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E.O. 12958, as amended, Sect 3.5

NSC/Scubers to Smith 09/06/2002

By *LS* Date *02/17/07*

THE WHITE HOUSE

WASHINGTON

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June 5, 1970

National Security Decision Memorandum 64

TO: The Secretary of State
 The Secretary of Defense
 The Secretary of the Army

SUBJECT: Panama Canal

I have reviewed the paper prepared in response to NSSM 86 and agency comments on the issues contained therein, and I have decided the following:

1. We should be prepared to discuss with Panama our fundamental canal relationship and to negotiate new treaty arrangements if Panama asks us to do so and if there are reasonable prospects for achieving a satisfactory new treaty arrangement.
2. I authorize the Secretary of State to coordinate exploratory and preliminary talks with the Panamanian government designed to determine Panama's views in more detail and to reach a judgment as to whether mutually satisfactory new treaty arrangements can be expected. It should be made clear to the Panamanians that these talks are preliminary and exploratory and not themselves negotiations.
3. I authorize the Secretary of State and Ambassador Anderson to coordinate consultations with the US Congress at such time as they deem advisable on the question of our future canal relationship with Panama.
4. Inter-agency recommendations should be submitted to me, based on what is learned as a result of the steps authorized by 2 and 3 above as to a) whether and when to open formal negotiations on new treaties and b) what our specific negotiating objectives should be. These recommendations should be coordinated and submitted to me by the Under Secretaries Committee.
5. If formal negotiations appear desirable, I would prefer, in the absence of overriding reasons to the contrary, that these not begin

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until early 1971 to permit receipt and evaluation of the Canal Study Commission report and soundings with the new Congress. These reasons may be used to explain to the Panamanian government why we suggest this time frame.

6. In any new negotiations three points are to be considered non-negotiable: a) effective US control of canal operations; b) effective US control of canal defense; and c) continuation of these controls for an extended period of time preferably open-ended.

7. In the exploratory talks our representatives should be guided by the following with respect to those issues raised by the NSSM-86 paper:

- a) On expanded canal capacity. Indicate in any new negotiations we would expect to negotiate definitive rights (but without obligation) to build a new sea-level canal and/or enlarge the present canal. However, our final position in this regard would be formed after we have evaluated the Canal Study Commission Report.
- b) On control of canal operations. Test first Panamanian receptivity to a continuation of exclusive USG control of canal operations and whether such a control pattern can be made palatable to Panama; if it is clear that Panama will not accept this, then agree to explore a pattern of joint US-Panamanian administration, with US majority control, along the lines of the 1967 draft treaties or some similar arrangement.
- c) On defense. Indicate that in any new negotiations we would seek rights for unilateral defense of the canal and canal areas. Defer for the time being discussion of the hemisphere defense issue in view of the pending Defense Department review of Southern Command status.
- d) On sovereignty and jurisdiction. Test first Panamanian receptivity to the idea of a markedly reduced Zone with continuance of USG control therein, but with negotiation for Panamanian jurisdiction over commercial and non-essential governmental functions (Option A of paper). If pursuing this course is clearly not fruitful, explore joint US-Panamanian jurisdiction along the 1967 draft treaty model (Option B).

- e) On duration. Our objective should be an open-ended arrangement; we should consider specific provision for periodic review.
- f) On economic benefits. Indicate the U.S. is prepared to seek ways to create substantial additional revenue for Panama.

A handwritten signature in cursive script, appearing to read "Richard King".

cc: Chairman, Joint Chiefs of Staff
Director, Central Intelligence Agency
Ambassador Robert Anderson,
Special Representative for US/Panama Relations