unsuccessful PDF coup attempt in October produced bloody reprisals. Deserted by all but a small number of cronies, and distrustful of a shaken and demoralized PDF, Noriega began increasingly to rely on irregular paramilitary units called

Dignity Battalions. In December 1989, the regime's paranoia made daily existence unsafe for U.S. forces and other U.S. citizens.

On December 20, President Bush ordered the U.S. military into Panama to protect U.S. lives and property, to fulfill U.S. treaty responsibilities to operate and defend the Canal, to assist the Panamanian people in restoring democracy, and to bring Noriega to justice. The U.S. troops involved in Operation Just Cause achieved their primary objectives quickly, and troop withdrawal began on December 27. Noreiga eventually surrendered to U.S. authorities voluntarily. He is now serving a 40-year sentence in Florida for drug trafficking.

Rebuilding Democracy

Panamanians moved quickly to rebuild their civilian constitutional government. On December 27, 1989, Panama's Electoral Tribunal invalidated the Noreiga regime's annulment of the May 1989 election and confirmed the victory of opposition candidates under the leadership of President Guillermo Endara, and Vice Presidents Guillermo Ford and Ricardo Arias Calderon.

President Endara took office as the head of a four-party minority government, pledging to foster Panama's economic recovery, transform the Panamanian military into a political force under civilian control, and strengthen democratic institutions. During its five-year term, the Endara Government struggled to meet the public's high expectations. Its new police force proved to be a major improvement in outlook and behavior over its thuggish predecessor, but was not fully able to deter crime. Its overall record was not enough to convince a skeptical public that it deserved re-election in 1994.

GOVERNMENT AND POLITICAL CONDITIONS

Panama is a representative democracy with three branches of government: executive and legislative branches elected by direct, secret vote for five-year terms, and an independent appointed judiciary. The executive branch includes a president and two vice presidents. The Legislative Branch consists of a 72-member unicameral Legislative Assembly. The judicial branch is organized under a nine-member Supreme Court and includes all tribunals and municipal courts. An autonomous Electoral Tribunal supervises voter registration, the election process, and the activities of political parties. Everyone over the age of 18 is required to vote, although those who fail to do so are not penalized.

Ernesto "Toro" Perez Balladares was sworn in as President on September 1, 1994, after an internationally monitored election campaign--Panama's largest, with seven candidates for the presidency, over 2,500 for the legislature, 2,000 for mayoral posts, and more than 10,000 at the local level--that was notable for its non-violent, orderly, and efficient pace.

Perez Balladares ran as the candidate for a three-party coalition dominated by the Democratic Revolutionary Party (PRD), the erstwhile political arm of the military dictatorship during the Torrijos and Noreiga years. A long-time member of the PRD, Perez Balladares worked skillfully during the campaign to rehabilitate the PRD's image, emphasizing the party's populist Torrijos roots rather than its association with Noriega. He won the election with only 33% of the vote when the major non-PRD forces, unable to agree on a joint candidate, splintered into competing factions.

Perez Balladares has broad powers under Panama's current constitution, but must work with a Legislative Assembly in which his PRD party and its political allies have only a bare majority. Although the assembly lacks strong budgetary authority, it does play a crucial role in designing political, economic, and social initiatives; President Perez Balladares has governed with a multi-party cabinet that includes prominent experts in their fields as well as several members who publicly opposed Noriega. His administration has carried out economic reforms and worked closely with the U.S. on implementation on the Canal treaties.

National Security

The Panamanian Government has converted the former Panama Defense Forces (PDF) into a civilian "public force," subordinate to civilian officials and composed of four independent units: the Panamanian National Police, the National Maritime Service (Coast Guard), the National Air Service, and the Institutional Protective Service (VIP Security). A constitutional amendment, passed in 1994, abolished the military permanently.

Law enforcement units that have been separated from the public force, such as the Technical Judicial Police, are also directly subordinate to civilian authorities. The public force budget--in contrast to the former PDF--is on public record and under control of the executive.

The United States, with congressional approval, is delivering assistance to help train and establish truly professional law enforcement agencies. In fiscal year 1996, the United States provided police skills training and technical assistance in civilian law enforcement development through a $31 million program managed by the International Criminal Investigative and Training Assistance Program (ICITAP). In addition, $9.5 million was spent to help the Panamanian government improve its administration of justice. Equipment that is appropriate for police work is also being provided.

Principal Government Officials

President--Ernesto PEREZ BALLADARES
First Vice President--Tomas G. ALTAMIRANO DUQUE
Second Vice President--Felipe VIRZI
Ministry of Foreign Affairs--Ricardo Alberto ARIAS
Ambassador to the U.S.--Eduardo MORGAN
Ambassador to the UN--Aquilino BOYD
Ambassador to the OAS--Lawrence CHEWNING FABREGA

Panama maintains an embassy in the United States at 2862 McGill Terrace, N.W., Washington, D.C. 20008 (tel: 202-483-1407).

ECONOMY

Two great challenges face the Balladares Administration: efficiently utilizing 70,000 acres of U.S. military land and more than 4,000 buildings which will revert to Panama by the end of 1999, and laying a solid groundwork for assuming full control of the Panama Canal in the 21st century. As the U.S. military departs, Panama will have to replace jobs and income earned from U.S. bases. Long-term investor confidence brought about by political stability and economic liberalization are the keys to Panama's economic future.

Panama's economy is primarily based on a well-developed services sector that accounts for 72% of GDP. Services include the Panama Canal, banking, insurance, government, and the Colon Free Zone--the world's second-largest free trade zone after Hong Kong. Mining, tourism, and maritime services are projected sources of future growth.

Although the economic recovery of the early 1990s returned the country to its 1987, pre-crisis levels, sustained growth depends on Panama's ability to resolve long-standing problems of inequitable distribution of wealth, high tariffs, external debt, and dependence on U.S. Government and Canal revenues. Under- and unemployment continue to be the most serious challenges to the Government of Panama. Panama's working-age population is expected to grow 2.5% per year during the 1990s; the economy must grow by at least 5% annually, according to one estimate, to keep the unemployment rate stable as new entrants swell the labor force. If current low growth rates (about 2%) continue, the unemployment rate (now 14%) will worsen.

In 1996, U.S. exports to Panama were $1.4 billion; imports from Panama were $346 million, for an overall trade surplus of just over $1 billion. Trade with the U.S. comprises roughly 40% of Panama's total trade.

In recent years, Panama has embarked on an ambitious privatization program. Cellular phone service has been privatized, as have the ports of Cristobal and Balboa. Privatization, the state telecommuncations company TELECOM, the power utility, casinos, and a racetrack are in process. The government also plans to privatize two government-owned sugar mills, a convention center, and an international airport. U.S. companies are involved in many of the ongoing privatizations, although there have been concerns about certain privatization efforts.

U.S. companies play an important role in the Panamanian economy. They are particularly active in banking, bananas, ports, and other services. There are approximately 100 U.S. companies operating in Panama.

Role of Business

The government and the U.S. business community actively promote Panama's long-standing reputation as an international trading, banking, and services center, and as a site for foreign direct investment. Panama's economy is characterized by low inflation and zero foreign exchange risk. Panama must, however, take measures to detect and deter money laundering and improve its infrastructure if it is to attract investment.

The major task of the Perez Balladares Government is to put into place decisive policy reforms to change the economy and sustain long-term growth. These include reducing the public sector payroll, liberalizing the trade regime, privatizing state-owned enterprises, and fostering job creation through labor code reforms. Panama acceded to the World Trade Organization (WTO) in October 1996; legislation to ratify and implement membership is before the Legislative Assembly. To bring its regime into compliance with WTO, Panama has reduced tariffs over a broad range of products, converted some tariffs to "value added," and is in the process of eliminating non-tariff barriers.

FOREIGN RELATIONS

Panama is a member of the UN General Assembly, most major UN agencies, and has served three terms as a member of the UN Security Council. It maintains membership in several international financial institutions, including the World Bank, the Inter-American Development Bank, and the International Monetary Fund. Panama is a member of the Organization of American States, and was a founding member of the Rio Group. Although it was suspended from the Latin American Economic System (known informally both as the Group of Eight and the Rio Group) in 1988 due to its internal political system under Noriega, Panama was re-admitted in September 1994 as an acknowledgement of its present democratic credentials. Panama is also one of the founding members of the Union of Banana Exporting Countries and belongs to the Inter-American Tropical Tuna Commission.

Panama is an active participant in Central American regional meetings, although it is not a formal participant in integration activities. Panama is a member of the Central American Parliament (PARLACEN) as well as the Central American Integration System (SICA). The government is also taking steps to join the Central American Development Bank. Panama joined its six Central American neighbors at the 1994 Summit of the Americas in signing the Alliance for Sustainable Development known as the Conjunta Centroamerica-USA or CONCAUSA to promote sustainable economic development in the region.

Panama strongly backed efforts by the United States to implement UN Security Council Resolution 940, designed to facilitate the departure of Haiti's de facto authorities from power. Panama offered to contribute personnel to the Multinational Force, which restored the democratically elected government to Haiti in October 1994, and granted asylum to the former Haitian military leaders. Also in 1994, Panama agreed to accept 9,000 Cuban "rafters," who were housed temporarily on U.S. military range areas until 1995.

U.S.-PANAMANIAN RELATIONS

The Panama Canal Treaties have provided the foundation for an enduring partnership. The U.S. and Panama are implementing the treaties by preparing for the transfer to Panama of the Canal and the U.S.

base properties. Overall U.S. assistance to Panama in FY 1995 was $23 million. Additionally, civic action projects, direct, and indirect military spending pump over $250 million annually into the Panamanian economy.

The United States cooperates with the Panamanian Government in promoting economic, political, and social development through U.S. and international agencies. Cultural ties between the two countries are strong, and many Panamanians come to the United States for higher education and advanced training. Approximately 6,000 Americans reside in Panama, consisting of retirees from the Panama Canal Commission and individuals who hold dual nationality. The number of U.S. visitors to Panama from July 1995 to June 1996 averaged around 3,600, and 110 companies are operating in Panama. President Perez Balladares, a Notre Dame and Wharton School graduate, has pursued a close relationship with the United States.

Panama continues to fight against illegal narcotics. The country's proximity to major cocaine-producing nations and its role as a commercial and financial crossroads make it a country of special importance in this regard. Although money laundering remains a problem, the Perez Balladares Government and the United States are cooperating in a new initiative to attack this problem.

Principal U.S. Officials

U.S. Embassy

Ambassador--William J. Hughes
Deputy Chief of Mission--Edward B. O'Donnell, Jr.
Counselor for Political and Economic Affairs--Elizabeth Bollmann
Counselor for Public Affairs--Patrick Duddy (arrives 8/97)
Counselor for Administrative Affairs--Manuel Acosta (arrives 7/97)
Consul General--Paul Kline (arrives 8/97)

Panama Canal Commission

Administrator--Alberto ALEMAN Zubieta
Deputy Administrator--Joseph Cornelison

U.S. Southern Command

Commander in Chief--General Wesley Clark (departs 7/97)
Deputy Commander in Chief--RADM Walter Doran

Smithsonian Tropical Research Institute

Director--Dr. Ira Rubinoff

The U.S. embassy in Panama is located at Avenida Balboa y Calle 38, Panama City (tel: 507-227-1777). Personal and official mail for the embassy and members of the mission may be sent to: U.S. Embassy Panama, Unit 0945, APO AA 34002.

E-mail: U.S. Information Service (USIS): usispan@pty.com
Political/Economic Section - embpol@sinfo.net

OTHER CONTACT INFORMATION

American Chamber of Commerce & Industry in Panama
Estafeta Balboa
Apartado 168
Panama, Republica de Panama
Tel: (507) 269-3881

Fax: (507) 223-3508
E-mail: amcham@pan.gbm.net

U.S. DEPARTMENT OF COMMERCE
International Trade Administration
Office of Latin American and the Caribbean
14th and Constitution, N.W.
Washington, D.C. 20230
Tel: (202) 482-0057
800-USA-TRADE
Fax: (202) 482-0464
Home Page: http://www.ita.doc.gov

THE PANAMA CANAL TREATIES

The 1977 Panama Canal Treaties entered into force on October 1, 1979. They replaced the 1903 Hay/Bunau-Varilla Treaty between the United States and Panama, and all other United States-Panama agreements concerning the Panama Canal which were in force on that date. The treaties comprise:

-- A basic treaty governing the operation and defense of the Canal from October 1, 1979, to December 31, 1999 (Panama Canal Treaty); and
-- A treaty guaranteeing the permanent neutrality of the Canal (Neutrality Treaty).

The details of the arrangements for U.S. operation and defense of the Canal under the Panama Canal Treaty are spelled out in separate implementing agreements.

Purpose of the Treaties

In negotiating the Panama Canal Treaties, four successive United States Administrations acted to protect a fundamental national interest in long-term access to a secure and efficient Canal. Panama's cooperation is fundamental to this objective. By meeting Panamanian aspirations for eventual control of the Canal, the United States sought a new relationship with Panama based on friendship and mutual respect. The treaties make Panama a partner in the continued safe and efficient operation of the Canal. In serving the best interests of both nations, the treaties serve the interests of all users of the Canal.

History of the Negotiations

Our bilateral relationship with Panama has centered on the Panama Canal since the beginning of the century. Under the 1903 treaty, the United States acquired unilateral rights to build and operate a canal in perpetuity. It also acquired the Canal Zone--a 553 square-mile area in which the United States exercised the rights, power, and authority of a sovereign state. In January 1964, Panamanian dissatisfaction with this relationship boiled over into riots which resulted in the deaths of four U.S. Marines and more than 20 Panamanians. A three-month suspension of diplomatic relations followed.

The growing bilateral tension in the 1960s gave weight to the views of those who believed that a new Canal Treaty was needed to replace the 1903 treaty and to establish a new relationship with Panama. In June 1967, United States and Panamanian negotiators completed draft treaties dealing with the existing Canal, a possible sea-level Canal through Panama, and defense matters. Neither country ratified the treaties, however, and they were publicly rejected by the new Torrijos Government in 1970.

Treaty negotiations resumed in June 1994 leading to a declaration of principles signed in 1973 by Secretary of State Henry Kissinger and his Panamanian counterpart, Juan Antonio Tack. On September 7, 1977, President Carter and General Torrijos signed the Panama Canal Treaties at the headquarters of the Organization of American States in Washington, D.C. The Panamanian people approved the new treaties in a plebiscite held on October 23, 1977. The U.S. Senate ratified the Neutrality Treaty on March 16, 1978, and the Panama Canal Treaty on April 18, 1978. The treaties entered into force on October 1, 1979. The protocol to the Neutrality Treaty is open to accession by all nations, and more than 35 have subscribed.

Basic Provisions of the Treaties

The United States has primary responsibility for the operation and defense of the Canal until December 31, 1999. After that date, the United States and Panama will maintain a regime of neutrality for the Canal, including nondiscriminatory access and tolls for merchant and naval vessels of all nations. A U.S. Senate condition attached to the instruments of ratification allows the U.S. and Panama to negotiate a post-1999 defense-sites treaty, if both countries find such a treaty in their mutual interest.

In order to meet its treaty responsibilities, the United States has the right to use specified land and water areas and facilities in Panama necessary for the operation, maintenance, and defense of the Canal until December 31, 1999. U.S. warships will be entitled to expeditious passage through the Canal at all times, however, and the United States will continue to have the right to ensure that the Canal remains open and secure.

The United States operates the Canal through the Panama Canal Commission (PCC), which is a U.S. Government agency supervised by a Board of Directors consisting of five American and four Panamanian members, appointed by the President (the Panamanian members are initially nominated by their government). Until 1990, the Canal Administrator was an American and the Deputy Administrator was Panamanian; these nationalities reversed for the final decade of the treaty on September 20, 1990, when Gilberto Guardia was installed as the first Panamanian Administrator. He was succeeded in 1996 by another Panamanian, Alberto Aleman Zubieta. Pursuant to treaty obligations, the PCC is training Panamanians in all areas of Canal operations prior to the transfer of the Canal in 1999. Panamanian citizens currently comprise over 92% of the PCC workforce.

During the life of the treaty, Panama receives the following payments from Canal revenues:

-- A fixed annual payment of $10 million;

-- An annual payment of $10 million, adjustable for inflation, for public services provided to Canal operating areas by the Government of Panama (the Canal Zone and its government ceased to exist when the treaties entered into force, and Panama assumed jurisdiction over Canal Zone territories and functions);

-- An annual percentage of toll revenues assessed at $0.39 (since October 1, 1996) per Panama Canal net ton transiting the Canal, worth $84.6 million in 1996; and

-- A payment of up to $10 million in the event that revenues exceed PCC expenditures in a given year.

Under U.S. implementing legislation (the Panama Canal Act), the PCC must be self-sustaining; its costs may not exceed its revenues, nor may U.S. taxpayer funds be used for Canal operations or payments to Panama.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country. **Consular Information Sheets** exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the addresses of the U.S. posts in the country. **Public Announcements** are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-on-demand system: 202-647-3000. Travel Warnings and Consular Information Sheets also are available on the Consular Affairs Internet home page: http://travel.state.gov and the **Consular Affairs Bulletin Board (CABB)**. To access CABB, dial the modem number: (301-946-4400 (it will accommodate up to 33,600 bps), set terminal communications program to N-8-1 (no parity, 8 bits, 1 stop bit); and terminal emulation to VT100. The login is **travel** and the password is **info** (Note: Lower case is required). The CABB also carries international security information from the Overseas Security Advisory Council and Department's Bureau of Diplomatic Security. Consular Affairs Trips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad, can be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954; telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

Passport Services information can be obtained by calling the 24-hour, 7-day a week automated system ($.35 per minute) or live operators 8 a.m. to 8 p.m. (EST) Monday-Friday ($1.05 per minute). The number is 1-900-225-5674 (TDD: 1-900-225-7778). Major credit card users (for a flat rate of $4.95) may call 1-888-362-8668 (TDD: 1-888-498-3648)

Travelers can check the **latest health information** with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at (404) 332-4559 gives the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled *Health Information for International Travel* (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on **travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers** also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas, are encouraged to register at the U.S. embassy upon arrival in a country (see "Principal U.S. Embassy Officials" listing in this publication). This may help family members contact you in case of an emergency.

Further Electronic Information:

Department of State Foreign Affairs Network. Available on the Internet, DOSFAN provides timely, global access to official U.S. foreign policy information. Updated daily, DOSFAN includes *Background Notes*; *Dispatch*, the official magazine of U.S. foreign policy; daily press briefings; directories of key officers of foreign service posts; etc. DOSFAN's World Wide Web site is at U.S. State Department Home Page; this site has a link to the DOSFAN Gopher Research Collection, which also is accessible at gopher://gopher.state.gov.

U.S. Foreign Affairs on CD-ROM (USFAC). Published on a semi-annual basis by the U.S. Department of State, USFAC archives information on the Department of State Foreign Affairs Network, and includes an array of official foreign policy information from 1990 to the present. Contact the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. To order, call (202) 512-1800 or fax (202) 512-2250.

National Trade Data Bank (NTDB). Operated by the U.S. Department of Commerce, the NTDB contains a wealth of trade-related information, including *Country Commercial Guides*. It is available on the Internet (www.stat-usa.gov) and on CD-ROM. Call the NTDB Help-Line at (202) 482-1986 for more information.

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William J. Hughes
U.S. Ambassador to Panama

William J. Hughes was sworn in as Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Panama on October 25, 1995, and assumed his duties on November 7, 1995.

Ambassador Hughes represented the Second District of New Jersey in Congress from 1975 to 1995. He was an associate at Loveland, Hughes and Garrett , Ocean City, New Jersey from 1959–67; was a partner from 1967–82; and from 1972–76 he was president of the law firm. He served as a county prosecutor in Cape May County, New Jersey from 1960–70 .

In 1975 he successfully ran on the Democratic ticket for Congress. He served on the Judiciary Committee (1975–95) as chairman of the Subcommittee on Crime (1980–90) and chairman of the Subcommittee on Intellectual Property and Judicial Administration (1991–95). As Chairman of the Crime Subcommittee, he was responsible for oversight of the Drug Enforcement Administration and was one of the principal a authors of over 40 anti-crime bills, including our country's money-laundering asset forfeiture, computer crime, and antiterrorism statues.

From 1977–95 Mr. Hughes served on the Merchant Marine and Fisheries Committee's Subcommittee on Coast Guard and Navigation Affairs, Subcommittee on Fisheries and Wildlife Conservation and the Environment, and Subcommittee on Oceanography. He was a long-time member of the Committee on Aging, including serving as its chairman (1993). He has worked on the Democratic Congressional Campaign Committee, been chairman of the Older Americans Caucus, and has served on the Board of Visitors of the U.S. Coast Guard Academy.

Ambassador Hughes was born October 17, 1932 in Salem, New Jersey. He earned a B.A. from Rutgers University in 1955 and a law degree from Rutgers in 1958. He is married to Nancy Lucille Hughes and has four children.

Key U.S. Officials in Panama City

Deputy Chief of Mission
Edward B. O'Donnell

Administrative Officer
Manuel Acosta

Political/Economic Officer
W. Lewis Anselem

Consular Officer
Paul C. Kline

Regional Security Officer
Edward Lennon

Public Affairs Officer
Patrick Duddy