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DEPARTMENT OF THE ARMY
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D.C. 20310

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X4-1.1 Defense

3 May 1973

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MEMORANDUM FOR AMBASSADOR WARD

SUBJECT: Other Military Activities in the Canal Zone (U)

Reference: Memorandum for Ambassador Ward, subject:
Department of Defense Position, dated 15 May 1972

Ms. Sheffey has enclosures

~~(C)~~ As indicated in Inclosure 11 to the reference, the Department of Defense has been studying its military activities in the Canal Zone in order to classify them for your use. In this regard, it is understood that military rights essential to operation and protection of the Canal would be incorporated in the treaty, and rights to conduct important US military activities not directly related to canal defense would be either in the new treaty, or as a fall back position, in an accompanying agreement. Study of our military activities indicated that many do not clearly fall into precise groupings, but rather fall in several categories. In addition, based on their contributions to Panama, some will be far more acceptable to Panama than others. With these considerations in mind, the following information and DOD position is provided for your use.

~~(C)~~ The Department of Defense currently has 10,767 military and 1,493 US civilian personnel located in the Canal Zone, all of which are employed on missions of varied importance to our national security and national interest. Information on the major organizations involved is attached as Inclosure 1. This information was provided by DOD to Mr. Pat M. Holt, a staff member of the Senate Foreign Relations Committee, following his visit to Panama in November 1972.

~~(C)~~ Study of these organizations indicates that their activities may be generally classified by category according to their primary mission as:

Military activities that principally:

I - Support Canal Operations.

~~Classified by Executive AD/CSA~~
~~SUBJECT TO GENERAL DECLASSIFICATION~~
~~SCHEDULE OF EXECUTIVE ORDER 11652~~
~~AUTOMATICALLY DOWNGRADED AT TWO YEAR~~
~~INTERVALS~~
~~DECLASSIFIED ON 31 DECEMBER 1981~~

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~~SECRET~~

SUBJECT: Other Military Activities in the Canal Zone (U)

- II - Execute the Canal Defense Operations.
- III - Support US hemispheric defense responsibilities as part of the Inter-American System.
- IV - Support other US national interests in the hemisphere.
- V - Contribute to unilateral US defense preparedness.

~~(C)~~ Detailed analysis of the actual functions performed by DOD organizations in Panama not directly associated with Canal operations or defense (i. e., categories III, IV, and V) reveals that many are indirectly associated, and may be regarded as "ancillary defense activities." Others are associated with Panamanian national interests; conceivably Panama would desire their retention on that basis. Still others fit neither of these classifications and have to be dealt with on the specific merits of their individual cases. In addition, some military units, notably HQ USSOUTHCOM, whose primary missions are concerned with the defense of the Panama Canal (Category II), have secondary missions which may fall into Categories III, IV and V.

~~(C)~~ A chart of US military activities, classified by mission and national interest, is included in Inclosure 2. (It is recommended that you refer to Inclosure 2 while reading the remainder of this memorandum.) This is based on the mission statements of all units included in Inclosure 1, and for those military activities not directly related to either Canal operations or defense, the information included in the summaries of Inclosure 3. These summaries provide data which may be of use to you in the negotiations, including information on missions, contribution to canal defense, pay roll, extent of purchases in Panama, Panamanian participation, impact of relocation and other pertinent facts bearing on the relationship between the activity and the defense of the Canal.

~~(S)~~ We conclude from this analysis of our military activities in the Canal Zone that they accomplish missions or functions of significance to our national interests and that they should be continued. Further, we believe that existing guidance (NSDM 115) provides an adequate basis for the retention of these activities. Category I and II activities would

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SUBJECT: Other Military Activities in the Canal Zone (U)

be provided for within the general treaty language now developed by the US side; although questions concerning the size and composition of the forces could be raised. Similarly, USSOUTHCOM's additional supervisory functions may require separate consideration.

~~(C)~~ Suggested negotiating positions concerning Categories III, IV, and V activities relate to relevant respective Panamanian or US interests.

US Interests

A. Authorization for the continuation of ancillary defense activities could be included in general treaty language. In the event the Panamanians do not accept this approach, care must be taken to retain in the treaty those rights which such activities require in order to accomplish their defense-related activities. We would prefer that all ancillary defense activities be covered in the basic treaty rather than in a separate agreement.

B. Continuation in Panama of "other military activities" not closely associated with Canal operations and defense might be best assured by citing their contributions to Panamanian interests.

Panamanian Interests

C. Certain activities might be "sold" to Panama on the basis of advantages to Panama, or on grounds of achievement of objectives associated with the Inter-American system. In connection with the latter point, appropriate credit for Panama's contribution to Inter-American cooperation could be assured in the treaty as an aspect of our mature partnership relationship.

D. Certain other activities that do not contribute significantly to Canal Operations or defense and from which Panama derives no significant benefit must be handled on their own merits. Since major concessions on many issues are being made to the Panamanians, appropriate tradeoffs would seem possible. If required, a separate agreement could be used instead of the Canal Treaty.

~~(S)~~ Authority and instructions to retain HQ USSOUTHCOM in Panama is contained in the President's Decision of 20 July 1971.

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SUBJECT: Other Military Activities in the Canal Zone (U)

There should therefore be no question concerning USSOUTHCOM's primary responsibility (Category II) for military defense, as this is a fundamental US issue in the negotiations. From the standpoint of costs and efficiency of operations, it is in the US interests for HQ USSOUTHCOM to continue to perform the additional functions it has been assigned. These activities, as opposed to the headquarters and its principal function, may be topics for negotiation. If so, we would suggest they be treated according to the national interest division previously discussed. Authority to continue those hemispheric (Category III and IV) and unilateral US activities (Category V) performed by HQ USSOUTHCOM should be obtained using the same rationale as for our other activities of similar nature. A similar approach should be taken for other Category II organizations that also perform Category III, IV, or V activities. In addition, Panama's association with HQ USSOUTHCOM in the Combined Military Committee could be presented as a prestige relationship, similar to our NATO relationship, in which Panama would be regarded as a mature ally of the US and as a member of the Inter-American system.

(U) Additional details concerning our military activities in Panama and the above rationale will be provided should you desire.

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a/s



Henry L. T. Koren
Chairman, Panama Canal
Treaty Negotiations
Working Group

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