

PANAMA-UNITED STATES: THE PANAMA CANAL TREATIES AND RELATED DOCUMENTS

Source: *International Legal Materials*, SEPTEMBER 1977, Vol. 16, No. 5 (SEPTEMBER 1977), pp. 1021-1098

Published by: Cambridge University Press

Stable URL: <https://www.jstor.org/stable/20691786>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



Cambridge University Press is collaborating with JSTOR to digitize, preserve and extend access to *International Legal Materials*

JSTOR

PANAMA-UNITED STATES: THE PANAMA CANAL TREATIES AND RELATED DOCUMENTS*
[Done at Washington, September 7, 1977]

DECLARATION OF WASHINGTON

We, the Chiefs of State, Heads of Government or other representatives of the American Republics and other states present at the ceremony for the signature on this day of the Panama Canal Treaty establishing new arrangements for the operation, maintenance and defense of the Panama Canal until December 31st, 1999, and the Treaty concerning the permanent neutrality and operation of the Panama Canal, both concluded by the Governments of Panama and the United States of America, in accordance with the Joint Declaration between the two countries of April 3, 1964, agreed under the auspices of the Council of the OAS;

Noting that the Panama Canal Treaty is based on the recognition of the sovereignty of the Republic of Panama over the totality of its national territory;

Considering that settlement of the Panama Canal issue represents a major step toward strengthening of relations among the nations of the Western Hemisphere on a basis of common interest, equality, and mutual respect for the sovereignty and independence of every state;

Recognizing the importance for hemisphere and world commerce and navigation of arrangements for assuring the continuing accessibility and neutrality of the Panama Canal;

*[Reproduced from the texts provided by the U.S. Department of State.

[The Panama Canal Treaty of 1977 appears at I.L.M. page 1022. The Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal appears at I.L.M. page 1040. Documents Implementing the Panama Canal Treaty appear at I.L.M. page 1043.

[The U.S. Department of State has issued a Draft Environmental Impact Statement for the new Panama Canal Treaty. The period for comments will end on October 13, 1977. Copies of the Statement may be obtained from the Office of Environmental Affairs, Department of State, Room 7820, Washington, D.C. 20520.]

Record our profound satisfaction at the signature by the President of the United States of America and the Chief of Government of Panama of the Panama Canal Treaty of 1977 and the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal.

Done at Washington
on September 7, 1977
in the name of

Texts of Treaties Relating to the Panama Canal

PANAMA CANAL TREATY

The United States of America and the Republic of Panama,

Acting in the spirit of the Joint Declaration of April 3, 1964, by the Representatives of the Governments of the United States of America and the Republic of Panama, and of the Joint Statement of Principles of February 7, 1974, initialed by the Secretary of State of the United States of America and the Foreign Minister of the Republic of Panama, and

Acknowledging the Republic of Panama's sovereignty over its territory,

Have decided to terminate the prior Treaties pertaining to the Panama Canal and to conclude a new Treaty to serve as the basis for a new relationship between them and, accordingly, have agreed upon the following:

ARTICLE I

ABROGATION OF PRIOR TREATIES AND ESTABLISHMENT OF A NEW RELATIONSHIP

1. Upon its entry into force, this Treaty terminates and supersedes:

(a) The Isthmian Canal Convention be-

tween the United States of America and the Republic of Panama, signed at Washington, November 18, 1903;

(b) The Treaty of Friendship and Cooperation signed at Washington, March 2, 1936, and the Treaty of Mutual Understanding and Cooperation and the related Memorandum of Understandings Reached, signed at Panama, January 25, 1955, between the United States of America and the Republic of Panama;

[*] (c) All other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama concerning the Panama Canal which were in force prior to the entry into force of this Treaty; and

(d) Provisions concerning the Panama Canal which appear in other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama which were in force prior to the entry into force of this Treaty.

2. In accordance with the terms of this Treaty and related agreements, the Republic of Panama, as territorial sovereign, grants to the United States of America, for the duration of this Treaty, the rights necessary to regulate the transit of ships through the Panama Canal, and

*[The agreements affected by this provision are listed in the minute on page 1034. The agreements not affected by Article I appear at page 1035.]

to manage, operate, maintain, improve, protect and defend the Canal. The Republic of Panama guarantees to the United States of America the peaceful use of the land and water areas which it has been granted the rights to use for such purposes pursuant to this Treaty and related agreements.

3. The Republic of Panama shall participate increasingly in the management and protection and defense of the Canal, as provided in this Treaty.

4. In view of the special relationship established by this Treaty, the United States of America and the Republic of Panama shall cooperate to assure the uninterrupted and efficient operation of the Panama Canal.

ARTICLE II

RATIFICATION, ENTRY INTO FORCE, AND TERMINATION

1. This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, six calendar months from the date of the exchange of the instruments of ratification.

2. This Treaty shall terminate at noon, Panama time, December 31, 1999.

ARTICLE III [*]

CANAL OPERATION AND MANAGEMENT

1. The Republic of Panama, as territorial sovereign, grants to the United States of America the rights to manage, operate, and maintain the Panama Canal, its complementary works, installations and equipment and to provide for the orderly transit of vessels through the Panama Canal. The United States of America accepts the grant of such rights and undertakes to exercise them in accordance with this Treaty and related agreements.

2. In carrying out the foregoing responsibilities, the United States of America may:

(a) Use for the aforementioned pur-

poses, without cost except as provided in this Treaty, the various installations and areas (including the Panama Canal) and waters, described in the Agreement in Implementation of this Article, signed this date, as well as such other areas and installations as are made available to the United States of America under this Treaty and related agreements, and take the measures necessary to ensure sanitation of such areas;

(b) Make such improvements and alterations to the aforesaid installations and areas as it deems appropriate, consistent with the terms of this Treaty;

(c) Make and enforce all rules pertaining to the passage of vessels through the Canal and other rules with respect to navigation and maritime matters, in accordance with this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules;

(d) Establish, modify, collect and retain tolls for the use of the Panama Canal, and other charges, and establish and modify methods of their assessment;

(e) Regulate relations with employees of the United States Government;

(f) Provide supporting services to facilitate the performance of its responsibilities under this Article;

(g) Issue and enforce regulations for the effective exercise of the rights and responsibilities of the United States of America under this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules; and

(h) Exercise any other right granted under this Treaty, or otherwise agreed upon between the two Parties.

3. Pursuant to the foregoing grant of rights, the United States of America shall, in accordance with the terms of this Treaty and the provisions of United States law, carry out its responsibilities by means of a United States Government agency called the Panama Canal Commission, which shall be constituted by and in conformity with the laws of the United States of America.

(a) The Panama Canal Commission shall be supervised by a Board composed of nine members, five of whom shall be nationals of the United States of America, and four of whom shall be Panamanian nationals proposed by the Republic of Panama for appointment to

*[The Agreement in Implementation of Article III appears at page 1043.]

such positions by the United States of America in a timely manner.

(b) Should the Republic of Panama request the United States of America to remove a Panamanian national from membership on the Board, the United States of America shall agree to such request. In that event, the Republic of Panama shall propose another Panamanian national for appointment by the United States of America to such position in a timely manner. In case of removal of a Panamanian member of the Board at the initiative of the United States of America, both Parties will consult in advance in order to reach agreement concerning such removal, and the Republic of Panama shall propose another Panamanian national for appointment by the United States of America in his stead.

(c) The United States of America shall employ a national of the United States of America as Administrator of the Panama Canal Commission, and a Panamanian national as Deputy Administrator, through December 31, 1989. Beginning January 1, 1990, a Panamanian national shall be employed as the Administrator and a national of the United States of America shall occupy the position of Deputy Administrator. Such Panamanian nationals shall be proposed to the United States of America by the Republic of Panama for appointment to such positions by the United States of America.

(d) Should the United States of America remove the Panamanian national from his position as Deputy Administrator, or Administrator, the Republic of Panama shall propose another Panamanian national for appointment to such position by the United States of America.

4. An illustrative description of the activities the Panama Canal Commission will perform in carrying out the responsibilities and rights of the United States of America under this Article is set forth at the Annex. Also set forth in the Annex are procedures for the discontinuance or transfer of those activities performed prior to the entry into force of this Treaty by the Panama Canal Company or the Canal Zone Government which are not to be carried out by the Panama Canal Commission.

5. The Panama Canal Commission shall reimburse the Republic of Panama for the costs incurred by the Republic of Panama in providing the following public services in the Canal operating areas and in housing areas set

forth in the Agreement in Implementation of Article III of this Treaty and occupied by both United States and Panamanian citizen employees of the Panama Canal Commission: police, fire protection, street maintenance, street lighting, street cleaning, traffic management and garbage collection. The Panama Canal Commission shall pay the Republic of Panama the sum of ten million United States dollars (\$10,000,000) per annum for the foregoing services. It is agreed that every three years from the date that this Treaty enters into force, the costs involved in furnishing said services shall be reexamined to determine whether adjustment of the annual payment should be made because of inflation and other relevant factors affecting the cost of such services.

6. The Republic of Panama shall be responsible for providing, in all areas comprising the former Canal Zone, services of a general jurisdictional nature such as customs and immigration, postal services, courts and licensing, in accordance with this Treaty and related agreements.

7. The United States of America and the Republic of Panama shall establish a Panama Canal Consultative Committee, composed of an equal number of high-level representatives of the United States of America and the Republic of Panama, and which may appoint such subcommittees as it may deem appropriate. This Committee shall advise the United States of America and the Republic of Panama on matters of policy affecting the Canal's operation. In view of both Parties' special interest in the continuity and efficiency of the Canal operation in the future, the Committee shall advise on matters such as general tolls policy, employment and training policies to increase the participation of Panamanian nationals in the operation of the Canal, and international policies on matters concerning the Canal. The Committee's recommendations shall be transmitted to the two Governments, which shall give such recommendations full consideration in the formulation of such policy decisions.

8. In addition to the participation of Panamanian nationals at high management levels of the Panama Canal Commission, as provided for in paragraph 3 of this Article, there shall be growing participation of Panamanian nationals at all other levels and areas of employment in the aforesaid commission, with the objective of preparing, in an orderly and efficient fashion.

for the assumption by the Republic of Panama of full responsibility for the management, operation and maintenance of the Canal upon the termination of this Treaty.

9. The use of the areas, waters and installations with respect to which the United States of America is granted rights pursuant to this Article, and the rights and legal status of United States Government agencies and employees operating in the Republic of Panama pursuant to this Article, shall be governed by the Agreement in Implementation of this Article, signed this date.

10. Upon entry into force of this Treaty, the United States Government agencies known as the Panama Canal Company and the Canal Zone Government shall cease to operate within the territory of the Republic of Panama that formerly constituted the Canal Zone.

ARTICLE IV [*]

PROTECTION AND DEFENSE

1. The United States of America and the Republic of Panama commit themselves to protect and defend the Panama Canal. Each Party shall act, in accordance with its constitutional processes, to meet the danger resulting from an armed attack or other actions which threaten the security of the Panama Canal or of ships transiting it.

2. For the duration of this Treaty, the United States of America shall have primary responsibility to protect and defend the Canal. The rights of the United States of America to station, train, and move military forces within the Republic of Panama are described in the Agreement in Implementation of this Article, signed this date. The use of areas and installations and the legal status of the armed forces of the United States of America in the Republic of Panama shall be governed by the aforesaid Agreement.

3. In order to facilitate the participation and cooperation of the armed forces of both Parties in the protection and defense of the Canal, the United States of America and the Republic of Panama shall establish a Combined Board comprised of an equal number of senior military representatives of each Party. These representatives shall be charged by their respective governments with consulting and cooperating on all matters pertaining to the protection and defense of the Canal, and with planning for

actions to be taken in concert for that purpose. Such combined protection and defense arrangements shall not inhibit the identity or lines of authority of the armed forces of the United States of America or the Republic of Panama. The Combined Board shall provide for coordination and cooperation concerning such matters as:

(a) The preparation of contingency plans for the protection and defense of the Canal based upon the cooperative efforts of the armed forces of both Parties;

(b) The planning and conduct of combined military exercises; and

(c) The conduct of United States and Panamanian military operations with respect to the protection and defense of the Canal.

4. The Combined Board shall, at five-year intervals throughout the duration of this Treaty, review the resources being made available by the two Parties for the protection and defense of the Canal. Also, the Combined Board shall make appropriate recommendations to the two Governments respecting projected requirements, the efficient utilization of available resources of the two Parties, and other matters of mutual interest with respect to the protection and defense of the Canal.

5. To the extent possible consistent with its primary responsibility for the protection and defense of the Panama Canal, the United States of America will endeavor to maintain its armed forces in the Republic of Panama in normal times at a level not in excess of that of the armed forces of the United States of America in the territory of the former Canal Zone immediately prior to the entry into force of this Treaty.

ARTICLE V

PRINCIPLE OF NON-INTERVENTION

Employees of the Panama Canal Commission, their dependents and designated contractors of the Panama Canal Commission, who are nationals of the United States of America, shall respect the laws of the Republic of Panama and shall abstain from any activity incompatible with the spirit of this Treaty. Accordingly, they shall abstain from any political activity in the Republic of Panama as well as from any intervention in the internal affairs of the Republic of Panama. The United States of America shall take all measures within its authority to

*[The Agreement in Implementation of Article IV appears at page 1068.]

ensure that the provisions of this Article are fulfilled.

ARTICLE VI

PROTECTION OF THE ENVIRONMENT

1. The United States of America and the Republic of Panama commit themselves to implement this Treaty in a manner consistent with the protection of the natural environment of the Republic of Panama. To this end, they shall consult and cooperate with each other in all appropriate ways to ensure that they shall give due regard to the protection and conservation of the environment.

2. A Joint Commission on the Environment shall be established with equal representation from the United States of America and the Republic of Panama, which shall periodically review the implementation of this Treaty and shall recommend as appropriate to the two Governments ways to avoid or, should this not be possible, to mitigate the adverse environmental impacts which might result from their respective actions pursuant to the Treaty.

3. The United States of America and the Republic of Panama shall furnish the Joint Commission on the Environment complete information on any action taken in accordance with this Treaty which, in the judgment of both, might have a significant effect on the environment. Such information shall be made available to the Commission as far in advance of the contemplated action as possible to facilitate the study by the Commission of any potential environmental problems and to allow for consideration of the recommendation of the Commission before the contemplated action is carried out.

ARTICLE VII

FLAGS

1. The entire territory of the Republic of Panama, including the areas the use of which the Republic of Panama makes available to the United States of America pursuant to this Treaty and related agreements, shall be under the flag of the Republic of Panama, and consequently such flag always shall occupy the position of honor.

2. The flag of the United States of America may be displayed, together with the flag of the Republic of Panama, at the headquarters of the Panama Canal Commission, at the site of the Combined Board, and as provided in the Agreement in Implementation of Article IV of this Treaty.

3. The flag of the United States of America also may be displayed at other places and on some occasions, as agreed by both Parties.

ARTICLE VIII

PRIVILEGES AND IMMUNITIES

1. The installations owned or used by the agencies or instrumentalities of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements, and their official archives and documents, shall be inviolable. The two Parties shall agree on procedures to be followed in the conduct of any criminal investigation at such locations by the Republic of Panama.

2. Agencies and instrumentalities of the Government of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements shall be immune from the jurisdiction of the Republic of Panama.

3. In addition to such other privileges and immunities as are afforded to employees of the United States Government and their dependents pursuant to this Treaty, the United States of America may designate up to twenty officials of the Panama Canal Commission who, along with their dependents, shall enjoy the privileges and immunities accorded to diplomatic agents and their dependents under international law and practice. The United States of America shall furnish to the Republic of Panama a list of the names of said officials and their dependents, identifying the positions they occupy in the Government of the United States of America, and shall keep such list current at all times.

ARTICLE IX

APPLICABLE LAWS AND LAW ENFORCEMENT

1. In accordance with the provisions of this Treaty and related agreements, the law of the Republic of Panama shall apply in the areas made available for the use of the United States of America pursuant to this Treaty. The law of

the Republic of Panama shall be applied to matters or events which occurred in the former Canal Zone prior to the entry into force of this Treaty only to the extent specifically provided in prior treaties and agreements.

2. Natural or juridical persons who, on the date of entry into force of this Treaty, are engaged in business or non-profit activities at locations in the former Canal Zone may continue such business or activities at those locations under the same terms and conditions prevailing prior to the entry into force of this Treaty for a thirty-month transition period from its entry into force. The Republic of Panama shall maintain the same operating conditions as those applicable to the aforementioned enterprises prior to the entry into force of this Treaty in order that they may receive licenses to do business in the Republic of Panama subject to their compliance with the requirements of its law. Thereafter, such persons shall receive the same treatment under the law of the Republic of Panama as similar enterprises already established in the rest of the territory of the Republic of Panama without discrimination.

3. The rights of ownership, as recognized by the United States of America, enjoyed by natural or juridical private persons in buildings and other improvements to real property located in the former Canal Zone shall be recognized by the Republic of Panama in conformity with its laws.

4. With respect to buildings and other improvements to real property located in the Canal operating areas, housing areas or other areas subject to the licensing procedure established in Article IV of the Agreement in Implementation of Article III of this Treaty, the owners shall be authorized to continue using the land upon which their property is located in accordance with the procedures established in that Article.

5. With respect to buildings and other improvements to real property located in areas of the former Canal Zone to which the aforesaid licensing procedure is not applicable, or may cease to be applicable during the lifetime or upon termination of this Treaty, the owners may continue to use the land upon which their property is located, subject to the payment of a reasonable charge to the Republic of Panama. Should the Republic of Panama decide to sell such land, the owners of the buildings or other improvements located thereon shall be offered a

first option to purchase such land at a reasonable cost. In the case of non-profit enterprises, such as churches and fraternal organizations, the cost of purchase will be nominal in accordance with the prevailing practice in the rest of the territory of the Republic of Panama.

6. If any of the aforementioned persons are required by the Republic of Panama to discontinue their activities or vacate their property for public purposes, they shall be compensated at fair market value by the Republic of Panama.

7. The provisions of paragraphs 2-6 above shall apply to natural or juridical persons who have been engaged in business or non-profit activities at locations in the former Canal Zone for at least six months prior to the date of signature of this Treaty.

8. The Republic of Panama shall not issue, adopt or enforce any law, decree, regulation, or international agreement or take any other action which purports to regulate or would otherwise interfere with the exercise on the part of the United States of America of any right granted under this Treaty or related agreements.

9. Vessels transiting the Canal, and cargo, passengers and crews carried on such vessels shall be exempt from any taxes, fees, or other charges by the Republic of Panama. However, in the event such vessels call at a Panamanian port, they may be assessed charges incident thereto, such as charges for services provided to the vessel. The Republic of Panama may also require the passengers and crew disembarking from such vessels to pay such taxes, fees and charges as are established under Panamanian law for persons entering its territory. Such taxes, fees and charges shall be assessed on a nondiscriminatory basis.

10. The United States of America and the Republic of Panama will cooperate in taking such steps as may from time to time be necessary to guarantee the security of the Panama Canal Commission, its property, its employees and their dependents, and their property, the Forces of the United States of America and the members thereof, the civilian component of the United States Forces, the dependents of members of the Forces and the civilian component, and their property, and the contractors of the Panama Canal Commission and of the United States Forces, their dependents, and their property. The Republic of Panama will seek from

its Legislative Branch such legislation as may be needed to carry out the foregoing purposes and to punish any offenders.

11. The Parties shall conclude an agreement whereby nationals of either State, who are sentenced by the courts of the other State, and who are not domiciled therein, may elect to serve their sentences in their State of nationality.

ARTICLE X

EMPLOYMENT WITH THE PANAMA CANAL COMMISSION

1. In exercising its rights and fulfilling its responsibilities as the employer, the United States of America shall establish employment and labor regulations which shall contain the terms, conditions and prerequisites for all categories of employees of the Panama Canal Commission. These regulations shall be provided to the Republic of Panama prior to their entry into force.

[*] 2. (a) The regulations shall establish a system of preference when hiring employees, for Panamanian applicants possessing the skills and qualifications required for employment by the Panama Canal Commission. The United States of America shall endeavor to ensure that the number of Panamanian nationals employed by the Panama Canal Commission in relation to the total number of its employees will conform to the proportion established for foreign enterprises under the law of the Republic of Panama.

(b) The terms and conditions of employment to be established will in general be no less favorable to persons already employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty, than those in effect immediately prior to that date.

3. (a) The United States of America shall establish an employment policy for the Panama Canal Commission that shall generally limit the recruitment of personnel outside the Republic of Panama to persons possessing requisite skills and qualifications which are not available in the Republic of Panama.

(b) The United States of America will establish training programs for Panamanian employees and apprentices in order to increase the number of Panamanian nationals qualified to assume positions with the Panama Canal Commission, as positions become available.

*[See paragraph 3 at page 1038.]

(c) Within five years from the entry into force of this Treaty, the number of United States nationals employed by the Panama Canal Commission who were previously employed by the Panama Canal Company shall be at least twenty percent less than the total number of United States nationals working for the Panama Canal Company immediately prior to the entry into force of this Treaty.

(d) The United States of America shall periodically inform the Republic of Panama, through the Coordinating Committee, established pursuant to the Agreement in Implementation of Article III of this Treaty, of available positions within the Panama Canal Commission. The Republic of Panama shall similarly provide the United States of America any information it may have as to the availability of Panamanian nationals claiming to have skills and qualifications that might be required by the Panama Canal Commission, in order that the United States of America may take this information into account.

4. The United States of America will establish qualification standards for skills, training and experience required by the Panama Canal Commission. In establishing such standards, to the extent they include a requirement for a professional license, the United States of America, without prejudice to its right to require additional professional skills and qualifications, shall recognize the professional licenses issued by the Republic of Panama.

5. The United States of America shall establish a policy for the periodic rotation, at a maximum of every five years, of United States citizen employees and other non-Panamanian employees, hired after the entry into force of this Treaty. It is recognized that certain exceptions to the said policy of rotation may be made for sound administrative reasons, such as in the case of employees holding positions requiring certain non-transferable or non-recruitable skills.

6. With regard to wages and fringe benefits, there shall be no discrimination on the basis of nationality, sex, or race. Payments by the Panama Canal Commission of additional remuneration, or the provision of other benefits, such as home leave benefits, to United States nationals employed prior to entry into force of this Treaty, or to persons of any nationality, including Panamanian nationals who are thereafter recruited outside of the Republic of Panama and who change their place of residence, shall

not be considered to be discrimination for the purpose of this paragraph.

7. Persons employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty, who are displaced from their employment as a result of the discontinuance by the United States of America of certain activities pursuant to this Treaty, will be placed by the United States of America, to the maximum extent feasible, in other appropriate jobs with the Government of the United States in accordance with United States Civil Service regulations. For such persons who are not United States nationals, placement efforts will be confined to United States Government activities located within the Republic of Panama. Likewise, persons previously employed in activities for which the Republic of Panama assumes responsibility as a result of this Treaty will be continued in their employment to the maximum extent feasible by the Republic of Panama. The Republic of Panama shall, to the maximum extent feasible, ensure that the terms and conditions of employment applicable to personnel employed in the activities for which it assumes responsibility are no less favorable than those in effect immediately prior to the entry into force of this Treaty. Non-United States nationals employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty who are involuntarily separated from their positions because of the discontinuance of an activity by reason of this Treaty, who are not entitled to an immediate annuity under the United States Civil Service Retirement System, and for whom continued employment in the Republic of Panama by the Government of the United States of America is not practicable, will be provided special job placement assistance by the Republic of Panama for employment in positions for which they may be qualified by experience and training.

8. The Parties agree to establish a system whereby the Panama Canal Commission may, if deemed mutually convenient or desirable by the two Parties, assign certain employees of the Panama Canal Commission, for a limited period of time, to assist in the operation of activities transferred to the responsibility of the Republic of Panama as a result of this Treaty or related agreements. The salaries and other costs of employment of any such persons assigned to provide such assistance shall be reim-

bursed to the United States of America by the Republic of Panama.

9. (a) The right of employees to negotiate collective contracts with the Panama Canal Commission is recognized. Labor relations with employees of the Panama Canal Commission shall be conducted in accordance with forms of collective bargaining established by the United States of America after consultation with employee unions.

(b) Employee unions shall have the right to affiliate with international labor organizations.

10. The United States of America will provide an appropriate early optional retirement program for all persons employed by the Panama Canal Company or Canal Zone Government immediately prior to the entry into force of this Treaty. In this regard, taking into account the unique circumstances created by the provisions of this Treaty, including its duration, and their effect upon such employees, the United States of America shall, with respect to them:

(a) determine that conditions exist which invoke applicable United States law permitting early retirement annuities and apply such law for a substantial period of the duration of the Treaty; [See para. 4 at p. 1038.]

(b) seek special legislation to provide more liberal entitlement to, and calculation of, retirement annuities than is currently provided for by law.

ARTICLE XI

PROVISIONS FOR THE TRANSITION PERIOD

1. The Republic of Panama shall reassume plenary jurisdiction over the former Canal Zone upon entry into force of this Treaty and in accordance with its terms. In order to provide for an orderly transition to the full application of the jurisdictional arrangements established by this Treaty and related agreements, the provisions of this Article shall become applicable upon the date this Treaty enters into force, and shall remain in effect for thirty calendar months. The authority granted in this Article to the United States of America for this transition period shall supplement, and is not intended to limit, the full application and effect of the rights and authority granted to the

United States of America elsewhere in this Treaty and in related agreements.

2. During this transition period, the criminal and civil laws of the United States of America shall apply concurrently with those of the Republic of Panama in certain of the areas and installations made available for the use of the United States of America pursuant to this Treaty, in accordance with the following provisions:[See para. 5 at p. 1038.]

(a) The Republic of Panama permits the authorities of the United States of America to have the primary right to exercise criminal jurisdiction over United States citizen employees of the Panama Canal Commission and their dependents, and members of the United States Forces and civilian component and their dependents, in the following cases:

(i) for any offense committed during the transition period within such areas and installations, and

(ii) for any offense committed prior to that period in the former Canal Zone.

The Republic of Panama shall have the primary right to exercise jurisdiction over all other offenses committed by such persons, except as otherwise provided in this Treaty and related agreements or as may be otherwise agreed.

(b) Either Party may waive its primary right to exercise jurisdiction in a specific case or category of cases.

3. The United States of America shall retain the right to exercise jurisdiction in criminal cases relating to offenses committed prior to the entry into force of this Treaty in violation of the laws applicable in the former Canal Zone.

4. For the transition period, the United States of America shall retain police authority and maintain a police force in the aforementioned areas and installations. In such areas, the police authorities of the United States of America may take into custody any person not subject to their primary jurisdiction if such person is believed to have committed or to be committing an offense against applicable laws or regulations, and shall promptly transfer custody to the police authorities of the Republic of Panama. The United States of America and the Republic of Panama shall establish joint police patrols in agreed areas. Any arrests conducted by a joint patrol shall be the responsibility of the patrol member or members representing the Party having primary jurisdiction over the person or persons arrested. [See para. 6 at p. 1039.]

5. The courts of the United States of America and related personnel, functioning in the former Canal Zone immediately prior to the entry into force of this Treaty, may continue to function during the transition period for the judicial enforcement of the jurisdiction to be exercised by the United States of America in accordance with this Article.

6. In civil cases, the civilian courts of the United States of America in the Republic of Panama shall have no jurisdiction over new cases of a private civil nature, but shall retain full jurisdiction during the transition period to dispose of any civil cases, including admiralty cases, already instituted and pending before the courts prior to the entry into force of this Treaty.

7. The laws, regulations, and administrative authority of the United States of America applicable in the former Canal Zone immediately prior to the entry into force of this Treaty shall, to the extent not inconsistent with this Treaty and related agreements, continue in force for the purpose of the exercise by the United States of America of law enforcement and judicial jurisdiction only during the transition period. The United States of America may amend, repeal or otherwise change such laws, regulations and administrative authority. The two Parties shall consult concerning procedural and substantive matters relative to the implementation of this Article, including the disposition of cases pending at the end of the transition period and, in this respect, may enter into appropriate agreements by an exchange of notes or other instrument.

8. During this transition period, the United States of America may continue to incarcerate individuals in the areas and installations made available for the use of the United States of America by the Republic of Panama pursuant to this Treaty and related agreements, or to transfer them to penal facilities in the United States of America to serve their sentences.

ARTICLE XII

A SEA-LEVEL CANAL OR A THIRD LANE OF LOCKS

1. The United States of America and the Republic of Panama recognize that a sea-level canal may be important for international navigation in the future. Consequently, during the

duration of this Treaty, both Parties commit themselves to study jointly the feasibility of a sea-level canal in the Republic of Panama, and in the event they determine that such a waterway is necessary, they shall negotiate terms, agreeable to both Parties, for its construction.

2. The United States of America and the Republic of Panama agree on the following:

(a) No new interoceanic canal shall be constructed in the territory of the Republic of Panama during the duration of this Treaty, except in accordance with the provisions of this Treaty, or as the two Parties may otherwise agree; and

(b) During the duration of this Treaty, the United States of America shall not negotiate with third States for the right to construct an interoceanic canal on any other route in the Western Hemisphere, except as the two Parties may otherwise agree.

3. The Republic of Panama grants to the United States of America the right to add a third lane of locks to the existing Panama Canal. This right may be exercised at any time during the duration of this Treaty, provided that the United States of America has delivered to the Republic of Panama copies of the plans for such construction.

4. In the event the United States of America exercises the right granted in paragraph 3 above, it may use for that purpose, in addition to the areas otherwise made available to the United States of America pursuant to this Treaty, such other areas as the two Parties may agree upon. The terms and conditions applicable to Canal operating areas made available by the Republic of Panama for the use of the United States of America pursuant to Article III of this Treaty shall apply in a similar manner to such additional areas.

5. In the construction of the aforesaid works, the United States of America shall not use nuclear excavation techniques without the previous consent of the Republic of Panama.

ARTICLE XIII

PROPERTY TRANSFER AND ECONOMIC PARTICIPATION BY THE REPUBLIC OF PANAMA

1. Upon termination of this Treaty, the Republic of Panama shall assume total responsibility for the management, operation, and maintenance of the Panama Canal, which shall be turned over in operating condition and free of

liens and debts, except as the two Parties may otherwise agree.

2. The United States of America transfers, without charge, to the Republic of Panama all right, title and interest the United States of America may have with respect to all real property, including non-removable improvements thereon, as set forth below:

(a) Upon the entry into force of this Treaty, the Panama Railroad and such property that was located in the former Canal Zone but that is not within the land and water areas the use of which is made available to the United States of America pursuant to this Treaty. However, it is agreed that the transfer on such date shall not include buildings and other facilities, except housing, the use of which is retained by the United States of America pursuant to this Treaty and related agreements, outside such areas;

(b) Such property located in an area or a portion thereof at such time as the use by the United States of America of such area or portion thereof ceases pursuant to agreement between the two Parties.

(c) Housing units made available for occupancy by members of the Armed Forces of the Republic of Panama in accordance with paragraph 5(b) of Annex B to the Agreement in Implementation of Article IV of this Treaty at such time as such units are made available to the Republic of Panama.

(d) Upon termination of this Treaty, all real property and non-removable improvements that were used by the United States of America for the purposes of this Treaty and related agreements and equipment related to the management, operation and maintenance of the Canal remaining in the Republic of Panama.

3. The Republic of Panama agrees to hold the United States of America harmless with respect to any claims which may be made by third parties relating to rights, title and interest in such property.

4. The Republic of Panama shall receive, in addition, from the Panama Canal Commission a just and equitable return on the national resources which it has dedicated to the efficient management, operation, maintenance, protection and defense of the Panama Canal, in accordance with the following:

(a) An annual amount to be paid out of Canal operating revenues computed at a rate of

thirty hundredths of a United States dollar (\$0.30) per Panama Canal net ton, or its equivalency, for each vessel transiting the Canal after the entry into force of this Treaty, for which tolls are charged. The rate of thirty hundredths of a United States dollar (\$0.30) per Panama Canal net ton, or its equivalency, will be adjusted to reflect changes in the United States wholesale price index for total manufactured goods during biennial periods. The first adjustment shall take place five years after entry into force of this Treaty, taking into account the changes that occurred in such price index during the preceding two years. Thereafter, successive adjustments shall take place at the end of each biennial period. If the United States of America should decide that another indexing method is preferable, such method shall be proposed to the Republic of Panama and applied if mutually agreed.

(b) A fixed annuity of ten million United States dollars (\$10,000,000) to be paid out of Canal operating revenues. This amount shall constitute a fixed expense of the Panama Canal Commission.

(c) An annual amount of up to ten million United States dollars (\$10,000,000) per year, to be paid out of Canal operating revenues to the extent that such revenues exceed expenditures of the Panama Canal Commission including amounts paid pursuant to this Treaty. In the event Canal operating revenues in any year do not produce a surplus sufficient to cover this payment, the unpaid balance shall be paid from operating surpluses in future years in a manner to be mutually agreed.

ARTICLE XIV

SETTLEMENT OF DISPUTES

In the event that any question should arise between the Parties concerning the interpretation of this Treaty or related agreements, they shall make every effort to resolve the matter through consultation in the appropriate committees established pursuant to this Treaty and related agreements, or, if appropriate, through diplomatic channels. In the event the Parties are unable to resolve a particular matter through such means, they may, in appropriate cases, agree to submit the matter to conciliation,

mediation, arbitration, or such other procedure for the peaceful settlement of the dispute as they may mutually deem appropriate.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

ANNEX

PROCEDURES FOR THE CESSATION OR TRANSFER OF ACTIVITIES CARRIED OUT BY THE PANAMA CANAL COMPANY AND THE CANAL ZONE GOVERNMENT AND ILLUSTRATIVE LIST OF THE FUNCTIONS THAT MAY BE PERFORMED BY THE PANAMA CANAL COMMISSION

1. The laws of the Republic of Panama shall regulate the exercise of private economic activities within the areas made available by the Republic of Panama for the use of the United States of America pursuant to this Treaty. Natural or juridical persons who, at least six months prior to the date of signature of this Treaty, were legally established and engaged in the exercise of economic activities in the former Canal Zone, may continue such activities in accordance with the provisions of paragraphs 2-7 of Article IX of this Treaty.

2. The Panama Canal Commission shall not perform governmental or commercial functions as stipulated in paragraph 4 of this Annex, provided, however, that this shall not be deemed to limit in any way the right of the United States of America to perform those functions that may be necessary for the efficient management, operation and maintenance of the Canal.

3. It is understood that the Panama Canal Commission, in the exercise of the rights of the United States of America with respect to the management, operation and maintenance of the Canal, may perform functions such as are set forth below by way of illustration:

- a. Management of the Canal enterprise.
- b. Aids to navigation in Canal waters and in proximity thereto.
- c. Control of vessel movement.
- d. Operation and maintenance of the locks.

e. Tug service for the transit of vessels and dredging for the piers and docks of the Panama Canal Commission.

f. Control of the water levels in Gatun, Alajuela (Madden) and Miraflores Lakes.

g. Non-commercial transportation services in Canal waters.

h. Meteorological and hydrographic services.

i. Admeasurement.

j. Non-commercial motor transport and maintenance.

k. Industrial security through the use of watchmen.

l. Procurement and warehousing.

m. Telecommunications.

n. Protection of the environment by preventing and controlling the spillage of oil and substances harmful to human or animal life and of the ecological equilibrium in areas used in operation of the Canal and the anchorages.

o. Non-commercial vessel repair.

p. Air conditioning services in Canal installations.

q. Industrial sanitation and health services.

r. Engineering design, construction and maintenance of Panama Canal Commission installations.

s. Dredging of the Canal channel, terminal ports and adjacent waters.

t. Control of the banks and stabilizing of the slopes of the Canal.

u. Non-commercial handling of cargo on the piers and docks of the Panama Canal Commission.

v. Maintenance of public areas of the Panama Canal Commission, such as parks and gardens.

w. Generation of electric power.

x. Purification and supply of water.

y. Marine salvage in Canal waters.

z. Such other functions as may be necessary or appropriate to carry out, in conformity with this Treaty and related agreements, the rights and responsibilities of the United States of America with respect to the management, operation and maintenance of the Panama Canal.

4. The following activities and operations carried out by the Panama Canal Company and the Canal Zone Government shall not be car-

ried out by the Panama Canal Commission, effective upon the dates indicated herein:

(a) Upon the date of entry into force of this Treaty:

(i) Wholesale and retail sales, including those through commissaries, food stores, department stores, optical shops and pastry shops;

(ii) The production of food and drink, including milk products and bakery products;

(iii) The operation of public restaurants and cafeterias and the sale of articles through vending machines;

(iv) The operation of movie theaters, bowling alleys, pool rooms and other recreational and amusement facilities for the use of which a charge is payable;

(v) The operation of laundry and dry cleaning plants other than those operated for official use;

(vi) The repair and service of privately owned automobiles or the sale of petroleum or lubricants thereto, including the operation of gasoline stations, repair garages and tire repair and recapping facilities, and the repair and service of other privately owned property, including appliances, electronic devices, boats, motors, and furniture;

(vii) The operation of cold storage and freezer plants other than those operated for official use;

(viii) The operation of freight houses other than those operated for official use;

(ix) The operation of commercial services to and supply of privately owned and operated vessels, including the construction of vessels, the sale of petroleum and lubricants and the provision of water, tug services not related to the Canal or other United States Government operations, and repair of such vessels, except in situations where repairs may be necessary to remove disabled vessels from the Canal;

(x) Printing services other than for official use;

(xi) Maritime transportation for the use of the general public;

(xii) Health and medical services provided to individuals, including hospitals, leprosariums, veterinary, mortuary and cemetery services;

(xiii) Educational services not for professional training, including schools and libraries;

- (xiv) Postal services;
- (xv) Immigration, customs and quarantine controls, except those measures necessary to ensure the sanitation of the Canal;
- (xvi) Commercial pier and dock services, such as the handling of cargo and passengers; and
- (xvii) Any other commercial activity of a similar nature, not related to the management, operation or maintenance of the Canal.

(b) Within thirty calendar months from the date of entry into force of this Treaty, governmental services such as:

- (i) Police;
- (ii) Courts; and
- (iii) Prison system.

5. (a) With respect to those activities or functions described in paragraph 4 above, or otherwise agreed upon by the two Parties, which

are to be assumed by the Government of the Republic of Panama or by private persons subject to its authority, the two Parties shall consult prior to the discontinuance of such activities or functions by the Panama Canal Commission to develop appropriate arrangements for the orderly transfer and continued efficient operation or conduct thereof.

(b) In the event that appropriate arrangements cannot be arrived at to ensure the continued performance of a particular activity or function described in paragraph 4 above which is necessary to the efficient management, operation or maintenance of the Canal, the Panama Canal Commission may, to the extent consistent with the other provisions of this Treaty and related agreements, continue to perform such activity or function until such arrangements can be made.

AGREED MINUTE TO THE PANAMA CANAL TREATY

1. With reference to paragraph 1(c) of Article I (Abrogation of Prior Treaties and Establishment of a New Relationship), it is understood that the treaties, conventions, agreements and exchanges of notes, or portions thereof, abrogated and superseded thereby include:

(a) The Agreement delimiting the Canal Zone referred to in Article II of the Interoceanic Canal Convention of November 18, 1903 signed at Panama on June 15, 1904.

(b) The Boundary Convention signed at Panama on September 2, 1914.

(c) The Convention regarding the Colon Corridor and certain other corridors through the Canal Zone signed at Panama on May 24, 1950.

(d) The Trans-Isthmian Highway Convention signed at Washington on March 2, 1936, the Agreement supplementing that Convention entered into through an exchange of notes signed at Washington on August 31 and September 6, 1940, and the arrangement between the

United States of America and Panama respecting the Trans-Isthmian Joint Highway Board, entered into through an exchange of notes at Panama on October 19 and 23, 1939.

(e) The Highway Convention between the United States and Panama signed at Panama on September 14, 1950.

(f) The Convention regulating the transit of alcoholic liquors through the Canal Zone signed at Panama on March 14, 1932.

(g) The Protocol of an Agreement restricting use of Panama and Canal Zone waters by belligerents signed at Washington on October 10, 1914.

(h) The Agreement providing for the reciprocal recognition of motor vehicle license plates in Panama and the Canal Zone entered into through an exchange of notes at Panama on December 7 and December 12, 1950, and the Agreement establishing procedures for the reciprocal recognition of motor vehicle operator's licenses in the Canal Zone and Panama entered into through an exchange of notes at Panama on October 31, 1960.

(i) The General Relations Agreement entered into through an exchange of notes at Washington on May 18, 1942.

(j) Any other treaty, convention, agreement or exchange of notes between the United States and the Republic of Panama, or portions thereof, concerning the Panama Canal which was entered into

prior to the entry into force of the Panama Canal Treaty.

2. It is further understood that the following treaties, conventions, agreements and exchanges of notes between the two Parties are not affected by paragraph 1 of Article I of the Panama Canal Treaty:

(a) The Agreement confirming the cooperative agreement between the Panamanian Ministry of Agriculture and Livestock and the United States Department of Agriculture for the prevention of foot-and-mouth disease and rinderpest in Panama, entered into by an exchange of notes signed at Panama on June 21 and October 5, 1972, and amended May 28 and June 12, 1974.

(b) The Loan Agreement to assist Panama in executing public marketing programs in basic grains and perishables, with annex, signed at Panama on September 10, 1975.

(c) The Agreement concerning the regulation of commercial aviation in the Republic of Panama, entered into by an exchange of notes signed at Panama on April 22, 1929.

(d) The Air Transport Agreement signed at Panama on March 31, 1949, and amended May 29 and June 3, 1952, June 5, 1967, December 23, 1974, and March 6, 1975.

(e) The Agreement relating to the establishment of headquarters in Panama for a civil aviation

technical assistance group for the Latin American area, entered into by an exchange of notes signed at Panama on August 8, 1952.

(f) The Agreement relating to the furnishing by the Federal Aviation Agency of certain services and materials for air navigation aids, entered into by an exchange of notes signed at Panama on December 5, 1967 and February 22, 1968.

(g) The Declaration permitting consuls to take note in person, or by authorized representatives, of declarations of values of exports made by shippers before customs officers, entered into by an exchange of notes signed at Washington on April 17, 1913.

(h) The Agreement relating to customs privileges for consular officers, entered into by an exchange of notes signed at Panama on January 7 and 31, 1935.

(i) The Agreement relating to the sale of military equipment, materials, and services to Panama, entered into by an exchange of notes signed at Panama on May 20, 1959.

(j) The Agreement relating to the furnishing of defense articles and services to Panama for the purpose of contributing to its internal security, entered into by an exchange of notes signed at Panama on March 26 and May 23, 1962.

(k) The Agreement relating to the deposit by Panama of ten percent of the value of grant mili-

tary assistance and excess defense articles furnished by the United States, entered into by an exchange of notes signed at Panama on April 4 and May 9, 1972.

(l) The Agreement concerning payment to the United States of net proceeds from the sale of defense articles furnished under the military assistance program, entered into by an exchange of notes signed at Panama on May 20 and December 6, 1974.

(m) The General Agreement for Technical and Economic Cooperation, signed at Panama on December 11, 1961.

(n) The Loan Agreement relating to the Panama City water supply system, with annex, signed at Panama on May 6, 1969, and amended September 30, 1971.

(o) The Loan Agreement for rural municipal development in Panama, signed at Panama on November 28, 1975.

(p) The Loan Agreement relating to a project for the modernization, restructuring and reorientation of Panama's educational programs, signed at Panama on November 19, 1975.

(q) The Treaty providing for the extradition of criminals, signed at Panama on May 25, 1904.

(r) The Agreement relating to legal tender and fractional silver coinage by Panama, entered into by an exchange of notes signed at Washington and New York on June 20, 1904, and amended March 26 and April 2,

recognition of ship measurement certificates, entered into by an exchange of notes signed at Washington on August 17, 1937.

(y) The Agreement relating to the detail of a military officer to serve as adviser to the Minister of Foreign Affairs of Panama, signed at Washington on July 7, 1942, and extended and amended February 17, March 23, September 22 and November 6, 1959, March 26 and July 6, 1962, and September 20 and October 8, 1962.

(z) The Agreement relating to the exchange of official publications, entered into by an exchange of notes signed at Panama on November 27, 1941 and March 7, 1942.

(aa) The Convention for the Prevention of Smuggling of Intoxicating Liquors, signed at Washington on June 6, 1924.

(bb) The Arrangement providing for relief from double income tax on shipping profits, entered into by an exchange of notes signed at Washington on January 15, February 8, and March 28, 1941.

(cc) The Agreement for withholding of Panamanian income tax from compensation paid to Panamanians employed within Canal Zone by the canal, railroad, or auxiliary works, entered into by an exchange of notes signed at Panama on August 12 and 30, 1963.

(dd) The Agreement relating to the withholding of contributions for educational insurance

1930, May 28 and June 6, 1931, March 2, 1936, June 17, 1946, May 9 and 24, 1950, September 11 and October 22, 1953, August 23 and October 25, 1961, and September 26 and October 23, 1962.

(s) The Agreement for enlargement and use by Canal Zone of sewerage facilities in Colon Free Zone Area, entered into by an exchange of notes signed at Panama on March 8 and 25, 1954.

(t) The Agreement relating to the construction of the inter-American highway, entered into by an exchange of notes signed at Panama on May 15 and June 7, 1943.

(u) The Agreement for cooperation in the construction of the Panama segment of the Darien Gap highway, signed at Washington on May 6, 1971.

(v) The Agreement relating to investment guaranties under sec. 413(b)(4) of the Mutual Security Act of 1954, as amended, entered into by an exchange of notes signed at Washington on January 23, 1961.

(w) The Informal Arrangement relating to cooperation between the American Embassy, or Consulate, and Panamanian authorities when American merchant seamen or tourists are brought before a magistrate's court, entered into by an exchange of notes signed at Panama on September 18 and October 15, 1947.

(x) The Agreement relating to the mutual

- from salaries paid to certain Canal Zone employees, entered into by an exchange of notes signed at Panama on September 8 and October 13, 1972.
- (ee) The Agreement for radio communications between amateur stations on behalf of third parties, entered into by an exchange of notes signed at Panama on July 19 and August 1, 1956.
- (ff) The Agreement relating to the granting of reciprocal authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, entered into by an exchange of notes signed at Panama on November 16, 1966.
- (gg) The Convention facilitating the work of traveling salesmen, signed at Washington on February 8, 1919.
- (hh) The Reciprocal Agreement for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on March 27 and May 22 and 25, 1956.
- (ii) The Agreement modifying the Agreement of March 27 and May 22 and 25, 1956 for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on June 14 and 17, 1971.
- (jj) Any other treaty, convention, agreement or exchange of notes, or portions thereof, which does not concern the Panama Canal and which is in force immediately prior to the entry into force of the Panama Canal Treaty.
3. With reference to paragraph 2 of Article X (Employment with the Panama Canal Commission), concerning the endeavor to ensure that the number of Panamanian nationals employed in relation to the total number of employees will conform to the proportion established under Panamanian law for foreign business enterprises, it is recognized that progress in this regard may require an extended period in consonance with the concept of a growing and orderly Panamanian participation, through training programs and otherwise, and that progress may be affected from time to time by such actions as the transfer or discontinuance of functions and activities.
4. With reference to paragraph 10(a) of Article X, it is understood that the currently applicable United States law is that contained in Section 8336 of Title 5, United States Code.
5. With reference to paragraph 2 of Article XI (Transitional Provisions), the areas and installations in which the jurisdictional arrangements therein described shall apply during the transition period are as follows:
- (a) The Canal operating areas and housing areas described in Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty. [I.L.M. p. 1058]
- (b) The Defense Sites and Areas of Military Coordination described in the Agreement in Implementation of Article IV of the Panama Canal Treaty. [I.L.M. p. 1068]

(c) The Ports of Balboa and Cristobal described in Annex B of the Agreement in Implementation of Article III of the Panama Canal Treaty. [I.L.M. P. 1063]

6. With reference to paragraph 4 of Article XI, the areas in which the police authorities of the Republic of Panama may conduct joint police patrols with the police authorities of the United States of America during the transition period are as follows:

(a) Those portions of the Canal operating areas open to the general public, the housing areas and the Ports of Balboa and Cristobal.

(b) Those areas of military coordination in which joint police patrols are established pursuant to the provisions of the Agreement in Implementation of Article IV of this Treaty, signed this date. The two police authorities shall develop appropriate administrative arrangements for the scheduling and conduct of such joint police patrols.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

**TREATY CONCERNING THE
PERMANENT NEUTRALITY AND
OPERATION OF THE PANAMA CANAL [*]**

The United States of America and the Republic of Panama have agreed upon the following:

ARTICLE I

The Republic of Panama declares that the Canal, as an international transit waterway, shall be permanently neutral in accordance with the regime established in this Treaty. The same regime of neutrality shall apply to any other international waterway that may be built either partially or wholly in the territory of the Republic of Panama.

ARTICLE II

The Republic of Panama declares the neutrality of the Canal in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the Canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world. The foregoing shall be subject to the following requirements:

(a) Payment of tolls and other charges for transit and ancillary services, provided they have been fixed in conformity with the provisions of Article III(c):

(b) Compliance with applicable rules and regulations, provided such rules and regulations are applied in conformity with the provisions of Article III:

(c) The requirement that transiting vessels commit no acts of hostility while in the Canal; and

(d) Such other conditions and restrictions as are established by this Treaty.

ARTICLE III

1. For purposes of the security, efficiency and proper maintenance of the Canal the following rules shall apply:

(a) The Canal shall be operated efficiently in accordance with conditions of transit through the Canal, and rules and regulations that shall be just, equitable and reasonable, and limited to those necessary for safe navigation and efficient, sanitary operation of the Canal;

(b) Ancillary services necessary for transit through the Canal shall be provided;

(c) Tolls and other charges for transit and ancillary services shall be just, reasonable, equitable and consistent with the principles of international law;

(d) As a pre-condition of transit, vessels may be required to establish clearly the financial responsibility and guarantees for payment of reasonable and adequate indemnification, consistent with international practice and standards, for damages resulting from acts or omissions of such vessels when passing through the Canal. In the case of vessels owned or operated by a State or for which it has acknowledged responsibility, a certification by that State that it shall observe its obligations under international law to pay for damages resulting from the act or omission of such vessels when passing through the Canal shall be deemed sufficient to establish such financial responsibility;

(e) Vessels of war and auxiliary vessels of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operation, means of propulsion, origin, destination or armament, without being subjected, as a condition of transit, to inspection, search or surveillance. However, such vessels may be required to certify that they have complied with all applicable health, sanitation and quarantine regulations. In addition, such vessels shall be entitled to refuse to disclose their internal operation, origin, armament, cargo or destination. However, auxiliary vessels may be required to present written assurances, certified by an official at a high level of the government of the State requesting the exemption, that they are owned or operated by that government and in this case are being used only on government non-commercial service.

2. For the purposes of this Treaty, the terms "Canal," "vessel of war," "auxiliary vessel," "internal operation," "armament" and "inspection" shall have the meanings assigned them in Annex A to this Treaty.

*[The Protocol on Neutrality, open to accession by all States, appears at I.L.M. page 1042.]

ARTICLE IV

The United States of America and the Republic of Panama agree to maintain the regime of neutrality established in this Treaty, which shall be maintained in order that the Canal shall remain permanently neutral, notwithstanding the termination of any other treaties entered into by the two Contracting Parties.

ARTICLE V

After the termination of the Panama Canal Treaty, only the Republic of Panama shall operate the Canal and maintain military forces, defense sites and military installations within its national territory.

ARTICLE VI

1. In recognition of the important contributions of the United States of America and of the Republic of Panama to the construction, operation, maintenance, and protection and defense of the Canal, vessels of war and auxiliary vessels of those nations shall, notwithstanding any other provisions of this Treaty, be entitled to transit the Canal irrespective of their internal operation, means of propulsion, origin, destination, armament or cargo carried. Such vessels of war and auxiliary vessels will be entitled to transit the Canal expeditiously.

2. The United States of America, so long as it has responsibility for the operation of the Canal, may continue to provide the Republic of Colombia toll-free transit through the Canal for its troops, vessels and materials of war. Thereafter, the Republic of Panama may provide the Republic of Colombia and the Republic of Costa Rica with the right of toll-free transit.

ARTICLE VII

1. The United States of America and the Republic of Panama shall jointly sponsor a resolution in the Organization of American States opening to accession by all nations of the world the Protocol to this Treaty whereby all the signatories will adhere to the objectives of this Treaty, agreeing to respect the regime of neutrality set forth herein.

2. The Organization of American States shall act as the depositary for this Treaty and related instruments.

ARTICLE VIII

This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Panama Canal Treaty, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Panama Canal Treaty, six calendar months from the date of the exchange of the instruments of ratification.

DONE at Washington, this 7th day of September, 1977, in the English and Spanish languages, both texts being equally authentic.

ANNEX A

1. "Canal" includes the existing Panama Canal, the entrances thereto and the territorial seas of the Republic of Panama adjacent thereto, as defined on the map annexed hereto (Annex B),¹ and any other interoceanic waterway in which the United States of America is a participant or in which the United States of America has participated in connection with the construction or financing, that may be operated wholly or partially within the territory of the Republic of Panama, the entrances thereto and the territorial seas adjacent thereto.

2. "Vessel of war" means a ship belonging to the naval forces of a State, and bearing the external marks distinguishing warships of its nationality, under the command of an officer duly commissioned by the government and whose name appears in the Navy List, and manned by a crew which is under regular naval discipline.

3. "Auxiliary vessel" means any ship, not a vessel of war, that is owned or operated by a State and used, for the time being, exclusively on government non-commercial service.

¹ Not printed here.

4. "Internal operation" encompasses all machinery and propulsion systems, as well as the management and control of the vessel, including its crew. It does not include the measures necessary to transit vessels under the control of pilots while such vessels are in the Canal.

5. "Armament" means arms, ammunitions, implements of war and other equipment of a vessel which possesses characteristics appropriate for use for warlike purposes.

6. "Inspection" includes on-board examination of vessel structure, cargo, armament and internal operation. It does not include those measures strictly necessary for admeasurement, nor those measures strictly necessary to assure safe, sanitary transit and navigation, including examination of deck and visual navigation equipment, nor in the case of live cargoes, such as cattle or other livestock, that may carry communicable diseases, those measures necessary to assure that health and sanitation requirements are satisfied.

**PROTOCOL TO THE TREATY CONCERNING THE
PERMANENT NEUTRALITY AND OPERATION
OF THE PANAMA CANAL**

Whereas the maintenance of the neutrality of the Panama Canal is important not only to the commerce and security of the United States of America and the Republic of Panama, but to the peace and security of the Western Hemisphere and to the interests of world commerce as well;

Whereas the regime of neutrality which the United States of America and the Republic of Panama have agreed to maintain will ensure permanent access to the Canal by vessels of all nations on the basis of entire equality; and

Whereas the said regime of effective neutrality shall constitute the best protection for the Canal and shall ensure the absence of any hostile act against it;

The Contracting Parties to this Protocol have agreed upon the following:

ARTICLE I

The Contracting Parties hereby acknowledge the regime of permanent neutrality for the Canal established in the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal and associate themselves with its objectives.

ARTICLE II

The Contracting Parties agree to observe and respect the regime of permanent neutrality of the Canal in time of war as in time of peace, and to ensure that vessels of their registry strictly observe the applicable rules.

ARTICLE III

This Protocol shall be open to accession by all States of the world, and shall enter into force for each State at the time of deposit of its instrument of accession with the Secretary General of the Organization of American States.

Documents Associated With the Panama Canal Treaties

Contents

ILM Page	
	DOCUMENTS IMPLEMENTING THE PANAMA CANAL TREATY
1043	Agreement in Implementation of Article III of the Panama Canal Treaty
1058	Annex A
1063	Annex B
1065	Annex C
1065	Agreed Minute
1068	Agreement in Implementation of Article IV of the Panama Canal Treaty
1081	Annex A
1084	Annex B
1085	Annex C
1085	Annex D
1086	Agreed Minute
1083	Maps of the Land and Water Areas for the Operation and Defense of the Panama Canal, Referred to in the Agreements in Implementation of Articles III and IV of the Panama Canal Treaty [The maps are not printed here. The map atlas is deposited in the archives of the Department of State where it is available for reference.]
1088	Exchange of Notes Relating to Postal Services
1089	Exchange of Notes Relating to Use of Commissary and Post Exchange Facilities
1089	Letter Describing Application of the Wholesale Price Index Referred to in Paragraph 4(A) of Article XIII of the Panama Canal Treaty
1090	Letter Regarding Termination of Article XVII of the United States-Panama Air Transport Services Agreement
	OTHER DOCUMENTS
1090	Agreement on Certain Activities of the United States of America in the Republic of Panama
1092	Agreement Pursuant to Article VI of the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere
1093	Note Regarding Economic and Military Cooperation
1094	Exchange of Notes Relating to Air Traffic Control Services
1094	Note Regarding the Establishment of the Panama Bureau of the United States Foreign Broadcast Information Service
1095	Exchange of Notes Relating to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated, and to the Gorgas Memorial Laboratory
1096	Exchange of Notes Relating to Scientific Activities in Panama of the Smithsonian Tropical Research Institute
1097	Exchange of Notes Relating to Custodianship of the Barro Colorado Native Monument by the Smithsonian Tropical Research Institute

DOCUMENTS IMPLEMENTING THE PANAMA CANAL TREATY

Agreement in Implementation of Article III of the Panama Canal Treaty

Whereas, pursuant to Article III of the Panama Canal Treaty, signed this date, the Republic of

Panama, as territorial sovereign, grants to the United States of America the rights necessary to manage, operate, and maintain the Panama Canal,

The United States of America and the Republic of Panama have agreed upon the following:

ARTICLE I

DEFINITIONS

For the purposes of this Agreement it shall be understood that:

1. "Panama Canal Commission" (hereinafter referred to as "the Commission") means the agency or agencies of the Government of the United States responsible for carrying out the responsibilities and rights of the United States under the Panama Canal Treaty with respect to the management, operation, and maintenance of the Panama Canal.

2. "United States citizen employees" means (a) nationals of the United States, to whom United States passports have been issued, who are employed by the Commission and assigned for duty in the Republic of Panama (including employees of other civilian agencies of the United States who are on temporary duty with the Commission or are otherwise visiting the area on official business of the United States), and (b) other categories of persons which may be agreed upon by the two Parties.

3. "Dependents" means the spouse and children of United States citizen employees, and other relatives who depend on them for their subsistence and who habitually live with them under the same roof.

ARTICLE II

COORDINATING COMMITTEE

1. A Coordinating Committee shall be established upon the entry into force of this Agreement to be composed of one representative of the United States and one representative of the Republic of Panama, of equal authority within the Committee, each of whom may have one or more deputies, on a parity basis.

2. The Coordinating Committee shall perform the functions specifically indicated by the provisions of this Agreement, and others entrusted to it by both Governments concerning implementation of this Agreement.

3. The Coordinating Committee shall establish its rules of procedure within the spirit of this Agreement and may designate such subcommittees as it may deem necessary for the fulfillment of its functions.

4. The Coordinating Committee shall be organized so that it may meet promptly and at any time upon request of the representative of the United States or of the Republic of Panama. The Coordinating Committee shall send periodic reports on its activities to the Governments of the United States and the Republic of Panama.

5. The Coordinating Committee shall refer any matters which it has not been able to resolve to the two Governments for their consideration through appropriate channels.

ARTICLE III

USE OF LAND AND WATER AREAS

1. Canal Operating Areas: With respect to the areas and installations described in paragraph 1 of Annex A of this Agreement (hereinafter referred to as the "Canal operating areas"), the following provisions will be applicable:

(a) The United States shall have the right to use such areas and installations for the purposes of exercising its rights and fulfilling its responsibilities, under the Panama Canal Treaty and related agreements, concerning the management, operation and maintenance of the Panama Canal, and for such other purposes as the two Parties may agree upon.

(b) The United States shall have the right to use any portion of the Canal operating areas for military training, when such use is determined by the United States to be compatible with continued efficient operation of the Panama Canal.

2. Housing Areas: The areas and installations set forth in paragraph 2 of Annex A of this Agreement (hereinafter referred to as "housing areas") shall be dedicated to the primary purpose of housing United States citizen employees and dependents. The housing areas shall be administered in accordance with the regime of civil coordination established in Article VI of this Agreement.

3. Accessory Facilities and Installations: The United States may continue to use those accessory facilities or installations used in connection with the management, operation and maintenance of the Canal on the date this Agreement enters into force, but which are located outside the areas and installations otherwise made available for the use of the United States pursuant to the Panama Canal Treaty. A description of such facilities is set forth in paragraph 3 of Annex A to this Agreement. The United States, at its expense, may maintain, improve, replace, expand or remove these facilities and installations. The United States shall have unimpeded access to these and all other facilities and installations used in connection with the management, operation, or maintenance of the Canal.

4. Anchorages: The United States shall have free and unimpeded access to and use of the anchorages described in paragraph 4 of Annex A, for the purposes of exercising its rights and fulfilling its responsibilities

concerning the movement and anchoring of vessels under the Panama Canal Treaty and related agreements. The United States may own, use, operate, inspect, maintain or replace equipment, facilities and navigational aids in these areas. The United States shall have the right to increase the size of the anchorages as may be necessary or convenient, within the areas described in paragraph 5 of Annex A.

5. Special Areas: Those additional land and water areas set forth in paragraph 6 of Annex A are subject to the procedures set forth in Article IV of this Agreement in order that activities incompatible with the efficient management, operation, or maintenance of the Canal shall be precluded.

6. Annex A of this Agreement shall be examined every five years or by agreement between the two Parties, and shall be revised by exchange of notes or other instrument to reflect any agreed elimination or change in areas. The United States may notify the Republic of Panama at any time that the use of an area, or of a specified portion thereof, or other right granted by the Republic of Panama, is no longer required. Under such circumstances, such use or other right shall cease on the date determined by the two Parties.

7. (a) The United States may, at any time, remove from the Republic of Panama, or, in accordance with such conditions as may be agreed upon by the two Parties, dispose of in the Republic of Panama, any equipment, material, supplies or other removable property brought into, acquired or constructed in the Republic of Panama by or for the Commission. In case of disposal within the Republic of Panama, preference will be given to the Government of the Republic of Panama.

(b) All equipment, installations, material, supplies or removable property left by the United States in an area made available under this Agreement beyond 90 days from the date the use of such area by the United States ceases shall, unless agreed otherwise by the two Parties, become the property of the Republic of Panama.

8. The Commission may employ watchmen to protect the security of selected installations within the areas made available for the use of the United States under this Agreement, it being understood that such installations do not include housing or other installations not devoted to the management, operation or maintenance of the Panama Canal. Such watchmen shall not have powers of arrest or other general police powers. They may, however, temporarily detain persons believed to be committing or to have just committed an offense against applicable laws or regulations, and shall promptly transfer custody to the appropriate police authorities. The

Commission shall provide to the authorities of the Republic of Panama through the Coordinating Committee a list identifying the individuals employed by it as watchmen, and shall promptly notify the Republic of Panama of any changes in such list. In the performance of their duties, such watchmen shall not bear firearms except handguns.

9. The Coordinating Committee shall constitute the means of communication and information between the two Parties with regard to matters pertaining to the implementation of this Article.

ARTICLE IV

LICENSING OF OTHER LAND USES

1. Without prejudice to the rights of the United States concerning use of areas and installations within the Republic of Panama under the Panama Canal Treaty and related agreements, the areas and installations set forth in Annex A may be used for other purposes compatible with the continuous efficient management, operation and maintenance of the Panama Canal, under land use licenses to be issued by the Republic of Panama in accordance with the following procedure:

(a) The Republic of Panama shall refer to the Coordinating Committee any requests it may receive from private concerns, or from agencies of the Republic of Panama, to undertake specific activities within the areas subject to this procedure.

(b) If the United States and the Republic of Panama, acting through the Coordinating Committee, determine that the proposed use, including its terms and conditions, is compatible with the continuous efficient management, operation and maintenance of the Panama Canal, the Republic of Panama shall issue a revocable land license for the specific use agreed upon. The United States must approve the license, in writing, before it becomes effective.

2. The Republic of Panama may terminate the land license for reasons arising under its laws.

3. At any time that the United States decides that a licensed land use is no longer compatible with the continuous efficient management, operation, or maintenance of the Panama Canal, or that the licensed area is necessary for a Panama Canal Treaty-related purpose, it may withdraw its concurrence in the land license, at which time the Republic of Panama shall cause the license to be terminated.

4. In the event that the United States withdraws its concurrence in a land license issued under the

procedure established in this Article, the Republic of Panama shall take all measures necessary to ensure that the area is promptly vacated, in accordance with such rules as may be established by the two Parties through the Coordinating Committee.

5. The provisions of this Article shall not limit in any manner the authority of the United States to use the areas made available for its use under this Agreement, or to permit their use by its contractors, in the exercise of its rights and the fulfillment of its responsibilities under the Panama Canal Treaty and related Agreements.

ARTICLE V

BALBOA AND CRISTOBAL PORTS AND THE PANAMA RAILROAD

1. As provided in Article XIII of the Panama Canal Treaty, all right, title and interest of the United States in property, installations and equipment in the Ports of Balboa and Cristobal, the boundaries of which are set forth in paragraph 1 of Annex B of this Agreement, is transferred without charge to the Republic of Panama.

2. The Republic of Panama shall have the responsibility for the management, operation and maintenance of the Ports of Balboa and Cristobal, subject, however, to the following terms and conditions:

(a) The Republic of Panama shall exercise its jurisdictional rights over vessels within the lands and waters areas of the Ports of Balboa and Cristobal. Movement of vessels to or from the piers and docks of the Ports of Balboa and Cristobal shall be subject to appropriate approval by the port authorities of the Republic of Panama.

(b) The Republic of Panama grants to the United States the following technical powers: the authority and responsibility for marine traffic control within the waters of the Canal operating areas and defense sites and within the ports of Balboa and Cristobal and to or from and within the anchorages and emergency beaching areas. Such authority and responsibility of the United States includes the right to require that vessels moving in such waters be under the direction of Commission pilots.

(c) The United States may use, for the management, operation, maintenance, protection and defense of the Canal, those port installations and equipment managed, operated, and maintained by the Republic of Panama which are described in paragraph 2 of Annex B of this Agreement. The Republic of Panama shall maintain such port installations and equipment in efficient operating condition.

(d) The United States is guaranteed use of the Port installations described in paragraph 3 of Annex B of this Agreement for normal maintenance of its equipment, in accordance with schedules established by the Commission or, when necessary for emergency repairs, at any time. The United States may use its employees to perform services in such installations. United States use of such installations and equipment shall be free of cost other than reimbursement for labor and services provided to the United States at rates which shall not exceed those charged the most favored customer on a commercial basis.

(e) In order to facilitate the optimum scheduling of vessel transits, the Republic of Panama shall ensure that vessels transiting the Canal receive port services at Balboa and Cristobal on a priority basis.

(f) The Republic of Panama shall control and supervise the activities to be carried out under its responsibility in the Ports of Balboa and Cristobal to ensure that such activities are compatible with the efficient management, operation, maintenance, protection and defense of the Canal. The Republic of Panama shall take the measures necessary to prevent, or to terminate, any activity that is incompatible with such purposes.

(g) In the event of emergencies relating to the protection and defense of the Canal, the Republic of Panama shall, at the request of the United States, make the installations and equipment of the Naval Industrial Reserve Shipyard available, without delay, to the United States for as long as may be necessary. In any such case, the United States shall reimburse the Republic of Panama for labor or services provided to it at rates which shall not exceed those charged the most favored customer on a commercial basis.

3. As provided in Article XIII of the Panama Canal Treaty, all right, title and interest of the United States in the property, installations and equipment of the Panama Railroad is transferred without charge to the Republic of Panama.

4. The Republic of Panama shall have the responsibility for the management, operation, and maintenance of the Panama Railroad (hereinafter referred to as "the Railroad"), subject, however, to the following terms and conditions:

(a) The Republic of Panama shall maintain the Railroad in efficient operating condition. The Railroad will continue to provide the levels and frequency of service necessary for efficient management, operation, and maintenance, and effective protection and defense of the Canal.

(b) The United States shall have the right to use and maintain the existing installations, including the 44KV electrical transmission lines and towers,

and to construct, use and maintain additional installations along the Railroad right of way, and may have access thereto for such purposes.

(c) The Republic of Panama shall permit the United States to use the Railroad and its equipment, on a priority basis, for the purposes of maintaining such transmission lines and other installations, and of transporting equipment, supplies and personnel related to the management, operation, maintenance, or protection and defense of the Canal. The United States shall pay the costs resulting from such use in accordance with rates which shall not exceed those charged by the Railroad to its most favored customer on a commercial basis.

(d) Spur tracks, sidings and related equipment serving the installations in areas made available to the United States pursuant to the Panama Canal Treaty shall remain the responsibility of the United States. Railroad access to such trackage shall be subject to the approval of the responsible United States authorities.

(e) If the Republic of Panama decides, at any time, that its continued operation of the Railroad at the minimum levels of service agreed upon by the two Parties is no longer viable, the United States shall have the right to reassume management and operation of the Railroad.

5. A Ports and Railroad Committee, to be established as a subcommittee of the Coordinating Committee in accordance with paragraph 3 of Article II of this Agreement and composed of an equal number of representatives of each Party, shall be responsible *inter alia* for coordination of the activities of the Panama Canal Commission and the National Port Authority of the Republic of Panama concerning the operation of the Ports of Balboa and Cristobal and the Panama Railroad, and shall have the following functions:

(a) To consider and, upon agreement, to coordinate the termination of United States rights with respect to the use of areas or installations in, or in the vicinity of, the Ports of Balboa and Cristobal which the Republic of Panama might desire to use for port activities, or with respect to the use of areas and installations appertaining to the Railroad.

(b) To consider and, upon agreement, to coordinate any change in the use of lands or waters in the Ports of Balboa and Cristobal or in areas or installations appertaining to the Railroad, or any initiation of, change in, or termination of Port or Railroad services. Consequently, changes in the use of such lands and waters and the initiation of, changes in, or termination of such services shall occur only in accordance with the decisions reached

by the Ports and Railroad Committee. Until such time as the Committee agrees upon new levels and frequency of Railroad services, the levels and frequency of service scheduled for 1977 shall be maintained.

(c) To maintain adequate standards of safety, fire prevention and oil pollution. Until such time as the Committee issues new regulations, the safety, fire prevention and oil pollution standards in force prior to the entry into force of this Agreement shall remain in force.

(d) To establish procedures and mechanisms to facilitate the movement of vessels in accordance with the rights and responsibilities of the Parties set forth in paragraph 2 above.

(e) To coordinate the use by the United States of those installations specified in paragraph 3 of Annex B that are located within the Ports of Balboa and Cristobal and the activities of the National Port Authority of the Republic of Panama in these Ports.

In considering these matters, the representatives of the two Parties on the Ports and Railroad Committee shall be guided by the principle that the operation of the Ports and Railroad shall be consistent with the continued efficient management, operation, maintenance, protection and defense of the Canal.

ARTICLE VI

REGIME OF CIVIL COORDINATION FOR HOUSING AREAS

1. As provided in Article XIII of the Panama Canal Treaty, title to all housing within the housing areas, owned by the Panama Canal Company immediately prior to the entry into force of this Agreement, is transferred to the Republic of Panama. The housing areas shall, however, continue to be dedicated, for the duration of this Agreement, to the primary purpose of housing employees of the Commission in accordance with the provisions of this Article.

2. The Republic of Panama hereby places at the disposal of the United States, without cost, the use of such housing, within the housing areas, as the United States may deem necessary for United States citizen employees and dependents throughout the duration of this Agreement. The United States may continue to manage, maintain, improve, rent and assign such housing for United States citizen employees and dependents.

3. The use of housing units beyond those required by the United States for housing United States citizen employees and dependents at the date of

entry into force of this Agreement, shall pass to the Republic of Panama on that date. Within five years from the entry into force of this Agreement, the use of at least twenty percent of the housing units located in the former Canal Zone, formerly owned by the Panama Canal Company, shall have passed to the Republic of Panama. Thereafter, the use of additional units shall pass to the Republic of Panama in accordance with the following schedule:

(a) Within ten years from the entry into force of this Agreement, the use of a total of at least thirty percent of such units shall have passed.

(b) Within fifteen years, the use of a total of at least forty-five percent shall have passed.

(c) Within twenty years, the use of a total of at least sixty percent shall have passed.

4. In order to protect the interests and welfare of employees of the United States who are not United States citizen employees and who, on the date of entry into force of this Agreement, are occupying housing units, the use of which is transferred to the Republic of Panama, the Republic of Panama shall give such persons the following special treatment:

(a) The opportunity to occupy, by lease or rental, or in the event the Republic of Panama decides to sell, to acquire by purchase at reasonable prices, the units which they are occupying on the date of entry into force of this Agreement;

(b) In cases of purchase, the opportunity to obtain long-term financing arrangements.

(c) In cases where continued occupancy of a particular housing unit is not feasible, the opportunity to obtain other adequate housing within such areas at reasonable cost, on a preferential or priority basis.

5. In addition to housing its United States citizen employees and dependents, the United States may use the housing areas for other purposes related to the management, operation and maintenance of the Canal. The housing areas may also be used for other activities complementary to or compatible with the primary purpose of housing employees of the Commission under revocable land licenses to be issued in accordance with the procedures set forth in Article IV of this Agreement.

6. In coordination with the appropriate authorities of the Republic of Panama, the Commission may continue to provide public services such as maintenance of streets, sidewalks and other public areas within the housing areas. Since the utilities systems in the housing areas are fully integrated with those of the Canal, the Commission shall, on behalf of the utilities agencies of the Republic of Panama, con-

tinue to provide utilities such as power, water, and sewers to industrial and commercial enterprises and other persons in the area, other than United States citizen employees and dependents. The utilities agencies of the Republic of Panama shall be responsible for setting rates for and billing such customers, and shall reimburse the Commission for its cost in providing such services.

7. The Coordinating Committee shall serve as the channel for consultation and coordination between the two Parties with respect to matters arising under the regime of civil coordination established in this Article.

ARTICLE VII

WATER RIGHTS

1. The United States shall have unimpaired use, free of cost, of the waters of the Canal and of Alajuela (Madden), Gatun and Miraflores Lakes, and of the waters of their tributary streams, for the purposes of the management, operation and maintenance of the Panama Canal, including the generation of electric power, spilling to provide flood or pollution control, and the supplying of potable water, taking into account the needs of the Republic of Panama for potable water.

2. The United States may:

(a) Raise the surface of Alajuela (Madden) Lake to 260 feet above precise level datum (PLD) and of Gatun Lake to 100 feet above PLD, and lower the surfaces of these lakes down to elevations of 190 feet and 76 feet, respectively, for the purposes stated in paragraph 1 of this Article. The Parties shall consult and coordinate concerning the measures necessary to assure the supply of potable water to the Republic of Panama.

(b) Erect, operate, maintain, improve, expand, remove and replace rainfall and river gauging stations in the watersheds of the lakes and their tributaries, the data and information obtained from which shall be made available promptly to the Republic of Panama.

(c) Maintain and improve the saddle dams serving Gatun, Miraflores and Alajuela (Madden) Lakes and any new impoundment areas. The Republic of Panama agrees to take the necessary measures to prevent any activity that might endanger the stability of the saddle dams.

(d) Apply herbicides and conduct other water weed control and sanitation programs in the lakes, their watershed and tributaries. In the conduct of these programs the United States shall take into account the environmental protection and water standards of the Republic of Panama to the extent

feasible and consistent with the efficient management, operation and maintenance of the Canal.

(e) Conduct flood control operations, to include periodic flushing of the rivers, and a routine maintenance program up to the 100 foot contour line along the Chagres River between Gamboa and Madden Dam, and up to the 30 foot contour line along the Chagres River between Gatun Dam and the Caribbean Sea.

(f) Use such land and water areas as may be necessary for the purpose of constructing new dams, including the proposed Trinidad, Manguito Point, and Panama Railroad Causeway dams, and impounding such water as may be required to develop and regulate the water supply of the Canal for the purposes stated in paragraph 1 of this Article. If new dams are constructed in accordance with this Agreement, any generation of electric power in connection with such dams shall be the prerogative of the Republic of Panama in the manner agreed upon between the two Parties.

3. The Republic of Panama shall take the necessary measures to ensure that any other land or water use of the Canal's watershed will not deplete the water supply necessary for the continuous efficient management, operation or maintenance of the Canal, and shall not interfere with the water use rights of the United States in the Canal's watershed.

ARTICLE VIII

SOCIAL SECURITY

1. Concerning Social Security and retirement benefits applicable to employees of the Commission who are not United States citizen employees, the following provisions shall apply:

(a) Such persons who are employed by the Commission subsequent to the entry into force of this Agreement shall, as of their date of employment, be covered by the Social Security System of the Republic of Panama.

(b) Such persons who were employed prior to the entry into force of this Agreement by the Panama Canal Company or Canal Zone Government and who were covered under the Civil Service Retirement System of the United States shall continue to be covered by that system until their retirement or until the termination of their employment with the Commission for any other reason.

(c) The Commission shall collect and transfer in a timely manner to the Social Security System of the Republic of Panama the employer's and employees' contributions for those of its employees who

are covered by the Social Security System of the Republic of Panama.

2. Concerning health benefits applicable to employees of the Commission who are not United States citizen employees and who are covered by the Civil Service Retirement System of the United States the following provisions shall apply:

(a) For the duration of a transitional period of thirty calendar months following the entry into force of this Agreement, all such persons shall continue to be provided health insurance and medical benefits under the same general arrangements in effect prior to the entry into force of this Agreement.

(b) At the termination of the aforementioned transitional period, none of the abovementioned persons shall be eligible to receive health or medical benefits from facilities operated by the United States in the Republic of Panama.

(c) Such persons shall have the right, during the aforementioned transitional period, to elect either to continue their coverage under the Federal Employees' Health Benefits Plan or to terminate their coverage under that program and enroll in the Health and Maternity Benefits Program under the Social Security System of the Republic of Panama, effective upon the termination of the transitional period.

(d) The Commission shall collect and transfer in a timely manner to the Social Security System of the Republic of Panama the employer's and employees' contributions to the Health and Maternity Benefits Program of that institution for such persons who enroll in that program. The employer's contribution shall be equal to that which the employer would have paid had the employee continued under the Federal Employees Health Benefits Plan.

3. (a) Following the entry into force of this Agreement, employees of the Panama Canal Company or Canal Zone Government, regardless of their nationality, who become employees of the Republic of Panama as the result either of a transfer of a function or activity to the Republic of Panama from the Panama Canal Company or Canal Zone Government or through job placement efforts of the Commission or the Republic of Panama, shall be covered by the Social Security System of the Republic of Panama through a special regime identical in eligibility requirements, benefits, and employer/employee contributions to the United States Civil Service Retirement System in which the employee was previously enrolled.

(b) In those instances in which an employee has been separated from employment with the Commission and is due a refund of his contributions

to the Civil Service Retirement System of the United States, said refund shall, upon the written request of the employee, be transferred by the Civil Service authorities of the United States to the Social Security System of the Republic of Panama for the purpose of the employee's purchase of an equity, which shall be financially equal to the total of the amounts transferred.

(c) When such employee of the Panama Canal Company or Canal Zone Government, regardless of his nationality, is separated from his employment with the Commission as the result of the implementation of the Panama Canal Treaty and becomes an employee of the Republic of Panama as the result either of a transfer of a function or activity to the Republic of Panama from the Panama Canal Company or the Canal Zone Government or through a job placement assistance program, and elects to purchase an equity in the Social Security System of the Republic of Panama, through a special regime identical in requirements for eligibility, benefits, and employer/employee contributions to the Civil Service Retirement System of the United States in which the employee was previously enrolled, the United States shall provide an equal sum to assist the employee in acquiring such an equity, provided, however, that:

(i) The employee is not eligible for an immediate retirement annuity under the United States Civil Service Retirement System.

(ii) The employee has not elected a deferred annuity under the United States Civil Service Retirement System.

(iii) The employee has been credited with at least five years of Federal service under the United States Civil Service Retirement System.

(iv) The employee elects to withdraw the entire amount of his capitalized contributions to the Civil Service Retirement System of the United States and transfer them to the Social Security System of the Republic of Panama.

(v) The contribution provided by the United States shall be the same as the amount withdrawn by the employee from the United States Civil Service Retirement Fund and contributed by the employee to the Panamanian Social Security System.

(d) Employees eligible for an immediate annuity under the Civil Service Retirement System of the United States shall begin to receive retirement pay at the time of their termination of their employment by the Government of the United States.

4. Except as otherwise provided in the Panama Canal Treaty or this Agreement, there shall be no loss or limitation of rights, options and benefits to which

employees of the Commission who were employed by the Panama Canal Company or the Canal Zone Government may be entitled under applicable laws and regulations of the United States as a result of their participation in the Civil Service Retirement System of the United States. These rights, options and benefits include the rights, where appropriate under applicable laws and regulations of the United States, to optional or voluntary retirement, discontinued service retirement following involuntary separation, disability retirement, and deferred retirement.

5. Non-United States citizen employees of the Panama Canal Commission who were, prior to the entry into force of this Agreement, employed by the Panama Canal Company or the Canal Zone Government, and who continue to be covered by the United States Civil Service Retirement System, shall continue to be covered by United States Workmen's Compensation and may, if they so desire, continue their coverage under the Federal Employees' Group Life Insurance program in the same manner as prior to the entry into force of this Agreement.

ARTICLE IX

ACQUISITION OF PANAMANIAN SUPPLIES AND SERVICES

1. In procuring supplies and services, the Commission shall give preference to those obtainable in the Republic of Panama. Such preference shall apply to the maximum extent possible when such supplies and services are available as required, and are comparable in quality and price to those which may be obtained from other sources. For the comparison of prices there shall be taken into account the cost of transport to the Republic of Panama, including freight, insurance and handling, of the supplies and services which compete with Panamanian supplies and services. In the acquisition of goods in the Republic of Panama, preference shall be given to goods having a larger percentage of components of Panamanian origin.

2. Any regulations which may be necessary to carry out this preference shall be agreed upon in the Coordinating Committee.

ARTICLE X

TELECOMMUNICATIONS

1. The Republic of Panama, in the exercise of its sovereign power over telecommunications, authorizes the United States, for the duration of this Agree-

ment, to use communications networks and communications-electronics installations within the Canal operating areas, and the radio frequencies authorized or in use, and transportable equipment in use, immediately prior to the entry into force of this Agreement and as may be necessary for its requirements, in order to accomplish the purposes of the management, operation and maintenance of the Canal, and as the two Parties may otherwise agree. The Coordinating Committee may adopt regulations to govern the use of such transportable equipment outside of such areas.

2. The Republic of Panama also authorizes the United States to use installations such as those described in the preceding paragraph already existing outside the Canal operating areas, including those operated and maintained by the United States Forces or by contractors, which serve to accomplish the purposes of the management, operation or maintenance of the Canal, and as the two Parties may otherwise agree. The United States authorities shall have access to such installations for appropriate operation, maintenance and replacement.

3. Upon the termination of this Agreement, all telecommunication equipment and facilities necessary for purposes of operation of the Canal, which are the property of the United States, shall be transferred to the Republic of Panama. The United States, after consultation with the Republic of Panama, will institute a program to train Panamanian nationals to operate and maintain such telecommunications equipment, including ship-to-shore facilities.

4. Provided that they are available and suitable for the purpose, the Commission shall use, to the maximum extent practicable, the telecommunications services of public or private enterprise in the Republic of Panama in order to meet its growth needs, but the applicable rates shall be no less favorable than those charged to governmental agencies of the Republic of Panama.

5. The United States shall provide the Republic of Panama a list of all frequencies authorized or in use by it pursuant to this Article. This list shall be submitted through the Coordinating Committee in ascending frequency order and shall contain as a minimum information concerning the power, bandwidth, and type of emission being used in those frequencies.

6. The Republic of Panama undertakes not to authorize the use of any frequency which would interfere with those in use by or for the Commission or which it may use in the future in accordance with the Panama Canal Treaty and this Agreement.

7. All provisions regarding telecommunications in this Article shall be in accordance with the obliga-

tions of both Parties as members of the International Telecommunication Union and with the various relevant international agreements to which both are parties.

8. Any communication with the International Telecommunication Union regarding the subject matter of this Article shall be effected exclusively by the Republic of Panama.

9. The Coordinating Committee may adopt any further regulations as may be necessary to implement the provisions of this Article, including necessary technical coordination.

ARTICLE XI

CONTRACTORS AND CONTRACTORS' PERSONNEL

1. Whenever the Commission enters into contracts for the performance of services or the procurement of supplies, it shall adhere to the preferences for Panamanian sources set forth in Article IX of this Agreement.

2. Whenever contracts are awarded by the Commission to natural persons who are nationals or permanent residents of the United States or to corporations or other legal entities organized under the laws of the United States and under the effective control of such persons, such contractors shall be so designated by the United States and such designations shall be communicated to the authorities of the Republic of Panama through the Coordinating Committee. Designated contractors shall be subject to the laws and regulations of the Republic of Panama except with respect to the special regime established by this Agreement, which includes the following obligations and benefits:

(a) The contractor must engage exclusively in activities related to the execution of the work for which he has been contracted by the Commission or related to other works or activities authorized by the Republic of Panama.

(b) The contractor must refrain from carrying out practices which may constitute violations of the laws of the Republic of Panama.

(c) The contractor shall enter and depart from the territory of the Republic of Panama in accordance with procedures prescribed for United States citizen employees in Article XII of this Agreement.

(d) The contractor must obtain a document indicating his identity as a contractor which the proper authorities of the United States shall issue when they are satisfied he is duly qualified. This certificate shall be sufficient to permit him to operate under Panamanian law as a contractor of the United States. Nevertheless, the authorities of the Republic

of Panama may require the registration of the appropriate documents to establish juridical presence in the Republic of Panama.

(e) The contractor shall not be obliged to pay any tax or other assessment to the Republic of Panama on income derived under a contract with the Commission, so long as he is taxed in the United States at a rate substantially equivalent to the corresponding taxes and assessments of the Republic of Panama.

(f) The contractor may move freely within the Republic of Panama, and shall have exemptions from customs duties and other charges, as provided for United States citizen employees in Articles XIV and XVI of this Agreement.

(g) The contractor may use public services and installations in accordance with the terms and conditions of Article XIII of this Agreement and, on a non-discriminatory basis, shall pay the Republic of Panama highway tolls and taxes on plates for private vehicles.

(h) The contractor shall be exempt from any taxes imposed on depreciable assets belonging to him, other than real estate, which are used exclusively for the execution of contracts with the United States.

(i) The contractor may use the services and facilities provided for in Articles X and XVIII of the Agreement in Implementation of Article IV of the Panama Canal Treaty, signed this date, to the extent such use is authorized by the United States; provided, however, that after five years from the entry into force of this Agreement, the use of military postal services by such contractors shall be limited to that related to the execution of contracts with the United States.

3. The Commission shall withdraw the designation of a contractor when any of the following circumstances occur:

(a) Completion or termination of the contracts with the Commission.

(b) Proof that during the life of the contract such contractors have engaged in the Republic of Panama in business activities not related to their contracts with the United States nor authorized by the Republic of Panama.

(c) Proof that such contractors are engaged in practices which in the view of the Republic of Panama constitute serious violations of the laws of the Republic of Panama.

4. The authorities of the United States shall notify the authorities of the Republic of Panama whenever the designation of a contractor has been withdrawn. If, within sixty days after notification of the withdrawal of the designation of a contractor who entered

the territory of the Republic of Panama in the capacity of a contractor, the authorities of the Republic of Panama require such contractor to leave its territory, the United States shall ensure that the Republic of Panama shall not incur any expense due to the cost of transportation.

5. The provisions of this Article shall similarly apply to the subcontractors and to the employees of the contractors and subcontractors and their dependents who are nationals or residents of the United States. These employees and dependents shall not be subject to the Panamanian Social Security system.

ARTICLE XII

ENTRY AND DEPARTURE

1. The United States may bring into the territory of the Republic of Panama United States citizen employees and dependents for the specific purposes of the Panama Canal Treaty and as the two Parties may agree upon.

2. In order to enter or leave the territory of the Republic of Panama, such persons shall be required to bear only a valid passport and a special entry/exit permit issued by the Republic of Panama. Such documentation, upon entry into or departure from the territory of the Republic of Panama, shall be presented to the appropriate authorities of the Republic of Panama.

3. Such entry/exit permits shall authorize the bearer an unlimited number of entries into and exits from the territory of the Republic of Panama for the duration of the employment or other duties with the Commission of the bearer, or of his sponsor. Such permits shall remain valid until such time as United States authorities notify the appropriate authorities of the Republic of Panama of the termination of the employment or duties with the Commission of the bearer, or of his sponsor.

4. The Republic of Panama agrees to issue such special entry/exit permits to the persons described in paragraph 1 of this Article, upon written request by the authorities of the United States, and to implement special procedures to ensure such expeditious issuance.

5. Whenever the status of any person described in paragraph 1 of this Article is altered so that he is no longer entitled to remain in the territory of the Republic of Panama, the authorities of the United States shall promptly notify the authorities of the Republic of Panama, and shall ensure that the special entry/exit permit in question is returned to the Republic of Panama. If requested by the Republic of Panama within a period of sixty days following such notice, the authorities of the United States shall

ensure that transportation of any such person from the Republic of Panama will be provided at no cost to the Republic of Panama.

6. The persons described in paragraph 1 of this Article shall be exempted from fiscal charges relating to their entry, stay in, or departure from the territory of the Republic of Panama, except for nondiscriminatory charges established or which may be established for use of airports. Similarly, they shall be exempted from obligatory services established in favor of the Republic of Panama. They shall not acquire any right to permanent residence or domicile in the Republic of Panama.

7. United States citizen employees who enter the Republic of Panama to execute professional services exclusively for the United States, or on its behalf, shall not be subject to the licensing regimes of the Republic of Panama, but their professional activity shall be limited to such services with the United States for the specific purposes of the Panama Canal Treaty, or as the two Parties may otherwise agree.

ARTICLE XIII

SERVICES AND INSTALLATIONS

1. The Commission, its United States citizen employees and dependents may use the public services and installations belonging to or regulated by the Republic of Panama, and the terms and conditions of use, prices, rates and tariffs and priorities shall not be unfavorable in relation to those charged other users.

2. The Commission may use the facilities and services of the United States Forces for official purposes and may establish and operate the supporting services and facilities it requires within the areas used under this Agreement, and exceptionally, with the authorization of the Republic of Panama, outside such areas.

3. The United States may furnish to United States citizen employees and dependents the services provided for in Article XVIII of the Agreement in Implementation of Article IV of the Panama Canal Treaty signed this date, and authorize their use of the facilities provided for in Article X and Article XI of that Agreement provided, however, that their use of military postal services, commissaries, and military exchanges may not be authorized after five years from the entry into force of this Agreement.

4. The facilities and services of the Commission may be made available, exclusively for official purposes, to other agencies of the Government of the United States operating in the Republic of Panama, including the United States Forces.

ARTICLE XIV

MOVEMENT, LICENSES, AND REGISTRATION OF VESSELS, AIRCRAFT AND VEHICLES

1. (a) When in the performance of official duties, the vessels and aircraft operated by or for the Commission may move freely through Panamanian air space and waters, without the obligation of payment of taxes, tolls, landing or pier charges or other charges to the Republic of Panama except for reimbursement for specific services requested and received and without any other impediment.

(b) Such vessels and aircraft shall be exempt from customs inspections or other inspections. Whenever they carry cargo, crews or passengers who are not entitled to the exemptions provided for in this Agreement, timely notice shall be given to the appropriate authorities of the Republic of Panama. Both Parties shall adopt procedures to ensure that the customs laws and regulations of the Republic of Panama are not violated.

2. (a)(i) Similarly, the vehicles and equipment of the Commission may, when in the performance of official duties, move freely in the Republic of Panama, without the obligation of payment of taxes, tolls or other charges to the Republic of Panama and without any other impediment. Such vehicles and equipment shall be exempt from mechanical or other inspection.

(ii) Claims arising from damage caused by the Commission to the Panamanian road network outside the Canal operating areas, in excess of the usual wear and tear by reason of time and its appropriate use, shall be settled as provided for in Article XVIII of this Agreement.

(b) Such vehicles and equipment of the Commission shall not be assessed any license or registration fees. These vehicles shall bear means of identification as may be agreed upon by the Coordinating Committee, to be issued under the authority of said Coordinating Committee and distributed by the Commission.

3. (a) The plates, individual marks and registration documents issued by the United States for vehicles, trailers, vessels and aircraft which are the property of the Commission shall be accepted by the Republic of Panama.

(b) The Republic of Panama shall recognize as sufficient the valid licenses, permits, certificates or other official classifications from the United States, possessed by operators of vehicles, vessels and aircraft which are property of the United States.

4. (a) The vehicles, trailers, vessels and aircraft belonging to the United States citizen employees or de-

pendents shall also move freely within the Republic of Panama, in compliance with the traffic regulations and those regarding the annual mechanical inspection. The license plate fee and other obligations shall not be discriminatory.

(b) The Republic of Panama shall issue the appropriate documents of title and registration of vehicles, trailers, vessels and aircraft which are the property of United States citizen employees or dependents when the latter present title and registration issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone. Applicants may retain such documents provided they leave with the authorities of the Republic of Panama a copy authenticated by the Commission, duly translated into Spanish. While the corresponding request is being processed and within a term which may not exceed ninety days after entry into force of this Agreement or after the arrival of the means of transportation mentioned above in the Republic of Panama, it may be operated with the plates or distinctive marks issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone.

(c) United States citizen employees and dependents who bear valid documents such as drivers' licenses, vessel operators' permits, amateur radio licenses, or licenses and classifications of air pilots issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone, shall receive equivalent Panamanian licenses, permits and classifications without being subjected to new tests or payments of new fees. The applicants may retain the licenses, permits and classifications of the United States or the former Canal Zone provided that they leave with the authorities of the Republic of Panama a copy authenticated by the Commission and duly translated into Spanish. United States citizen employees and dependents shall be permitted to drive vehicles, vessels or aircraft in the Republic of Panama with such licenses, permits and classifications during the ninety days following the entry into force of this Agreement or their first arrival in the Republic of Panama. During this period the processing of the application in the Republic of Panama for a driver's license, vessel operator's permit, or license and classification as an air pilot shall be completed.

(d) The Panamanian licenses, permits or classifications shall be valid for the period of time indicated in the Panamanian law and, during the continuous presence of the bearer in the Republic of Panama, shall, to preserve their validity, be renewed in accordance with Panamanian laws. Whenever Panamanian laws require medical certifications for the

renewal of licenses, permits or classifications, the Republic of Panama shall accept the certifications issued by the medical services of the United States, provided that said certifications are submitted in Spanish translation.

(e) The Republic of Panama shall issue drivers' licenses, vessel operators' permits, and licenses and other classifications of air pilots to United States citizen employees and dependents when they do not possess valid documents. If any test is required as a prerequisite for the issuance of the documents mentioned, the Republic of Panama shall permit the interested persons to take the examination in Spanish or in English. Any material which the Republic of Panama may generally issue in preparation for such examinations shall be furnished, in Spanish or in English, as the applicant may request. The fees for such documents shall not be discriminatory.

5. The Coordinating Committee may agree on rules and procedures that may be necessary to implement this Article.

ARTICLE XV

TAXATION

1. By virtue of this Agreement, the Commission, its contractors and subcontractors, are exempt from payment in the Republic of Panama of all taxes, fees or other charges on their activities or property.

2. United States citizen employees and dependents shall be exempt from any taxes, fees, or other charges on income received as a result of their work for the Commission. Similarly, they shall be exempt from payment of taxes, fees or other charges on income derived from sources outside the Republic of Panama.

3. United States citizen employees and dependents shall be exempt from taxes, fees or other charges on gifts or inheritance or on personal property, the presence of which within the territory of the Republic of Panama is due solely to the stay therein of such persons on account of their or their sponsor's work with the Commission.

4. The Coordinating Committee may establish such regulations as may be appropriate for the implementation of this Article.

ARTICLE XVI

IMPORT DUTIES

1. Except for the exemptions provided for in this Agreement, United States citizen employees and dependents shall be subject to the customs laws and regulations of the Republic of Panama.

2. All property imported for the official use or benefit of the Commission, including that imported

by its contractors or subcontractors in connection with the various activities authorized under this Agreement, shall be exempt from the payment of all customs duties or other import taxes and charges and from all license requirements. The Commission shall issue a certificate, following the form adopted by the Coordinating Committee, stating that the property being imported is for these purposes.

3. Property consigned to or imported for the personal use of United States citizen employees or dependents shall be subject to the payment of import duties or other import taxes, except for the following:

(a) Furniture, household goods and personal effects imported by such persons for their private use within six months following their first arrival in the Republic of Panama.

(b) Vehicles imported by such persons for their private use. The Coordinating Committee shall establish the limitations on the quantity and frequency of additional imports of vehicles and shall authorize such importation of at least one vehicle every two years.

(c) A reasonable quantity of articles for the private use of such persons, imported as personal baggage or sent into the Republic of Panama through the mails.

(d) Such other imports as may be expressly authorized by the competent authorities of the Republic of Panama at the request of the Commission.

4. The exemptions granted in paragraph 3 of this Article shall apply only to cases involving the importation of articles exempted at the time of entry and shall not be construed as obligating the Republic of Panama to reimburse customs duties and domestic taxes collected by the Republic of Panama in connection with purchases of goods from Panamanian sources subsequent to their importation.

5. Customs inspections shall not be made in the following cases:

(a) United States citizen employees travelling on official business who enter or depart from the Republic of Panama;

(b) Official documents under official seal, and mail sent through the military postal channels of the United States;

(c) Cargo consigned to the Commission.

6. Property imported under this Article and subsequently transferred to a person who is not entitled to duty-free importation shall be subject to the payment of import duties and other taxes according to the laws and regulations of the Republic of Panama.

7. All property imported in the Republic of Panama free of customs duties and other taxes pur-

suant to paragraphs 2 and 3 of this Article may be exported free of customs duties, export permits, export taxes, and other assessments. All property acquired in the Republic of Panama by, or in the name of, the Commission, or acquired by United States citizen employees or dependents for their private use, may be exported free of customs duties, export licenses, and other export taxes or charges.

8. The authorities of the United States agree to cooperate with the authorities of the Republic of Panama and shall take, within their legal authority, all steps necessary to prevent the abuse of the privileges granted under this Article to United States citizen employees or dependents, which measures may include dismissal of such employees.

9. In order to prevent violations of the customs laws and regulations of the Republic of Panama, the two Parties agree as follows:

(a) The competent authorities of the United States and the authorities of the Republic of Panama shall mutually assist one another in the conduct of investigations and the collection of evidence.

(b) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure that articles subject to seizure by or in the name of the customs authorities of the Republic of Panama are delivered to these authorities.

(c) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure the payment by United States citizen employees, and dependents, of such import duties, taxes, and fines as may be duly determined by the authorities of the Republic of Panama.

10. Vehicles and articles belonging to the Commission that are seized from a person by the authorities of the Republic of Panama in connection with a violation of its customs or tax laws or regulations shall be delivered to the competent authorities of the Commission.

11. The Coordinating Committee will constitute the means of communication and information between the two Parties with regard to matters pertaining to the implementation of this Article.

ARTICLE XVII

SURVEYS

The United States may carry out topographic, hydrographic, agrologic and other surveys (including the taking of aerial photographs) within the areas made available for the use of the United States pursuant to this Agreement and within the watershed basin of Gatun, Alajuela (Madden) and Mira-

flores Lakes. Surveys in other areas of the Republic of Panama shall require authorization from the Republic of Panama and shall be carried out in the manner agreed upon in the Coordinating Committee. The Republic of Panama shall, at its option, designate a representative to be present during such surveys. The United States shall furnish a copy of the data resulting from such surveys to the Republic of Panama at no cost.

ARTICLE XVIII

CLAIMS

1. (a) Each Party shall settle claims against it for damage to any property owned and used by the other Party in the following circumstances:

(i) If the damage was caused by an employee of the Government, against which the claim is made, in the performance of his official duties; or

(ii) If the damage arose from the use of any vehicle, vessel or aircraft owned and used by the said Government, provided either that the vehicle, vessel or aircraft causing the damage was being used for official purposes, or that the damage was caused to property being so used.

(b) If it is not settled in due course, the claim may be pursued through diplomatic channels. Both Parties hereby waive the collection of any claims for an amount less than B/. 1400 or \$1400 U.S., whichever may be the currency of greater value.

2. In cases of maritime salvage, each Party waives its claims against the other if the vessel or cargo salvaged was the property of the other Party and was used for official purposes.

3. For the purposes of this Article, any vessel chartered, requisitioned or seized in prize by a Party shall be considered its property (except to the extent that the risk of loss or liability is assumed by some other person than such Party).

4. United States citizen employees shall be subject to the jurisdiction of the civil courts of the Republic of Panama except in matters which arise from the performance of their official duty. In cases in which payment has been accepted in full satisfaction of the claim, the civil courts of the Republic of Panama shall dismiss any proceeding concerning such matter.

5. Non-contractual claims arising from damages caused in the performance of their official duties by employees of the Commission to third parties shall be presented by the injured party through the Coordinating Committee to the appropriate authorities of the Commission for settlement. The authorities of the Republic of Panama may submit advice and

recommendations on Panamanian law to the claims authorities of the Commission for their use in evaluating liability and amount of damages. The Commission shall assure payment of the appropriate damages, if any are due.

6. Contractual claims against the Commission shall be settled in accordance with the dispute clause of the contracts, and in the absence of such clause, through presentation of claims to the Commission.

7. The Commission shall require contractors and subcontractors referred to in Article XI of this Agreement to obtain appropriate insurance to cover the civil liabilities that may be incurred in the territory of the Republic of Panama as a result of acts or omissions done in the performance of official duty by their employees. The Coordinating Committee shall establish the general standards for such insurance.

8. The authorities of both Parties shall cooperate in the investigation and procurement of evidence for a fair disposition of claims under this Article.

ARTICLE XIX

CRIMINAL JURISDICTION

1. The Republic of Panama shall exercise, in the manner herein indicated, its jurisdiction over United States citizen employees and dependents with respect to all offenses arising from acts or omissions committed by them within the territory of the Republic of Panama and punishable under the laws of the Republic of Panama.

2. Concerning offenses committed by United States citizen employees or dependents that are punishable under the laws of both Parties, the authorities of the United States may request the Republic of Panama to waive its jurisdiction in favor of the authorities of the United States. Said authorities shall, in their request, state the reasons therefor, and the Republic of Panama shall give favorable consideration to such requests in the following cases:

(a) If the offense arises out of an act or omission done in the performance of official duty. In such cases, when requested by the authorities of the Republic of Panama or when the authorities of the United States may deem it necessary, the latter shall issue a certificate establishing that the offense originated from an act or omission occurring in the performance of official duty. The Republic of Panama shall consider this certificate as sufficient proof for the purposes of this paragraph, or shall request a review by the Coordinating Committee, within ten days of the date of receipt of the certificate. The Coordinating Committee shall complete its review within ten days from the date of receipt of the re-

quest, except when more thorough consideration may be necessary, in which case the Coordinating Committee shall complete its review within thirty days. A substantial deviation from the duties which a person is required to perform in a specific mission shall generally indicate an act or omission not occurring in the performance of official duty and, consequently, the authorities of the United States will not consider it necessary to issue a certificate of official duty.

(b) If the offense is solely against the property or security of the United States and is committed in a Canal operating area or in a housing area. It is understood that offenses against the security of the United States include: treason or sabotage against the United States, espionage or violation of any law relating to official secrets of the United States or to secrets relating to the national defense of the United States.

3. In any case in which the authorities of the Republic of Panama waive jurisdiction to the United States, or in cases in which the offense constitutes a crime under the laws of the United States, but not under the laws of the Republic of Panama, the accused United States citizen employee or dependent shall be tried outside of the territory of the Republic of Panama.

4. (a) The authorities of the Republic of Panama shall notify the authorities of the United States as promptly as possible of the arrest of any United States citizen employee or dependent.

(b) The following procedures shall govern the custody of an accused United States citizen employee or dependent over whom the Republic of Panama is to exercise its jurisdiction:

(i) If the accused is detained by the authorities of the Republic of Panama he shall, except when charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, be handed over on request to the authorities of the United States in whose custody he shall remain until completion of all judicial proceedings and thereafter until custody is requested by authorities of the Republic of Panama for the execution of a sentence.

(ii) When charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, the accused will remain in the custody of the authorities of the Republic of Panama. In these cases, the authorities of the Republic of Panama shall give sympathetic consideration to requests for custody by the authorities of the United States.

5. (a) The authorities of the United States shall give full consideration to special requests made by

the authorities of the Republic of Panama regarding conditions of custody of any detainee in the custody of the United States.

(b) When the accused is in the custody of the authorities of the United States, he must, upon request by the authorities of the Republic of Panama, be made available to them for the purposes of investigation and trial. This obligation of the United States to ensure the appearance of an accused United States citizen employee, or dependent shall be deemed to satisfy the bail requirement set by the laws of the Republic of Panama.

6. (a) The authorities of the United States and of the Republic of Panama shall assist each other in carrying out all necessary investigations of offenses and in the collection and production of evidence, including the seizure and, in proper cases, the delivery of objects connected with an offense and the appearance of witnesses as necessary.

(b) The authorities of the United States and of the Republic of Panama shall, upon request by the other Party, inform each other of the status of cases referred to under the provisions of this Article.

7. As is provided in the laws of the Republic of Panama, a United States citizen employee or a dependent who has been convicted by a Panamanian court shall not be subject to the death penalty or to any form of cruel and unusual punishment or treatment.

8. When an accused United States citizen employee or dependent has been tried in accordance with the provisions of this Article by the authorities of the United States or by the authorities of the Republic of Panama and has been acquitted, or has been convicted and is serving, or has served, his sentence, or has been pardoned, he shall not be tried again for the same offense within the territory of the Republic of Panama.

9. Whenever an accused United States citizen employee or a dependent is tried by the authorities of the Republic of Panama he shall be entitled to the procedural guarantees listed in Annex C of this Agreement.

10. During the detention by the authorities of the Republic of Panama of a United States citizen employee or a dependent the authorities of the Republic of Panama shall permit members of his immediate family to visit him weekly. Material and medical assistance (such as food, clothing and comfort items) which the authorities of the United States and members of his immediate family may consider desirable, and any other assistance which is in accordance with or allowed by Panamanian prison regulations, may be provided to him on such visits.

11. The Coordinating Committee will constitute the channel of communication and information be-

tween the two Parties with regard to matters pertaining to the implementation of this Article.

ARTICLE XX

GENERAL PROVISIONS

1. The activities of the United States in the Republic of Panama shall be carried out with adequate attention to public health and safety, and consequently, within the areas made available for the use of the United States under this Agreement, the authorities of the United States shall have the right to take appropriate sanitation measures. The authorities of the United States shall cooperate with the authorities of the Republic of Panama for these purposes.

2. United States citizen employees and dependents may bear private arms in accordance with applicable Panamanian laws and regulations.

3. The Commission shall establish regulations to provide for the handling of matters under its competence in the English and Spanish languages, as appropriate.

ARTICLE XXI

DURATION

This Agreement shall enter into force simultaneously with the entry into force of the Panama Canal Treaty, signed this date, and shall remain in force throughout the period that the aforesaid Treaty remains in force.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both being equally authentic.

ANNEX A

CANAL OPERATING AREAS, HOUSING AREAS, ACCESSORY FACILITIES AND INSTALLATIONS, AND ANCHORAGES

The Canal operating areas, housing areas, accessory facilities and installations, and anchorages, the use of which is made available by the Republic of Panama to the United States by this Agreement, are described below and identified, but not definitively, on the maps attached hereto and referenced herein. When areas or installations are depicted on more than one map of different scales, the identification on the map with the largest scale shall be controlling. More precise identifications and exact boundaries

shall be agreed upon as soon as practicable by the Coordinating Committee established in Article II of this Agreement, after a joint survey to be conducted by representatives of the two Parties. When the aforementioned identifications have been completed and agreed upon, they shall be controlling as to the boundaries of the installations and areas described in this Annex.

1. (a) The Canal operating areas are described generally as follows:

(i) A continuous area generally following the course of the Panama Canal and generally contiguous to it, running from the Atlantic Ocean to the Pacific Ocean, and including the Atlantic entrance, Gatun Locks, dam, spillway and power station, portions of Gatun Lake, Gaillard Cut, Pedro Miguel Locks, Miraflores Lake, Miraflores Locks, spillway, filtration plant and power station, and the Pacific entrance, as well as the land and water areas encompassing them.

(ii) Certain areas not contiguous to the Canal, including the Brazos Brook area, the Gatun tank area, the Madden Dam and power station area, the Corozal/Cardenas area, and the Sosa hill area.

The Canal operating area described generally above, with the two exceptions hereinafter referred to, is identified on the map which is attached hereto as Attachment No. 1 in the manner indicated on the legend thereof. Although not so identified on the referenced map, the land and water areas which lie beneath the Thatcher Ferry Bridge and any new bridge that is constructed along the Panama/Arraijan right of way, to the extent that they are within the boundaries of the Canal operating area described in subparagraph 1(a)(i), above, are included in, and are parts of, that Canal operating area.

(iii) Barro Colorado Island, in the event and at such time as the Smithsonian Tropical Research Institute or an organization of similar purpose discontinues its activities there. This island is identified by name on the map attached hereto as Attachment No. 1.

(iv) Summit Naval Radio Station, at such time as use of the area is no longer required by the United States Forces. For purposes of this provision, this area is identified by name on the map attached hereto as Attachment No. 1.

(b) The Canal Zone Penitentiary shall cease to be a part of the Canal operating areas three years following the entry into force of this Agreement. For the purposes of this provision, the approximate center of this area is located at Coordinate 441069 on the map attached hereto as Attachment No. 1.

(c) The following areas shall cease to be a part of the Canal operating area five years following the entry into force of this Agreement:

- (i) The Mount Hope warehouse area; and
- (ii) The Mount Hope motor transportation area.

For the purposes of this provision, the Mount Hope warehouse area is identified on the map attached hereto as Attachment No. 2, SK 529-25-14A, in the manner indicated on the legend thereof, and the Mount Hope motor transportation area is identified on the map attached hereto as Attachment No. 3, SK 529-25-13A, in the manner indicated on the legend thereof.

(d) The following installations not contiguous to the Canal operating areas described in subparagraph 1(a) above shall be subject to the provisions of the Panama Canal Treaty and this Agreement applicable to the Canal operating areas:

- (i) Retirement Office (449-X);
- (ii) Sanitation Buildings (428, 428-X);
- (iii) Health Bureau Official Quarters (286, 288, 286-G);
- (iv) Pump House, Chilled Water (278);
- (v) Treasurer's Office (287, 287-X);
- (vi) Central Employment Office (363);
- (vii) Payroll Branch Office (365);
- (viii) Personnel Bureau Office (366);
- (ix) Grounds Maintenance Building (361);
- (x) Distribution Substation (367);
- (xi) District Court Building (310);
- (xii) Community Welfare (Red Cross) (0610-B);
- (xiii) Motor Transportation Facilities (0625-A through K, 0630-C);
- (xiv) Grounds Maintenance Office (0630-B);
- (xv) Sewage Treatment Plant (0626, 0626-A, 0626-B);
- (xvi) Grounds Maintenance Building (0586-X); and
- (xvii) Maintenance Field Shop (234).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 4, SK 529-25-1, in the manner indicated on the legend thereof

- (xviii) Administration Building (101);
- (xix) Balboa Filtered Water—Pump Station (634);
- (xx) Community Service Office Building (635);
- (xxi) Training Center (0600, 0602, 0604);
- (xxii) Ancon Water Reservoir;

- (xxiii) Grounds Maintenance Buildings (106, 108-X); and
- (xxiv) Garage (628-X).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 5, SK 529-25-2, in the manner indicated on the legend thereof.

- (xxv) Buildings (725, 726);
- (xxvi) Community Health Center Building (721);
- (xxvii) Maintenance Shop (1437);
- (xxviii) Garage Buildings (0900, 711-X, 761-X, 786-X, 787-X, 788-X, 789-X, 797-X, 1435);
- (xxix) Storage Sheds and Toilets (1559-X, 0773, 0849, 1435-X);
- (xxx) Community Service Youth Facilities (0910);
- (xxxi) Sewage Pump Station (0755);
- (xxxii) Magistrates Court (803);
- (xxxiii) Balboa Police Station (801, 801-R, 801-S, 801-T, 801-U); and
- (xxxiv) Water Tanks—Ancon Hill.

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 6, SK 529-25-3, in the manner indicated on the legend thereof.

- (xxxv) Docks 12, 13 and 19;
- (xxxvi) Harbor Master Building (43-A);
- (xxxvii) Construction Division Office (29-X);
- (xxxviii) Port Engineer Building (31);
- (xxxix) Instrument Repair Shop (1-J);
- (xl) Apprentice Training Facilities (2A and 3);
- (xli) Warehouses (5, 19, 4, 44-B and 42 including yard area and miscellaneous small support buildings);
- (xlii) Supply Management Offices (28);
- (xliii) Refrigeration and Air Conditioning Repair Facility (14);
- (xliv) Maintenance Facilities (8 and 10);
- (xlv) Toilets (21);
- (xlvi) Pilots Carport (39-B);
- (xlvii) Rigging Shed, supporting Dock 19 (51);
- (xlviii) Furniture Storage, Lubrication Warehouse (78);
- (xlix) Community Service Balboa Recreational Tennis Courts;
 - (l) Pier 20 Area (including 57 and 57-X);
 - (li) Electronic Repair Facility (40);
 - (lii) Core Storage (12);
 - (liii) Central Air Conditioning Plant and Cooling Tower (9);

- (liv) Maintenance Equipment Storage (13);
- (lv) Sand Blasting Shed (12-A);
- (lvi) Community Service Recreational Facility (9-A);
- (lvii) Electrical Division Buildings (66-A, 66-B, 66-C, 66-D, 66-E, 38 and 36);
- (lviii) Chilled Water Pump House (72);
- (lix) Telephone Exchange Building (69); and
- (lx) Building (37).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 7, SK 529-25-4, in the manner indicated on the legend thereof.

- (lxi) Toilets and Storage (1256);
- (lxii) Community Service Youth Facilities (0791);
- (lxiii) Foam Storage Facility (1254);
- (lxiv) Sewage Pump Station No. 2 (1208);
- (lxv) Dock 4;
- (lxvi) Printing and Duplicating Center (911); and
- (lxvii) Marine Traffic Control Center (909, 910).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 8, SK 529-25-5, in the manner indicated on the legend thereof.

- (lxviii) Records Storage (42-D);
- (lxix) Warehouse and Office (42-G, 42-F);
- (lxx) Quarters Maintenance Shop (5052);
- (lxxi) Toilets and Storage (5546);
- (lxxii) Storage and Warehouse (5553);
- (lxxiii) Surveying Office and Storage (5250);
- (lxxiv) Community Service Center (5051, 5051-X);
- (lxxv) Diablo Power Substation (5300);
- (lxxvi) Office Building (5140); and
- (lxxvii) Storage Warehouse (42-E).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 9, SK 529-25-6, in the manner indicated on the legend thereof.

- (lxxviii) Water Tanks;
- (lxxix) Water Pump Station (6219);
- (lxxx) Toilets and Storage (6423);
- (lxxxi) Community Welfare—AA(6550); and
- (lxxxii) Los Rios Power Substation (6464).

The installations which are described immediately above are identified on the map attached hereto as

Attachment No. 10, SK 529-25-7, in the manner indicated on the legend thereof.

- (lxxxiii) Telephone Exchange (52);
- (lxxxiv) Communication Field Office (53);
- (lxxxv) Fire Station (62);
- (lxxxvi) Community Service Center (65-A) and B.S.A. (729);
- (lxxxvii) Gas Station, Noncommercial (57);
- (lxxxviii) Housing Office, Maintenance Shops (58);
- (lxxxix) Toilet and Storage (77-A, 0277-X, 332);
- (xc) Sanitation Building (64); and
- (xci) Community Health Center (63).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 11, SK 529-25-10, in the manner indicated on the legend thereof.

- (xcii) Grounds Maintenance Offices, Toilets and Storage (40-A, 40-G, 141);
- (xciii) Garages (29, 29-A, 108, 140);
- (xciv) Telephone Exchange (102-X);
- (xcv) A.R.S. (71, 74, 104, 135, 150, 208, 210, 220, 233-X, 236-X, 262, 355, 373, UX-1, UX-2, UX-3) and B.S.A. (122);
- (xcvi) Public Toilet (385);
- (xcvii) Fire Station (161);
- (xcviii) Community Service Center (206); and
- (xcix) Gatun Power Substation (100).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 12, SK 529-25-11, in the manner indicated on the legend thereof.

- (c) Construction Division Office (7998);
- (ci) Quarters Maintenance Shop and Office (7999);
- (cii) Toilets and Storage (8038-X, 8471);
- (ciii) Community Service Center (8040);
- (civ) Sewage Pump Station (8140); and
- (cv) Community Service Center Building Garage (8040-X).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 13, SK 529-25-12, in the manner indicated on the legend thereof.

- (cvi) Engineering Survey Building (9212);
- (cvii) Telephone Building (9214); and
- (cviii) Fire Station Building (9100).

The installations which are described immediately above are identified on the map attached hereto as

Attachment No. 14, SK 529-25-8, in the manner indicated on the legend thereof.

- (cix) Filtered Water Pump House (308); and
- (cx) Paraiso Power Substations.

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 15, SK 529-25-9, in the manner indicated on the legend thereof.

- (cxi) Motor Transportation Facilities (5046, 5063, 5064, 5064-A, 5065, 5067, 5077); and
- (cxii) Canal/IRHE Power Interconnect Station.

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 16, SK 529-25-13, in the manner indicated on the legend thereof.

- (cxiii) Mount Hope Warehouse Complex (7018, 7020, 7021, 7022, 7025-A, 7025-B, 7025-C, 7030, 7031, 7032, 7033);
- (cxiv) Fire Station (7029);
- (cxv) Mount Hope Water Filtration Plant (7035, 7037 and Water Tanks 1 and 2);
- (cxvi) Air Conditioning and Refrigeration Maintenance (7024); and
- (cxvii) Electrical Field Facilities (7051, 7051-A, 7051-B, 7051-C, 7051-D, 7056).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 17, SK 529-25-14, in the manner indicated on the legend thereof.

- (cxviii) Tugboat Personnel Parking Area and Shed;
- (cxix) Harbor Master Office and Boat House (1013);
- (cixx) Administration Building (1105); (3339);
- (cixxi) Dredging Division Office and Dock (3339);
- (cixxii) Maintenance Facilities (1707, 1707-C, 1707-D, 1707-E, 1709, 1726, 1728, 1730, 1708);
- (cixxiii) Telephone Exchange (1907);
- (cixxiv) Signal Station-Top of Pier 6;
- (cixxv) Tug Landings at ends of Piers 6 and 7; and
- (cixxvi) Police Training Center (1107).

The installations which are described immediately above are identified on the map attached hereto as Attachment No. 18, SK 529-25-15, in the manner indicated on the legend thereof.

- (cixxvii) Buildings (22, 100, 82);
- (cixxviii) Toilets and Storage (53);
- (cixxix) Community Service Center and Telephone Exchange (1140);
- (cixxx) Coco Solo Power Substation (3);
- (cixxxi) Maintenance Shop (130); and
- (cixxxii) Imhoff Tanks (86, 91).

The installations which are described immediately above are identified on the maps attached hereto as Attachment No. 19, SK 529-25-16, in the manner indicated on the legend thereof.

- (cixxxiii) Toilet and Storage (0349).

The installation which is described immediately above is identified on the map attached hereto as Attachment No. 20, SK 529-25-18, in the manner indicated on the legend thereof.

- (cixxxiv) Amador Causeway and roadway south from southern tip of Fort Amador (Coordinates 601873 to 627847);
- (cixxxv) Naos Island launch landing facilities, including dispatcher building, piers, float, breakwater and access roadway (Coordinate 611858);
- (cixxxvi) Flamenco Island Signal Station (Coordinate 627847);
- (cixxxvii) Farfan Spillway (Coordinate 577-868);
- (cixxxviii) Madden Wye Facilities (101, 102, 104, 105, 106, 107, 108, 109, 111, 112, 113, 114, 127, 128, 129, 149, 172, 173) (Coordinate 449016);
- (cixxxix) Summit Power Substation (Coordinate 495013);
- (cxl) Summit Explosive Storage Facilities (1, 2, and 3) (Coordinate 477030);
- (cxli) 44 KV Power Transmission Line (Coordinates 519183 to 495013);
- (cxlii) Coco Solito Water Meterhouse (6201) (Coordinate 229323); and
- (cxliii) South Coco Solo Power Substation (1116) (Coordinate 232345).

The approximate centers or locations of the installations described immediately above are identified by the accompanying coordinates, as located on the map attached hereto as Attachment No. 1.

(e) The following installations that are described in subparagraph 1(d) above shall cease to be installations subject to the provisions of this Agreement applicable to the Canal operating areas as stated below:

- (i) Thirty calendar months following the entry into force of this Agreement:

(A) The Balboa Police Station complex (801, 801-R, 801-S, 801-T and 801-U).

(B) The Balboa Magistrates Court (803).

For the purposes of this provision, the Balboa Police Station complex and the Balboa Magistrates Court are identified on the map attached hereto as Attachment No. 21, SK 529-25-3A, in the manner indicated on the legend thereof.

(ii) Three years following the entry into force of this Agreement:

(A) The Ancon District Court (310).

(B) The Cristobal Police Training Center (1107).

For the purposes of this provision, the Ancon District Court is identified on the map attached hereto as Attachment No. 22, SK 529-25-1A, in the manner indicated on the legend thereof, and the Cristobal Police Training Center is identified on the map attached hereto as Attachment No. 23, SK 529-25-15A, in the manner indicated on the legend thereof.

(iii) At such time as the United States ceases to use such installations:

(A) The Balboa Commissary Installation (725 and 726).

(B) The Coco Solo Commissary installation (100 and 22).

For the purposes of this provision, the Balboa Commissary Installation is identified on the map attached hereto as Attachment No. 21, SK 529-25-3A, and the Coco Solo Commissary installation is identified on the map attached hereto as Attachment No. 24, SK 529-25-16A.

(iv) At such time as the following areas and installations are required by the Republic of Panama for expansion of the Port of Balboa:

(A) The Pier 20 area (including 57 and 57-X).

(B) The Scrap Yard area (less 42).

For the purposes of this provision, these areas and installations are identified on the map attached hereto as Attachment No. 25, SK 529-25-4A, in the manner indicated on the legend thereof.

2. The Housing Areas are as follows:

(a) Coco Solo, as identified on the map attached hereto as Attachment No. 19, SK 529-25-16, in the manner indicated on the legend thereof.

(b) France Field (Gold Hill), as identified on the map attached hereto as Attachment No. 20, SK 529-25-18, in the manner indicated on the legend thereof.

(c) Margarita, as identified on the map attached hereto as Attachment No. 13, SK 529-25-12, in the manner indicated on the legend thereof.

(d) Mindi, as located on the map attached hereto as Attachment No. 1 (approximate center at Coordinate 202286).

(e) Gatun, as identified on the map attached hereto as Attachment No. 12, SK 529-25-11, in the manner indicated on the legend thereof.

(f) Gamboa, as identified on the map attached hereto as Attachment No. 11, SK 529-25-10, in the manner indicated on the legend thereof.

(g) Cardenas (Commission housing), as identified on the map attached hereto as Attachment No. 26, SK 529-25-7A, in the manner indicated on the legend thereof.

(h) Los Rios, as identified on the map attached hereto as Attachment No. 10, SK 529-25-7, in the manner indicated on the legend thereof.

(i) Corozal, as identified on the map attached hereto as Attachment No. 10, SK 529-25-7, in the manner indicated on the legend thereof.

(j) Diablo, as identified on the map attached hereto as Attachment No. 9, SK 529-25-6, in the manner indicated on the legend thereof.

(k) Balboa (La Boca), as identified on the maps attached hereto as Attachments Nos. 6 and 8, SK 529-25-3 and SK 529-25-5, in the manner indicated on the legends thereof.

(l) Balboa Heights, as identified on the map attached hereto as Attachment No. 5, SK 529-25-2, in the manner indicated on the legend thereof.

(m) Ancon, as identified on the map attached hereto as Attachment No. 4, SK 529-25-1, in the manner indicated on the legend thereof.

(n) 18 housing units located within the area identified as the "Summit Naval Radio Station" on the map attached hereto as Attachment No. 1, in the event, and at such time as the area ceases to be a Military Area of Coordination.

(o) Cardenas (FAA housing), as identified on the map attached hereto as Attachment No. 27, SK 529-25-7AA, in the manner indicated on the legend thereof, in the event and at such time as the use of said housing area by the Federal Aviation Administration terminates and the area ceases to be an area subject to a separate bilateral agreement.

3. The accessory installations and facilities outside the areas made available for the use of the United States which the United States may continue to use are as follows:

(a) aids to navigation;

(b) triangulation stations;

- (c) hydrographic stations and telemetering stations;
- (d) spoil dump areas;
- (e) ship beaching areas;
- (f) saddle dams, dikes and water control structures;
- (g) piers and docks;
- (h) bank stability surveillance and protection systems;
- (i) support facilities; and,
- (j) other existing facilities and installations required for the management, operation, or maintenance of the Canal (such as maintenance facilities, utility lines, and pipelines).

4. The Anchorages are as follows:

(a) The Pacific anchorage area, as identified on navigational chart No. 21603, attached hereto as Attachment No. 28, in the manner indicated on the legend thereof.

(b) The Atlantic anchorage area, as identified on navigational chart No. 26068, attached hereto as Attachment No. 29, in the manner indicated on the legend thereof.

5. The areas for expansion of the Anchorages are as follows:

(a) The Pacific anchorage expansion area, as identified on the navigation chart attached hereto as Attachment No. 28, in the manner indicated on the legend thereof.

(b) The Atlantic anchorage expansion area, as identified on the navigational chart attached hereto as Attachment No. 29, in the manner indicated on the legend thereof.

(c) The Limon Bay anchorage expansion area, as identified on the navigational chart attached hereto as Attachment No. 29, in the manner indicated on the legend thereof.

6. The following land and water areas outside of the areas made available for the use of the United States pursuant to the Panama Canal Treaty are also subject to the land use licensing procedure set forth in Article V of this Agreement as stated:

(a) As of the entry into force of this Agreement:

(i) The Chagres River between Gamboa and Madden Dam to the 100 foot contour line. The Chagres River between Gatun Dam and the Caribbean Sea to the 30 foot contour line.

(ii) Near to the Atlantic entrance to the Canal:

—Within Limon Bay, those areas west of the Canal's channel that are not within the Canal operating area.

—Outside Limon Bay, for a distance of 3 kilometers on each side of the center line of the Canal's channel from the breakwater north for a distance of 3 nautical miles.

(iii) Near the Pacific entrance of the Canal:

—Along the east bank of the Canal from Balboa Port south to the Amador causeway, 30 meters inland from the high water mark.

—Along that portion of the Amador causeway extending from the southern limit of the Fort Amador mainland to Naos Island, the area northeast of the causeway for a distance of 1 kilometer.

—The water areas within a distance of 3 kilometers each side of the center line of the Canal channel from a point (Coordinate 603855) near Naos Island extending southeast paralleling the Canal center line for a distance of 3 nautical miles.

—The water areas between the easterly boundary of the Howard Air Force Base-Fort Kobbe Complex and the Canal channel.

(b) Three years after the entry into force of this Agreement:

Canal Zone Penitentiary area (Gamboa), as described in subparagraph 1(b) above.

ANNEX B

PORTS OF BALBOA AND CRISTOBAL

The areas and installations of the Ports of Balboa and Cristobal, as well as certain specific use rights and guarantees granted by the Republic of Panama to the United States in connection therewith, are described below and, in the case of the said areas and installations, are identified, but not definitively, on the maps attached hereto and referenced herein and on various maps attached to Annex A. When areas or installations are depicted on more than one map of different scales, the identification on the map with the largest scale shall be controlling. More precise identifications and exact boundaries shall be agreed upon as soon as practicable and in the same manner as described in Annex A. When the aforementioned identifications have been completed and agreed upon, they shall be controlling as to the boundaries of the installations and areas described in this Annex.

1. The boundaries of the Ports of Balboa and Cristobal are identified on the maps attached hereto

as Attachments Nos. 1 and 2, respectively, in the manner indicated on the legends thereof.

2. The United States shall have the right to use, for the management, operation, maintenance, protection and defense of the Canal, the following port installations and equipment which the Republic of Panama shall maintain in efficient operating condition:

(a) Docks 6, 7, 14, 15, 16, 17, and Pier 18, including fendering systems, capstans, camels, bollards, bits, and wearing surfaces, railroad spurs, crane tracks, signal lights, water lines, sewers, compressed air lines, power cables, telephone cables, duct lines and material handling equipment, tunnels, and switch gear.

(b) Facilities.

(i) Drydock No. 1, including all of the following facilities, equipment and utilities required to support its operation:

(A) Drydock Miter Gates and two electric motors and mechanical systems for opening and closing the gates.

(B) Fifty keel blocks and one hundred and fifty hauling blocks, including all hauling block tracks, chain sheaves, brackets, hauling chains, and blocking dogs.

(C) Ten capstans.

(D) Flooding/dewatering tunnels.

(E) Four dewatering pumps, two drainage pumps, and one salt water pump.

(F) All valves, bulkheads, and screens in the flooding and dewatering system.

(G) Three stationary 1,600 CFM Joy Air Compressors.

(H) One elevator.

(I) Sixteen portable rain sheds.

(J) Dock 8.

(K) All electrical switch gear, lighting and power systems, water and compressed air piping, and hydraulic control systems located in Building 29, the Drydock and Dock 8.

(ii) Buildings:

Numbers	Description
1	Machine Shop
1-C	Facilities Building (Storage)
1-D	Launch Repair
1-G	Pipe Shop
1-H	Central Toolcrib, Hose and blower room; power tool repair shop
29	Pump and compressor plant
32	Drydock block storage shed

17, 18, 20, Toilet and locker rooms
25 & 30

All utility tunnels, electrical, air and water systems which serve these buildings.

(c) Machine Tools and Equipment:

(i) Cranes D-4 (50-ton, steam), and D-19-N (30-ton, diesel-electric) and all trackage.

(ii) Portable 5-ton electric cranes (US-28 and 52).

(iii) Overhead Cranes: Two in Bldg. 29; two in Bldg. 1.

(iv) Scaffolding and gangways.

(v) Bolt Cutting and threading machine, M-569-N.

(vi) Grinding machine, M-723-N.

(vii) Band saws: T-222-N, T-227-N, XT-627, N-27, and BR-65.

(viii) Lathes: M-267, M-539-N, M-820-N, L-121-N, L-132, XM-729-N, XM-741-N, and XM-808-N.

(ix) Milling machines: M-575-N, L-99-N, L-100-N and L-118-N.

(x) Planers: M-178 and M-824-N.

(xi) Drill presses: M-578-N, M-701 and M-709-N.

(xii) Wood Lathe, N-36.

(xiii) Wood Planer, N-24.

(xiv) Wood jointer, M-197-N.

(xv) Jointer-Planer, BR-64.

(xvi) Wood saw, M-29-N.

(xvii) Bench saw, BR-66.

(xviii) Disc sander, N-32.

(xix) Surfacing machine, L-207.

(xx) Threading machines, L-194 and T-223-N.

(xxi) Shear, XT-290.

(xxii) Dynamometer, L-172.

(xxiii) Bolt-heading machine, F-174-N.

(xxiv) Grinding machines, XW-599-N and XM-758.

(xxv) Bending machine, T-231-N.

(xxvi) Mortising machine, XW-707-N.

(xxvii) Router and boring machine, XW-820-N.

(xxviii) Edge planer, XB-872.

(xxix) Table saw, XW-572-N.

3. The United States shall have the right, on a guaranteed basis, to use the following installations and port services in accordance with the Commission's maintenance schedules or for emergency repairs:

(a) The facilities listed in paragraph 2(b) of this Annex.

(b) The machine tools and equipment listed in paragraph 2(c) of this Annex.

(c) Access.

(i) Paved yard area adjacent to Drydock No. 1 and to the buildings listed in subparagraph 2(b)(ii) of this Annex.

(ii) Required water access for floating equipment and vessels from Canal operating area to Drydock No. 1 includes water depth sufficient to clear gate sill (-39.5 feet PLD) and sufficient lateral clearance between Docks 7 and 8 to permit safe entry.

ANNEX C

PROCEDURAL GUARANTEES

A United States citizen employee, or a dependent, prosecuted by the Panamanian authorities shall be entitled to the following procedural guarantees:

- (a) To a prompt and speedy trial.
- (b) To be informed, in advance of trial, of the specific charge or charges made against him.
- (c) To be confronted with and to be allowed to cross-examine the witnesses against him.
- (d) To have evidence and witnesses in his favor presented. The authorities shall submit such evidence and call the witnesses if they are within the Republic of Panama.
- (e) To have legal representation of his own choice for his defense during all investigative and judicial phases from the time of submission to questioning and throughout the entire proceedings; or, if he indicates he lacks funds for his defense, to be defended by the appropriate public defender.
- (f) To have the services of a competent interpreter if he considers it necessary.
- (g) To communicate with a representative of the Government of the United States and to have such a representative present, as an observer, at his trial.
- (h) Not to be held guilty on account of any act or omission which did not constitute a criminal offense under the law of the Republic of Panama at the time it was committed.
- (i) To be present at his trial which shall be public. However, without prejudice to the procedural guarantees in this Annex, persons whose presence is not necessary may be excluded, if the court so decides for reasons of public orders or morality.
- (j) In his proceedings to have the total burden of proof laden upon the Public Prosecutor or the prosecution.

(k) To have the court consider only voluntary confessions and evidence properly obtained in accordance with the requirements of the law.

(l) Not to be compelled to testify against or otherwise incriminate himself.

(m) Not to be required to stand trial if he is not physically or mentally fit to stand trial and participate in his defense.

(n) Not to be tried or punished more than once for the same offense.

(o) To have the right to appeal a conviction or sentence.

(p) To have credited to any sentence for confinement his entire period of pretrial custody.

(q) Not to be subject to the application of martial law or trial by military courts or special tribunals.

(r) To enjoy all other guarantees and rights provided for in the Constitution, Judicial Code and other laws of the Republic of Panama.

AGREED MINUTE TO THE AGREEMENT IN IMPLEMENTATION OF ARTICLE III OF THE PANAMA CANAL TREATY

1. With reference to paragraph 2 of Article I, it is agreed that skilled, technical or professional employees of the Commission, who are nationals of States other than the United States or the Republic of Panama, and their dependents, shall have the same rights and privileges as United States citizen employees and dependents under the Panama Canal Treaty and the Agreement in Implementation of Article III of that Treaty (hereinafter referred to as "the Agreement"). Presence in connection with employment by the Commission shall not be considered as residence in the Republic of Panama. However, this provision shall not apply to nationals of third States recruited within the Republic of Panama after the entry into force of the Agreement.

2. With reference to Article II, it is contemplated that the United States may be represented on the Coordinating Committee by a senior United States citizen official or employee of the Commission and that the Republic of Panama will be represented by a citizen of the Republic of Panama of corresponding level or rank.

3. With reference to Article VI:

(a) it is understood that during the five years following the entry into force of the Panama Canal Treaty, certain United States nationals employed by the United States Forces, such as employees of medical and educational facilities, and their depend-

ents, shall be considered to be United States citizen employees and dependents.

(b) it is understood that a housing unit is an individual family apartment, bachelor apartment or bachelor room in a single or multi-dwelling building. The minimum percentages of housing units, the use of which will pass to the Republic of Panama, have been calculated on the basis of an estimated inventory of approximately 4,300 housing units owned by the Panama Canal Company immediately prior to entry into force of the Agreement.

4. With reference to paragraph 3 of Article XIII, concerning educational services that may be furnished to United States citizen employees and their dependents, it is understood that the United States may continue to furnish such services to dependents of any person, regardless of nationality, in those cases in which such dependents were enrolled in the school system of the former Canal Zone Government prior to the entry into force of the Agreement.

5. With reference to paragraph 2 of Article XIX, it is understood that, as a matter of general policy, the Republic of Panama will waive jurisdiction to the United States, at its request, in cases arising under that paragraph.

6. With reference to paragraph 4(b) of Article XIX, the five offenses under Panamanian law referred to are understood to be:

(a) Murder—the intentional killing of one person by another.

(b) Rape—the commission of an act of sexual intercourse by violence or threat and without consent with a person not his spouse, or with a person who is not capable of resisting by reason of mental or physical illness, or with a minor less than twelve years old.

(c) Robbery with violence—the act of appropriating an object of value belonging to someone else with the purpose of depriving its owner of his possession and deriving benefit from it, using violence against such person or a third person present at the scene of the act.

(d) Trafficking in drugs—the unlawful sale, exchange, or transfer for gain of marijuana, hashish, heroin, cocaine, amphetamines, barbiturates, or L.S.D.

(e) Crimes against the security of the Panamanian State—espionage, sabotage, or terrorism directed against the constituted powers or authorities of the Republic of Panama, with the purpose of overthrowing them.

7. With reference to Annex A, it is understood that the United States may continue to provide utility services, in coordination with the appropriate

authorities of the Republic of Panama, for certain of those areas and facilities transferred to the Republic of Panama as provided in Article XIII of the Panama Canal Treaty. It is further understood that since the utilities systems serving many of these areas and facilities are fully integrated with those of the Canal, the United States may, on behalf of the utilities agencies of the Republic of Panama, continue to provide utilities such as power, water, and sewers to private persons or to agencies of the Government of Panama in such areas. It is further understood that the utilities agencies of the Republic of Panama will be responsible for setting rates for and billing such of its customers, and will reimburse the United States for its cost in providing such services.

8. With reference to subparagraph 1(a) of Annex A:

(a) it is understood that the Republic of Panama may construct (i) an Atlantic Coast Highway through a right-of-way to be agreed upon by the Parties, at such time as the Republic of Panama is prepared to begin construction of that highway, and (ii) a new highway on the Pacific side of the Isthmus through a right-of-way to be agreed upon by the Parties at such time as the Republic of Panama is prepared to begin construction of that highway. It is further understood that the bridge over the Canal, in each case, will be constructed sufficiently high so as not to interfere with the operation of the Canal or with any improvements that may be made to the Canal.

(b) it is understood that the National Port Authority of the Republic of Panama will have the right to use, free of cost, the marine bunkering facilities located on Pier 16, Cristobal, for discharging petroleum products, subject always to the right of the United States to use those facilities on a priority basis. It is further understood that, in connection with its use of those facilities, the Republic of Panama will not alter or modify Pier 16, the marine bunkering facilities or the utilities thereon, except as mutually agreed, and will reimburse the United States for any damage caused as a result of the Republic of Panama's use of such facilities.

9. With reference to paragraphs 1(d) (xxxiii) and 1(e)(i)(A) of Annex A, it is understood that the United States shall make available to the Republic of Panama appropriate areas within the Balboa Police Station Complex for police liaison purposes for the thirty-month transition period following the entry into force of the Agreement. It is understood that at the end of that period, the provisions of paragraph 2(b) of Article XIII of the Panama Canal Treaty shall apply. With reference to paragraph 1(d)(c) of Annex A, it is understood that the United States shall, if requested by the Republic

of Panama, make available to the Republic of Panama appropriate areas within the Cristobal Police Station (located in Building 1105) for police liaison purposes for the aforesaid thirty-month period and, thereafter, for general police functions.

10. With reference to subparagraphs 1(e)(iv)(A) and (B) of Annex A, it is understood that at such time as Pier 20 and the Scrap Yard area referred to therein cease to be areas subject to the provisions of the Agreement applicable to the Canal operating areas, the Republic of Panama will provide comparable and acceptable pier space in Balboa Harbor and scrap yard areas for the use of the Commission at no charge.

11. With reference to paragraph 2 of Annex A, it is understood that the United States may continue to operate and maintain noncommercial recreational and community service areas and facilities for the benefit of all occupants of the housing areas and all employees of the Commission, and their dependents, on a non-discriminatory basis. It is further understood that recreational and community service activities conducted in such areas and facilities will be noncommercial, and there will be no user charges associated therewith unless otherwise agreed by the Parties.

12. With reference to subparagraph 3(d) of Annex A, it is understood that such spoil dump areas include the spoil dump areas identified on the navigational charts attached thereto as Attachments 28 and 29, in the manner indicated on the legend thereof.

13. With reference to subparagraph 3(j) of Annex A, it is understood that the Republic of Panama will not undertake or permit any construction, excavation or other activity which may endanger or encroach upon underground or aboveground installations, including pipes, ducts, culverts, cables, microwave paths and transmission lines, except as may be otherwise agreed in the Coordinating Committee.

14. With reference to Attachment Nos. 1 and 6 of Annex A, it is understood that the Republic of Panama shall continue to use the Balboa Fire Station (Building 703, Attachment No. 6) and the Coco Solito Fire Station (Building 96, Attachment No. 1, Coordinates 23132S) as fire protection installations throughout the life of the Agreement, unless otherwise agreed by the Parties. The provisions of paragraph 2(a) of Article XIII of the Panama Canal Treaty apply to such fire stations. It is further understood that the United States, which may continue to provide fire protection of Commission areas and installations, and the Republic of Panama, which is responsible for fire protection generally throughout its territory, will review periodically the most effective allocation of both Parties' fire protec-

tion resources, and, if appropriate, the United States will transfer to the Republic of Panama such other fire stations as are excess to its needs. The Republic of Panama shall continue the use of any installations so transferred as fire protection installations for the life of the Agreement, unless otherwise agreed. It is understood also that both Parties will cooperate fully in ensuring effective and efficient delivery of fire protection services throughout the vicinity of the Canal.

15. With reference to Attachments 1, 14 and 15 to Annex A, it is understood that prior to authorizing any new use of or activities in the townsites of Pedro Miguel (Attachment No. 14) or Paraiso (Attachment No. 15) or (a) the land areas within a distance of 3 kilometers each side of the center line of the Canal channel from a point (Coordinates 603855) near Naos Island extending southeast paralleling the Canal center line for a distance of 3 nautical miles or (b) the land areas between the easterly boundary of the Howard Air Force Base-Fort Kobbe Complex and the Canal channel, the Republic of Panama shall ensure that the Commission concurs in writing that the proposed use or activity would be compatible with the efficient management, operation, maintenance, protection and defense of the Canal. It is further understood that the Republic of Panama (a) shall control and supervise the activities to be carried out under its responsibility in the aforementioned townsites and areas to ensure that such activities are compatible with such purposes, and (b) shall take the measures necessary to prevent, or to terminate, any activity that, in the opinion of the Commission, is incompatible with such purposes. It is further understood that, with reference to the aforementioned townsites of Pedro Miguel and Paraiso, the provisions of paragraphs 4 and 6 of Article VI of the Agreement will apply thereto.

16. With reference to Attachment No. 4 to Annex A, it is understood that for thirty calendar months following the entry into force of the Agreement the United States may, for activities related to the management, operation or maintenance of the Panama Canal, continue to use certain office space located in the Civil Affairs Building (Building No. 0610), title to which is transferred to the Republic of Panama upon the entry into force of the Agreement as provided in Article XIII of the Panama Canal Treaty. It is further understood that, notwithstanding paragraph 4(xiii) of the Annex to the Panama Canal Treaty, the Commission may use such building to operate and maintain the museum and library collections which are located therein upon the entry into force of the Agreement.

17. With reference to Attachment No. 6 to Annex A:

(a) it is understood that the Republic of Panama shall ensure that recreational and entertainment activities comparable to those currently provided will continue to be provided in the Bowling Alley, Cafeteria, and Theater located in Balboa (Buildings 717-X, 727, and 727-C) throughout the life of the Agreement, unless otherwise agreed by the Parties. The provisions of paragraph 2(a) of Article XIII of the Panama Canal Treaty apply to such facilities.

(b) it is understood that the Republic of Panama shall continue use of the Balboa Post Office (Building 724) and the Gamboa Post Office (Building 61) as postal service installations throughout the life of the Agreement, unless otherwise agreed by the Parties. The provisions of paragraph 2(a) of Article XIII of the Panama Canal Treaty apply to such post offices.

18. With reference to Attachment 7 to Annex A, it is understood that the Republic of Panama will permit access to and scheduled use of the baseball and softball fields located in the Port of Balboa by organized leagues until such time as the area in which such fields are located is converted to other use. It is further understood that at such time as any of such fields is converted to other use, the Republic of Panama will make available, without charge, other areas suitable for the use of organized leagues.

19. With reference to Attachment No. 18 of Annex A, it is understood that appropriate areas in the Cristobal Administration Building (Building 1105) shall be made available to the postal service system of the Republic of Panama for postal service purposes.

20. With reference to Attachment 1 to Annex B:

(a) it is understood that the Ports and Railroads Committee will not approve any activity within the area which constituted the Corozal Antenna Field, prior to the entry into force of the Agreement, which would require construction of piers, docks, quays, or any similar structures along the banks of the Canal or within 250 feet of such banks.

(b) it is understood that the installations, shipyards, buildings, and equipment within said buildings, which make up the Naval Industrial Reserve Shipyard and which, in accordance with Article V of the Agreement, shall be made available to the United States in event of a defense emergency, include the following facilities: Drydocks 1, 2, and 3; Docks 7, 8, 12, and 13; Cranes D-4 and D-19-N; Buildings 1, 1A, 1C, 1D, 1G, 1H, 1J, 30, 17, 31, 20, 18, 2, 2A, 3, 4, 4B, 29, 25, 16, 11, 23, 12, 29B, 12A, 12X, and 13; the transfer table and capstans. It is understood, however, that only those of the above facilities which have been transferred to the Republic of Panama shall be deemed to be included within

the Naval Industrial Reserve Shipyard for the purposes of paragraph 2(g) of Article V of the Agreement.

(c) it is understood that the Republic of Panama will permit the American Legion and the Balboa Yacht Club to continue their operations in Building 1370 and the adjacent facilities, unless otherwise agreed in the Ports and Railroads Committee.

21. With reference to Attachment 2 to Annex B, it is understood that the United States may use Pier 8 in the Port of Cristobal for berthing and handling cargo for the SS Cristobal, or for any successor to it, on a priority basis.

Agreement in Implementation of Article IV of the Panama Canal Treaty

Whereas, the Republic of Panama and the United States of America have signed on this date the "Panama Canal Treaty" to regulate the system pertaining to the operation, maintenance, administration, protection and defense of the Panama Canal in harmony with the Charter of the United Nations;

Whereas, the Republic of Panama shall permit the United States to use certain parts of its territory for the protection and defense of the Panama Canal, with the participation of the Panamanian Armed Forces as is established under Article IV of the "Panama Canal Treaty" subscribed on this date;

Whereas, in order to determine the system applicable to the members of the Armed Forces of the United States, the civilian component, and dependents, accompanying them during their stay in the Republic of Panama for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree, and for the purpose of regulating the use of the defense sites;

Pursuant to the "Panama Canal Treaty," the following has been agreed upon:

ARTICLE I

DEFINITIONS

(1) Defense Sites: Those areas, and the installations within them, which the Republic of Panama by this Agreement permits the United States Forces to use for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree, a list of which is set forth in paragraph (1) of Annex A of this Agreement.

(2) United States Forces: The land, sea and air armed services of the United States of America.

(3) Members of the Forces: The military personnel of the United States Forces on active duty who are in the Republic of Panama for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree.

This term includes those military personnel of the United States Forces on active duty and present in the Republic of Panama on temporary duty from other stations, or on board aircraft or vessels of the United States Forces which are in transit or visiting on official business.

Solely for purposes of the privileges authorized under Articles X, XI, and XVIII of this Agreement, this term also includes those military personnel of the United States Forces on active duty, assigned to other stations and present in the Republic of Panama on official leave.

(4) Members of the civilian component:

(a) Nationals of the United States, to whom United States passports have been issued, who are employed by the United States Forces and assigned to the defense sites in the Republic of Panama.

(b) Nationals of third countries employed by the United States Forces, who are assigned to the defense sites and who are not habitual residents of the Republic of Panama.

(c) Other categories of persons which could be agreed upon as exceptions by the two Governments.

This term includes personnel on temporary duty and civilian crew members of aircraft and vessels of the United States Forces which are in transit or visiting on official business.

For the purpose of this definition, presence in connection with employment by the United States Forces shall not be considered as residence in the Republic of Panama.

(5) Dependents: The spouse and children of members of the Forces or of the civilian component, and other relatives who depend on them for their subsistence and who habitually live with them under the same roof.

ARTICLE II

NON-INTERVENTION PRINCIPLE

The members of the Forces or the civilian component, dependents, and designated contractors of the United States Forces shall respect the laws of the Republic of Panama and shall refrain from any activity inconsistent with the spirit of this Agreement. Especially, they shall abstain from all political activity in the Republic of Panama as well as from any interference in the internal affairs of the Republic.

The United States shall take all measures within its authority to ensure that the provisions of this Article are fulfilled.

ARTICLE III

JOINT COMMITTEE

(1) A Joint Committee shall be established which shall start to function upon the entry into force of this Agreement and which shall be composed of a representative of the Republic of Panama and of the United States of America at the level and rank to be agreed upon by both Governments, and who may have one or more deputies, on a parity basis.

(2) The Joint Committee shall perform the functions specifically indicated by the provisions of this Agreement, and others entrusted to it by both Governments concerning the implementation of this Agreement.

(3) The Joint Committee shall determine its rules of procedure within the spirit of this Agreement and may designate the subcommittees it may deem necessary for the fulfillment of its functions.

(4) The Joint Committee shall be organized in such a manner that it may meet promptly and at any time upon request of the representative of the Republic of Panama or of the United States. The Joint Committee shall send a monthly report on its activities to the Governments of the Republic of Panama and the United States.

(5) The Joint Committee shall refer to the two Governments, for their consideration through appropriate channels, any matters which it has not been able to resolve.

ARTICLE IV

USE OF DEFENSE SITES

(1) The United States Forces may use the defense sites listed in paragraph (2) of Annex A of this Agreement. Moreover, Annex A includes a list of military areas of coordination which may be used by the Armed Forces of both Governments in accordance with Annex B of this Agreement.

(2) Annex A of this Agreement shall be examined every two years or upon the request of either Government, and shall be revised to reflect any agreed elimination or change in areas. The United States Forces may notify the Republic of Panama at any time that the use of a defense site or a military area of coordination or of a specified portion thereof, or other right granted by the Republic of Panama is no longer required. Under such circumstances, said use or

other right shall cease on the date determined by the two Governments.

(3) The United States Government may, at any time, remove from the Republic of Panama, or dispose of in the Republic of Panama in accordance with conditions to be agreed upon by the two Governments, all equipment, installations, material, supplies or other removable property brought into, acquired or constructed in the Republic of Panama by or for the United States Forces. Property left by the United States in a defense site after the date the use of such site by United States Forces ceases shall, unless agreed otherwise by the two Governments, become the property of the Republic of Panama.

(4) At the termination of any activities or operations under this Agreement, the United States shall be obligated to take all measures to ensure insofar as may be practicable that every hazard to human life, health and safety is removed from any defense site or a military area of coordination or any portion thereof, on the date the United States Forces are no longer authorized to use such site. Prior to the transfer of any installation, the two Governments will consult concerning: (a) its conditions, including removal of hazards to human life, health and safety; and (b) compensation for its residual value, if any exists.

(5) The United States Forces shall have responsibility for control of entry to the defense sites. The Republic of Panama may share in the exercise of this control, in a manner to be agreed upon in the Joint Committee. Necessary signs, in Spanish and English, requested by the United States Forces through the Joint Committee will be erected outside the defense sites, expressing that the sign is erected under the authority of the Republic of Panama.

(6) Since the Republic of Panama is a signatory to the Latin American Denuclearization Treaty (Tlatelolco), the United States shall emplace no type of nuclear armament on Panamanian territory.

(7) The Joint Committee will constitute the means of communication and information between the two Governments with regard to matters pertaining to the implementation of this Article.

ARTICLE V

FLAGS

(1) All of the territory of the Republic of Panama, including the defense sites, shall be under the flag of the Republic of Panama and, consequently, within such sites the Panamanian flag shall always occupy the position of honor. Within the defense sites, the flag of the United States shall also be flown jointly

with the Panamanian flag. The Joint Committee shall determine the manner of displaying the flags.

(2) At the entrances, outside the defense sites, only the flag of the Republic of Panama will be flown.

ARTICLE VI

CRIMINAL JURISDICTION

(1) The authorities of the Republic of Panama shall have jurisdiction over members of the Forces or the civilian component, and dependents, with respect to offenses arising from acts or omissions committed in the Republic of Panama and punishable under the laws of the Republic of Panama. Nevertheless, the Republic of Panama permits the authorities of the United States to exercise criminal jurisdiction within defense sites, and, consequently, to have the primary right to exercise jurisdiction over acts which are criminal acts according to United States law, and which are committed within such sites by members of the Forces or the civilian component, or dependents.

(2) The Republic of Panama also permits the authorities of the United States to have the primary right to exercise criminal jurisdiction over members of the Forces or the civilian component, and dependents, for any offense committed outside the defense sites, in the following cases:

(a) If the offense is solely against the property or security of the United States. It is understood that offenses against the security of the United States include: treason or sabotage against the United States, espionage or violation of any law relating to official secrets of the United States or to secrets relating to the national defense of the United States.

(b) If the offense is solely against the person or property of a member of the Forces or the civilian component, or a dependent.

(c) If the offense arises out of an act or omission done in the performance of official duty, in which case, when requested by the Panamanian authorities or when the military authorities of the United States may deem it necessary, the military authorities of the United States shall issue a certificate establishing that the offense originated from an act or omission occurring in the performance of official duty. Panama shall consider this certificate as sufficient proof for the purposes of this paragraph, or shall request a review by the Joint Committee within ten days from the receipt of the certificate. The Joint Committee shall complete its review within ten days from the receipt of the request, except when more thorough consideration is required, in which case the Joint Committee shall complete its review within thirty days.

A substantial deviation from the duties which a person is required to perform in a specific mission shall generally indicate an act or omission not occurring in the performance of official duty, and, consequently, the military authorities of the United States will not consider it necessary to issue a certificate of official duty.

(3) The provisions of this Article notwithstanding, the Republic of Panama shall always reserve the right to exercise jurisdiction over members of the civilian component and dependents who are Panamanian nationals or habitual residents of Panama.

(4) The authorities of the Government having the primary right to exercise jurisdiction over an offense shall give sympathetic consideration to any request from the authorities of the other Government for permission to exercise jurisdiction. Such requests may be discussed in the Joint Committee.

(5) (a) The appropriate authorities of the Republic of Panama and of the United States shall assist each other in the arrest of members of the Forces or the civilian component, and dependents, and in their delivery to the authority which is to have custody in accordance with the provisions of this Article.

(b) The authorities of the Republic of Panama shall notify the authorities of the United States as promptly as possible of the arrest of any member of the Forces or the civilian component, or a dependent.

(c) The following procedure shall govern the custody of an accused member of the Forces or the civilian component, or a dependent, over whom the Republic of Panama is to exercise jurisdiction:

(i) If the accused is detained by the United States authorities, he shall, except when charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, remain with such authorities pending the conclusion of all judicial proceedings and thereafter until custody is requested by the authorities of the Republic of Panama for the execution of a sentence.

(ii) If the accused is detained by the authorities of the Republic of Panama he shall, except when charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against the security of the Panamanian State, be handed over on request to the United States authorities in whose custody he shall remain until completion of all judicial proceedings and thereafter until custody is requested by authorities of the Republic of Panama for the execution of a sentence.

(iii) When charged with murder, rape, robbery with violence, trafficking in drugs, or crimes against

the security of the Panamanian State, the accused shall be handed over to Panamanian authorities upon their request, or if already in their custody, shall remain with them. In these cases the authorities of the Republic of Panama shall give sympathetic consideration to requests for custody by the United States authorities.

(6) (a) The United States authorities shall give full consideration to special requests regarding conditions of custody made by the authorities of the Republic of Panama.

(b) When the accused is in the custody or has been delivered into the custody of the United States authorities he must, upon request by the authorities of the Republic of Panama, be made available to them for the purposes of investigation and trial. This obligation of the United States to ensure the appearance of an accused member of the Forces or the civilian component, or a dependent, will be deemed to satisfy the bail requirement set by the laws of the Republic of Panama.

(7) (a) The authorities of the Republic of Panama and the United States shall assist each other in carrying out all necessary investigations of offenses and in the collection and production of evidence, including the seizure and, in proper cases, the delivery of objects connected with an offense and the appearance of witnesses as necessary.

(b) The authorities of the Republic of Panama and the United States shall, upon request by the other Government, inform each other of the status of cases referred to under the provisions of this Article.

(8) The authorities of the United States shall not carry out a death sentence in the Republic of Panama. As is provided in the laws of the Republic of Panama, a member of the Forces or the civilian component, or a dependent, who has been convicted by a Panamanian court shall not be subject to the death penalty or to any form of cruel and unusual punishment or treatment.

(9) When an accused member of the Forces or the civilian component, or a dependent, has been tried in accordance with the provisions of this Article by the authorities of the Republic of Panama or by authorities of the United States and has been acquitted, or has been convicted and is serving, or has served, his sentence, or has been pardoned, he shall not be tried again for the same offense within the territory of the Republic of Panama. However, nothing in this paragraph shall prevent the military authorities of the United States from trying a member of the Forces for any violation of rules of discipline arising from an act or omission which constituted an offense for which he was tried by

the authorities of the Republic of Panama.

(10) Whenever a member of the Forces or the civilian component, or a dependent, is tried by the Panamanian authorities, he shall be entitled to the procedural guarantees listed in Annex D of this Agreement.

(11) At any time during the detention by the authorities of the Republic of Panama of a member of the Forces or the civilian component, or a dependent, the Panamanian authorities shall permit the military authorities of the United States to visit said member or dependent. Members of his immediate family may visit him weekly. Material and medical assistance (such as food, clothing and comfort items) which the United States authorities and members of his immediate family may consider desirable, and any other assistance which is in accordance with or allowed by Panamanian prison regulations, may be provided to him on such visits.

(12) The Joint Committee will constitute the means of communication and information between the two Governments with regard to matters pertaining to the implementation of this Article.

ARTICLE VII

CIVILIAN EMPLOYMENT

The following principles shall govern civilian employment by the United States Forces:

(1) In order to set forth their rights and obligations as the employer, the United States Forces shall draw up regulations which shall contain the terms, conditions and prerequisites for all categories of their civilian employees. These regulations shall be provided to the Republic of Panama through the Joint Committee.

(2) In conformity with the principles of the labor laws of the Republic of Panama, such regulations shall establish employment preferences in all levels for Panamanian applicants possessing the requisite skills and qualifications. Accordingly, the United States Forces shall endeavor to ensure that the number of Panamanian nationals employed by them in relation to the total number of civilian employees will conform to the proportion established under Panamanian law. Similarly, the terms, conditions and prerequisites for the employment of Panamanian personnel shall conform with the general principles contained in the labor laws of the Republic of Panama.

(3) All civilian employees of the United States Forces, except those who are nationals of the Republic of Panama or who have obtained permanent resident

status therein, shall be subject to a system of periodic rotation which will limit their period of employment by the United States Forces in the Republic of Panama. The regulations providing for such rotation shall be provided to the Republic of Panama through the Joint Committee.

(4) With regard to wages, there shall be no discrimination on the basis of nationality, sex or race. Payments by the United States Forces of additional remunerations to persons of any nationality, including Panamanian citizens, who are recruited outside of Panama and must therefore change their place of residence, shall not be considered to be discrimination for the purposes of this Article.

(5) The United States Forces shall take the measures called for under the laws of the Republic of Panama with regard to the application of the tax and social security laws to their employees who are subject to Panama's taxation and social security system, including withholding of tax or social security payments from their salaries.

ARTICLE VIII

ACQUISITION OF PANAMANIAN SUPPLIES AND SERVICES

(1) The United States Forces shall give preference to the procurement of supplies and services obtainable in the Republic of Panama. Such preference shall apply to the maximum extent possible when such supplies and services are available as required, and are comparable in quality and price to those which may be obtained from other sources. For the comparison of prices there will be taken into account the cost of transport to the Republic of Panama, including freight, insurance and handling, of the supplies and services which compete with Panamanian supplies and services. In the acquisition of goods in the Republic of Panama, preference shall be given to goods having a larger percentage of components of Panamanian origin.

(2) Any regulations which may be necessary to carry out this preference shall be agreed upon in the Joint Committee.

ARTICLE IX

TELECOMMUNICATIONS

(1) The Republic of Panama, in the exercise of its sovereign power over its telecommunications, authorizes the United States Forces to use the communications networks and communications-electronics installations within the defense sites, and

to use the radio frequencies and transportable equipment as may be necessary for their requirements, in order to accomplish the specific purposes of the defense of the Canal, and as the two Governments may otherwise agree. The Joint Committee may adopt regulations to govern the use of such transportable equipment outside of the defense sites.

Any use presently being exercised of such networks, installations, frequencies and equipment, for purposes other than those herein authorized, shall be subject to the provisions contained in the Panama Canal Treaty, including those relating to any separation of non-military telecommunications that may be deemed necessary.

(2) The Republic of Panama also authorizes the United States Forces to use installations such as those described in the preceding paragraph already existing outside the defense sites, which serve to accomplish the purposes of the defense of the Canal, and as the two Governments may otherwise agree.

Those already existing installations outside the defense sites may be guarded by authorities of the Republic of Panama. The United States Forces shall have access to such installations for appropriate operation, maintenance, and replacement.

(3) Provided that they are available and suitable for the purpose, the United States Forces shall use, to the maximum extent possible, the telecommunications services of the Republic of Panama in order to meet their needs, but the applicable rates shall be no less favorable than those charged to governmental agencies of the Republic of Panama.

(4) The United States Forces shall provide the Government of the Republic of Panama a list of all frequencies authorized or in use by the United States Forces. This list shall be submitted through the Joint Committee in ascending frequency order and shall contain as a minimum the power, bandwidth, and type of emission.

(5) The Republic of Panama undertakes not to authorize the use of any frequency which would interfere with those in use by or for the United States Forces or which they may use in the future in accordance with the Panama Canal Treaty and this Agreement.

(6) The Republic of Panama authorizes the United States Forces to use codes, ciphers, and other secure cryptographic means necessary for the specific purposes of the defense of the Panama Canal, and as the two Governments may otherwise agree.

(7) All provisions regarding telecommunications in this Article shall be in accordance with the obligations of both Governments as members of the International Telecommunication Union and the various

relevant international agreements to which both Governments are signatories.

(8) Any communication with the International Telecommunication Union regarding the subject matter of this Article shall be effected exclusively by the Republic of Panama.

(9) The radio and television services of the United States Forces operating within the Republic of Panama, will:

(a) Announce at the start and termination of each day's broadcast that the emissions are authorized by the Republic of Panama; and

(b) In television programs originating locally, not use announcers appearing in military uniform.

(10) The Joint Committee may adopt any further regulations as may be necessary to implement the provisions of this Article, including necessary technical coordination.

ARTICLE X

MILITARY POST OFFICES

(1) The United States may establish, maintain and operate, within the defense sites, military post offices for the exclusive use of the United States Forces, the members of the Forces or the civilian component, and dependents, and for the use of such other persons and agencies as may be agreed upon as exceptions by the two Governments through the Joint Committee. Such post offices shall transmit mail only between themselves or between themselves and other United States post offices.

(2) The United States Forces shall take all necessary measures to prevent the unauthorized use of the military post offices. The Panamanian authorities shall periodically inform the authorities of the United States, through the Joint Committee, of all applicable provisions of Panamanian laws, and the United States Forces shall, within their legal capacity, ensure that such provisions are complied with.

(3) The military post offices in the Republic of Panama shall not have direct representation before any international postal organization.

(4) The Republic of Panama may establish post offices within the defense sites, the location of which shall be agreed upon in the Joint Committee, for the transmission of mail between the defense sites and any other areas not authorized to the military post offices by this Agreement.

ARTICLE XI

COMMISSARIES, MILITARY EXCHANGES AND OTHER SERVICE INSTALLATIONS

(1) The United States may establish, regulate and use within the defense sites, commissaries, military exchanges, military banking facilities, credit unions, recreational, social and athletic facilities, schools, sanitation and medical facilities, and other categories of service facilities as may be periodically agreed upon by the two Governments through the Joint Committee, for the exclusive use of the members of the Forces or the civilian component, and dependents, and for such other persons as may be agreed upon by the two Governments as exceptions through the Joint Committee. These service facilities and their activities, such as the import, purchase, sale and distribution of merchandise, medicine and services, shall be free of taxes, duties, liens, licenses, fees and other charges imposed by the Republic of Panama or any of its political subdivisions.

In order to take advantage of existing installations, the United States Forces may continue to use those installations already in existence outside of the defense sites, which are specified in paragraph (3) of Annex A.

(2) The military banking facilities shall be branches or agencies of banking entities duly authorized to engage in the banking business in Panama. The Government of the Republic of Panama may authorize the installation and operation within the defense sites, at locations agreed upon by the Joint Committee, of branches or agencies of Banco Nacional or other official banking entities of the Republic of Panama.

(3) It is the express objective and purpose of both Governments that the articles and services sold or provided at the commissaries and military exchanges be for the exclusive use of authorized persons. To that end the United States Forces shall, upon request, inform the Panamanian authorities, through the Joint Committee, as to the classification, nature and quantity of certain articles and services sold or provided at such establishments.

(4) With respect to the preceding paragraph, the Republic of Panama and the United States shall jointly take all the necessary measures to prevent the unauthorized use of such activities and the abuse by those who are authorized. Such measures shall include the obtaining of pertinent information and the carrying out of any verifications that may be necessary by Panamanian authorities. The procedure to be followed for these purposes shall be agreed upon by the Joint Committee.

(5) The Government of the United States shall apply appropriate disciplinary sanctions to the mem-

bers of the Forces or the civilian component, and dependents, or other persons authorized as exceptions who abuse the privileges granted in this Article and commit violations in that respect. In such cases, the United States authorities shall give sympathetic consideration to requests from the Panamanian Government to exercise jurisdiction.

(6) The service facilities referred to in this Article shall grant to Panamanian supplies and services the preference referred to in Article VIII.

ARTICLE XII

CONTRACTORS AND CONTRACTORS' PERSONNEL

(1) Whenever contracts are required by the United States Forces for the performance of services or the procurement of supplies, the United States Forces shall adhere to the preferences for Panamanian sources set forth in Article VIII of this Agreement.

(2) Whenever contracts are awarded by the United States Forces to natural persons who are nationals or permanent residents of the United States or to corporations or other legal entities organized under the laws of the United States and under the effective control of such persons, such contractors shall be so designated by the United States Forces and such designations shall be communicated to the Panamanian authorities through the Joint Committee. Such contractors shall be subject to the laws and regulations of the Republic of Panama except with respect to the special regime established by this Agreement, which includes the following obligations and benefits:

(a) The contractor must engage exclusively in activities related to the execution of the work for which he has been contracted by the United States Forces, or related to other works or activities authorized by the Republic of Panama.

(b) The contractor must refrain from carrying out practices which may constitute violations of the laws of the Republic of Panama.

(c) The contractor shall enter and depart from the territory of the Republic of Panama in accordance with procedures prescribed for members of the civilian component in Article XIII of this Agreement.

(d) The contractor must obtain a certificate of professional identity which the proper authorities of the United States Forces shall issue when they are satisfied he is duly qualified. This certificate shall be sufficient to permit him to operate under Panamanian law as a contractor of the Forces. Nevertheless, the Panamanian authorities may require the registration of the appropriate documents to establish juridical presence in the Republic of Panama.

(e) The contractor shall not be obliged to pay any tax or other assessment to the Republic of Panama on income derived under a contract with the United States Forces as long as he is taxed at a substantially equivalent rate in the United States.

(f) The contractor may move freely within the Republic of Panama, and shall have exemptions from customs duties and other charges, as provided for members of the civilian component in Articles XV and XVII of this Agreement.

(g) The contractor may use public services and installations in accordance with the terms and conditions of Article XIV of this Agreement, but shall pay non-discriminatory highway tolls and taxes on plates for private vehicles.

(h) The contractor shall be exempt from any taxes imposed on depreciable assets belonging to him, other than real estate, which are used exclusively for the execution of contracts with the United States Forces.

(i) The contractor may use the services and facilities provided for in Articles X and XVIII of this Agreement to the extent such use is authorized by the United States Forces.

(3) The United States Forces shall withdraw the designation of a contractor when any of the following circumstances occur:

(a) Upon completion or termination of the contracts with the United States Forces.

(b) Upon proof that such contractors are engaged in business activities in the Republic of Panama other than those pertaining to the United States Forces, without authorization of the Republic of Panama.

(c) Upon proof that such contractors are engaged in practices which in the view of the Republic of Panama constitute serious violations of the applicable laws of the Republic of Panama.

(4) The authorities of the United States shall notify the authorities of the Republic of Panama whenever the designation of a contractor has been withdrawn. If, within sixty days after notification of the withdrawal of the designation of a contractor who entered Panama in the capacity of a contractor, the authorities of the Republic of Panama require such contractor to leave its territory, the United States Government shall ensure that the Republic of Panama shall not incur any expense due to the cost of transportation.

(5) The provisions of this Article shall similarly apply to the subcontractors and to the employees of the contractors and subcontractors and their dependents who are nationals or residents of the United States. These employees and dependents shall not be subject to the Panamanian Social Security system.

ARTICLE XIII

ENTRY AND DEPARTURE

(1) The United States may bring into the territory of the Republic of Panama members of the Forces or the civilian component, and dependents, for the specific purposes of the Panama Canal Treaty, and as the two Governments may otherwise agree.

(2) (a) In order to enter or leave the territory of the Republic of Panama, the members of the Forces shall be obligated to bear only a personal identity card and individual or collective travel documentation issued by the military authorities of the United States. Such documentation must be presented to the Panamanian authorities. The two Governments shall establish through the Joint Committee the procedure to be followed in exceptional cases.

(b) To enter or leave the territory of the Republic of Panama, the members of the civilian component and dependents must possess, in addition to the travel documentation issued by the United States military authorities, a valid passport. Such documentation shall be presented to the appropriate authorities of the Republic of Panama.

(c) The United States Forces shall furnish each member of the Forces or the civilian component, and dependent, who remains in the Republic of Panama for longer than thirty days, an identity card which shall be issued under the authority of the Joint Committee in Spanish and English. Children under the age of ten years may be included on the identity card of a parent at the option of the parent. These identity cards shall be shown to the appropriate authorities of the Republic of Panama upon request.

The authorities of the Republic of Panama may request information concerning the number of such cards outstanding and the validity of any particular card. The Joint Committee and the United States Forces shall provide such information.

(3) Whenever the status of any member of the Forces or the civilian component, or dependent, is altered so that, at the time of such alteration, he is no longer entitled to remain in the Republic of Panama, the United States Forces shall promptly notify the Panamanian authorities, and shall, if requested within a period of sixty days thereafter, ensure that transportation from the Republic of Panama will be provided at no cost to the Government of the Republic of Panama.

(4) (a) The members of the Forces or the civilian component, and dependents, shall be exempted from fiscal charges relating to their entry, stay in, or departure from the territory of the Republic of Panama. Similarly they will be exempted from obligatory services established in favor of the Republic of

Panama. They shall not acquire any right to permanent residence or domicile in the Republic of Panama.

(b) Members of the Forces or the civilian component who enter the Republic of Panama to execute professional services exclusively for the United States Forces, or in its behalf, shall not be subject to the licensing regimes of the Republic of Panama, but they shall limit their professional activity to such services with the United States Forces for the specific purposes of the Panama Canal Treaty, or as the two Governments may otherwise agree.

ARTICLE XIV

SERVICES AND INSTALLATIONS

(1) The United States Forces, members of the Forces or civilian component, and dependents, may use the public services and installations belonging to or regulated by the Government of the Republic of Panama, but the terms and conditions of use, prices, rates and tariffs and priorities shall not be unfavorable in relation to those charged other users.

(2) For the use of public services and installations made available through a plant acquired or constructed, or equipment furnished, by the United States Government and subsequently transferred free to the Government of the Republic of Panama, preferential charges shall be granted to the United States Forces taking these circumstances into account.

(3) The United States Forces may establish and operate the supporting services and facilities it requires within the defense sites, and exceptionally, with the authorization of the Government of the Republic of Panama, outside such sites.

(4) The Republic of Panama will permit the United States Forces to continue to use in an adequate manner, accessory facilities, such as pipelines, communications, sanitation services and utilities, which serve the defense sites and are installed on land outside the defense sites. The United States Forces shall, at their cost, maintain and repair these facilities as necessary, in coordination with the proper entities of the Republic of Panama. Detailed identification of such facilities shall be made through the Joint Committee, within a period of six months from the entry into force of this Agreement unless extended by the Joint Committee for exceptional circumstances. The two Governments shall agree, through the Joint Committee, upon procedures to govern the appropriate use, access, maintenance and repair of these facilities. Similarly, procedures shall be agreed upon

for coordination between the United States Forces and the competent Panamanian entities, concerning the use, access, maintenance and repair of such facilities as may serve the Republic of Panama and are situated within the defense sites.

ARTICLE XV

MOVEMENT, LICENSES AND REGISTRATION OF VESSELS, AIRCRAFT AND VEHICLES

(1) (a) When in the performance of official duties, the vessels and aircraft operated by or for the United States Forces may move freely through Panamanian air space and waters, without the obligation of payment of taxes, tolls, landing or pier charges or other charges to the Republic of Panama and without any other impediment.

(b) Such vessels and aircraft shall be exempt from customs inspections or other inspections. Whenever the same carry freight, crews or passengers who are not entitled to the exemptions provided for in this Agreement, prior notice shall be given to the appropriate Panamanian authorities. Both Governments shall adopt procedures to ensure that the laws and regulations of the Republic of Panama are not violated.

(2) (a) Similarly, the vehicles and equipment of the United States Forces may, when in the performance of official duties, move freely in the Republic of Panama, without the obligation of payment of taxes, tolls or other charges to the Republic of Panama and without any other impediment. These vehicles and equipment shall be exempt from mechanical or other inspection.

Claims arising from damage caused by the United States Forces to the Panamanian road network outside the defense sites, in excess of the usual wear and tear by reason of time and its appropriate use, shall be settled as provided for in Article XX.

(b) Such official vehicles and equipment shall not be assessed any license or registration fees. These vehicles shall bear their customary United States military identification marks and an additional means of identification as may be agreed upon by the Joint Committee, to be issued under the authority of said Joint Committee and distributed by the United States Forces.

(c) In connection with the movement of any military convoys, or any large number of vehicles as a single unit, outside of the defense sites, the United States Forces shall consult with the Combined Military Board so that, if time and circumstances permit, proper traffic arrangements will be made,

including accompaniment by Panamanian traffic patrols.

(3) (a) The plates, individual marks and registration documents issued by the United States for vehicles, trailers, vessels and aircraft which are the property of the United States Forces shall be accepted by the Republic of Panama.

(b) The Republic of Panama shall recognize as sufficient, the valid licenses, permits, certificates or other official classifications from the United States Government, possessed by operators of vehicles, vessels and aircraft which are property of the United States Government.

(4) (a) The vehicles, trailers, vessels and aircraft belonging to the members of the Forces or the civilian component, or dependents, shall also move freely within the Republic of Panama, in compliance with the traffic regulations and those regarding the annual mechanical inspection. The license plate fee and other obligations shall not be discriminatory.

(b) The Republic of Panama shall issue, in accordance with its laws, the appropriate documents of title and registration of vehicles, trailers, vessels and aircraft which are the property of the members of the Forces or the civilian component, or dependents, when the latter present title and registration, issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone. Applicants may retain such documents provided they leave with the Panamanian authorities a copy authenticated by the United States Forces, duly translated into Spanish.

While the corresponding request is being processed and within a term which may not exceed thirty days after its arrival in the Republic of Panama, the means of transportation mentioned above may be operated with the plates or distinctive marks issued by the United States federal or state authorities.

(c) The members of the Forces or the civilian component, and dependents, who bear drivers' licenses, vessel operators' permits, or licenses and classifications of air pilots issued by the federal or state authorities of the United States or by the authorities of the former Canal Zone, shall receive equivalent Panamanian licenses, permits and classifications without being subjected to new tests or payments of new fees. The applicants may retain the licenses, permits and classifications of the United States or the former Canal Zone provided that they leave with the Panamanian authorities a copy authenticated by the United States Forces and duly translated into Spanish. Members of the Forces or the civilian component, and dependents, shall be permitted to drive vehicles, vessels or aircraft in the

Republic of Panama with such licenses, permits and classifications during the thirty days following their first arrival in the Republic of Panama and during the subsequent period necessary for the processing of the application in Panama for a driver's license, vessel operator's permit, or license and classification as an air pilot.

(d) The Panamanian licenses, permits or classifications shall be valid for the period of time indicated in the Panamanian law and, during the continuous presence of the bearer in Panama, shall, to preserve their validity, be renewed in accordance with Panamanian laws.

Whenever Panamanian laws may require medical certifications for the renewal of licenses, permits or classifications the Republic of Panama shall accept the certifications issued by the medical services of the United States Forces, provided that said certifications are issued in Spanish.

(e) The Republic of Panama shall issue, in accordance with its laws, drivers' licenses, vessel operators' permits, and licenses and other classifications of air pilots to members of the Forces or the civilian component, and dependents, when they do not possess such documents. If any test is required as a prerequisite for the issuance of the documents mentioned, Panama shall permit the interested persons to take the examination in Spanish or English. Any material which the Republic of Panama may generally issue in preparation for such examinations shall be furnished, in Spanish or English, as the applicant may request.

(5) Aircraft other than those of Panama and the United States may use the runways of the defense sites only after obtaining appropriate authorization from the Republic of Panama. When deemed convenient, the two Governments shall adopt, through the Joint Committee, regulations governing the use by such aircraft.

(6) The installation, change of position or alteration of lights and other signal installations to assist in navigation of aircraft, placed or established in the defense sites or in their surroundings, shall be subject to previous consultation between the appropriate authorities of both Governments.

(7) The Republic of Panama shall adopt such measures as may be appropriate to coordinate air traffic in the Republic of Panama, so that, in a manner consistent with the mission of the United States Forces, maximum safety shall be offered to civil and military air navigation. All systems of control and coordination of military air traffic shall be developed jointly as needed for the fulfillment of the specific purposes of this Agreement. The procedures needed to bring about this coordination shall

be agreed upon by the appointed authorities of both Governments, respecting always the sovereignty of the Republic of Panama over all its air space.

The Republic of Panama agrees that, for security reasons, at the request of the United States Forces it shall restrict overflights of certain of the defense sites.

(8) The Joint Committee may agree on rules and procedures that may be necessary to implement this Article.

ARTICLE XVI

TAXATION

(1) By virtue of this Agreement, the United States Forces are exempt from payment in the Republic of Panama of all taxes, fees or other charges on their activities or property, including those imposed through contractors or subcontractors.

(2) Members of the Forces or the civilian component, and dependents, shall be exempt from any taxes, fees, or other charges on income received as a result of their work for the United States Forces or for any of the service facilities referred to in Articles XI or XVIII of this Agreement. Similarly, as is provided by Panamanian law, they shall be exempt from payment of taxes, fees or other charges on income derived from sources outside the Republic of Panama.

(3) Members of the Forces or the civilian component, and dependents, shall be exempt from taxes, fees or other charges on gifts or inheritance or on personal property, the presence of which within the territory of the Republic of Panama is due solely to the stay therein of such persons on account of their or their sponsor's work with the United States Forces.

(4) The Joint Committee may establish such regulations as may be appropriate for the implementation of this Article.

ARTICLE XVII

IMPORT DUTIES

(1) Except for the exemptions provided for in this Agreement, the members of the Forces or the civilian component, and dependents shall be subject to the laws and regulations administered by the customs authorities of the Republic of Panama.

(2) All property imported for the official use or benefit of the United States Forces, including that imported by their contractors or subcontractors, in connection with the various activities authorized

under this Agreement, shall be exempt from the payment of all customs duties or other import taxes and charges and from all license requirements.

The United States Forces shall issue a certificate, following the form adopted by the Joint Committee, stating that the property being imported is for these purposes.

(3) Property consigned to or imported for the personal use of the members of the Forces or the civilian component, or dependents shall be subject to the payment of import duties or other import taxes, except for the following:

(a) Furniture, household goods and personal effects imported by such persons for their private use within six months following their first arrival in the Republic of Panama. In the case of persons who are unable to obtain adequate housing when they first arrive in the Republic of Panama, an additional period of six months from the time they obtain adequate housing shall be granted them for the importation of such articles, provided that the United States Forces issue a certificate stating that the person concerned has not accomplished such importation and indicating the date upon which he obtained adequate housing and its address.

(b) Vehicles imported by such persons for their private use, and the spare parts required for proper maintenance of such vehicles. The Joint Committee shall establish the limitations on the quantity and frequency of imports of such vehicles and parts;

(c) A reasonable quantity of articles for the private use of such persons, imported as personal baggage or sent into the Republic of Panama through the military post offices of the United States;

(d) Such other imports as may be expressly authorized by the competent authorities of the Republic of Panama at the request of the United States Forces.

(4) The exemptions granted in paragraph (3) of this Article shall apply only to cases involving the importation of articles exempted at the time of entry and shall not be construed as obligating the Republic of Panama to reimburse customs duties and domestic taxes collected by the Republic of Panama in connection with purchases of goods from Panamanian sources subsequent to their importation.

(5) Customs inspections shall not be made in the following cases:

(a) Members of the Forces traveling under orders, other than leave orders, who enter or depart from the Republic of Panama;

(b) Official documents under official seal and mail sent through the military postal channels of the United States;

(c) Cargo consigned to the United States Forces.

(6) Property imported under this Article and subsequently transferred to a person who is not entitled to duty-free importation shall be subject to the payment of import duties and other taxes according to the laws and regulations of the Republic of Panama. Such sales shall not be permitted when they are motivated by commercial purposes.

(7) All property imported into the Republic of Panama free of customs duties and other taxes pursuant to paragraphs (2) and (3) of this Article may be exported free of customs duties, export permits, or other export taxes and assessments. All property acquired in the Republic of Panama by, or in the name of, the United States Forces, or acquired by members of the Forces or the civilian component, or dependents, for their private use may be exported free of customs duties, export licenses or other export taxes and charges.

(8) The authorities of the United States agree to cooperate with the authorities of the Republic of Panama and shall take, within their legal authority, all such steps as may be necessary to prevent the abuse of the privileges granted under this Article to the members of the Forces or the civilian component, or dependents.

(9) In order to prevent violations of the laws and regulations administered by the customs authorities of the Republic of Panama, the two Governments agree as follows:

(a) The authorities of the Republic of Panama and the competent authorities of the United States shall mutually assist one another in the conduct of investigations and the collection of evidence.

(b) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure that articles subject to seizure by or in the name of the customs authorities of the Republic of Panama are delivered to these authorities.

(c) The authorities of the United States shall take, within their legal authority, all necessary measures to ensure the payment by members of the Forces or the civilian component, and dependents, of such import duties, taxes, and fines as may be duly determined by the Panamanian authorities.

(10) Vehicles and articles belonging to the United States Forces that are seized from a person by the authorities of the Republic of Panama in connection with a violation of its customs or tax laws or regulations shall be delivered to the competent authorities of the United States Forces.

(11) The Joint Committee will constitute the means of communication and information between the two Governments with regard to matters pertaining to the implementation of this Article.

ARTICLE XVIII

HEALTH, SANITATION AND EDUCATION

(1) The United States Forces may furnish educational, sanitary and medical services, including veterinary services, to the members of the Forces or the civilian component, and dependents, and other persons as may be agreed upon as exceptions by the two Governments through the Joint Committee.

(2) Matters of mutual interest relative to the control and prevention of diseases and the coordination of other public health, quarantine, sanitation and education services shall be the subject of coordination in the Joint Committee.

(3) The Republic of Panama authorizes the United States Forces, in rendering such health, sanitation and education services, to apply its own regulations.

ARTICLE XIX

SURVEYS

The United States may carry out topographic, hydrographic, agrologic and other surveys (including taking of aerial photographs) within the defense sites. Surveys in other areas of the Republic of Panama shall require authorization from the Republic of Panama, in the manner agreed upon in the Joint Committee, and the Republic of Panama shall, at its option, designate a representative to be present. The United States shall furnish a copy of the data resulting from such surveys to the Republic of Panama at no cost.

ARTICLE XX

CLAIMS

(1) Each Government waives its claims against the other Government for damage to any property owned by it and used by its land, sea or air armed services, in the following circumstances:

(a) If the damage was caused by a member or an employee of the armed services of the other Government, in the performance of his official duties; or,

(b) If the damage arose from the use of any vehicle, vessel or aircraft owned by the other Government and used by its armed services, provided either that the vehicle, vessel or aircraft causing the damage was being used for official purposes, or that the damage was caused to property being so used.

(2) In the case of damage caused or arising as stated in paragraph (1), to other property owned by either Government and located in the Republic of Panama, the claims shall be settled by the Govern-

ment against which the claim is made. If it is not settled in due course, the claim may be pursued through diplomatic channels. Both Governments hereby waive the collection of any claims for an amount less than \$1,400 U.S. or B/1,400 which are of equal value.

(3) In cases of maritime salvage, each Government waives its claims against the other if the vessel or cargo salvaged was the property of the other Government and was used by its armed services for official purposes.

(4) For the purposes of this Article, any vessel chartered, requisitioned or seized in prize by a Government shall be considered its property (except to the extent that the risk of loss or liability is assumed by some other person than such Government).

(5) Each Government waives its claims against the other Government for injury or death suffered by any member of its armed services while said member was engaged in the performance of his official duties.

(6) The members of the Forces and the civilian employees of the United States Forces shall be subject to the jurisdiction of the civil courts of the Republic of Panama except in matters which arise from the performance of their official duty. In cases where payment has been accepted in full satisfaction of the claim, the civil courts of the Republic of Panama shall dismiss any proceeding concerning the matter.

(7) When personal private property subject to seizure or attachment by order of a competent authority under Panamanian law is within the defense sites, the United States authorities shall render, upon request of the Panamanian authorities, all assistance within their power in order that such property is turned over promptly to the Panamanian authorities. This paragraph shall not apply to personal property which, although privately owned, is in use by or on behalf of the United States Forces.

(8) Non-contractual claims arising from damages caused in the performance of their official duties by members or civilian employees of the United States Forces to third parties other than the two Governments shall be presented by the injured party through the Joint Committee to the appropriate authorities of the United States Forces for settlement. The authorities of the Republic of Panama may submit advice and recommendations on Panamanian law to the claim authorities of the United States for their use in evaluating liability and amount of damages.

(9) For other non-contractual claims against the members of the Forces or the civilian component, the authorities of the United States, following consulta-

tion with the appropriate authorities of the Government of Panama, shall consider the claim and, if appropriate, offer an *ex gratia* payment.

(10) The authorities of both Governments shall cooperate in the investigation and procurement of evidence for a fair disposition of claims under this Article.

(11) Contractual claims against the United States Forces shall be settled in accordance with the dispute clause of the contracts, and in the absence of such clause, through presentation of claims to the United States authorities through the appropriate channels.

(12) The United States Government shall require contractors and subcontractors referred to in Article XII of this Agreement to obtain appropriate insurance to cover the civil liabilities that may be incurred in Panamanian territory as a result of acts or omissions done in the performance of official duty by their employees. The Joint Committee shall establish the general standards for such insurance.

ARTICLE XXI

GENERAL PROVISIONS

(1) The activities and operations of the United States Government shall be carried out with adequate attention to public health and safety in the Republic of Panama. Within the defense sites, whose use Panama makes available to the United States by virtue of this Agreement, the United States authorities shall adopt all the appropriate measures to cooperate for these purposes with the authorities of the Republic of Panama.

(2) When required by their official duties, members of the Forces or the civilian component may possess and carry official arms and they will conform to any standards which the Joint Committee establishes. The members of the Forces or the civilian component, and dependents, may bear private arms in accordance with applicable Panamanian laws and regulations, and regulations of the United States Forces.

(3) The members of the Forces shall be obliged to observe proper conduct in accordance with the order and discipline required by Panamanian laws and the military laws and regulations of the United States. The authorities of the Republic of Panama shall maintain vigilance that Panamanian laws and regulations shall be observed at all times.

When the order and discipline referred to in this paragraph should be breached by members of the Forces outside the defense sites, and the authorities of the Republic of Panama, for reasons of language differences or other circumstances, consider it convenient, they may request the presence of per-

sonnel of the police of the United States Forces to cooperate in the reestablishment of order and discipline, and, in such cases, the United States Forces shall be obliged to send them.

Within the defense sites, the police function shall be primarily exercised by the police of the United States Forces. The Panamanian authorities shall cooperate with the United States Forces in the fulfillment of this function, for which purpose they may locate members of the Panamanian police within the defense sites at the headquarters of the police of the United States Forces or as the Joint Committee agrees. Such cooperation shall be rendered particularly in those cases involving Panamanian nationals.

The Joint Committee may also agree on a procedure so that members of the Panamanian police and the police of the United States Forces may jointly conduct routine inspections for the maintenance of order and discipline in those places where vigilance is especially required.

(4) The United States Forces shall restrict, to the maximum extent possible, the wearing of military uniforms so that they will be worn only when necessary. The Joint Committee shall adopt standards regarding the wearing of military uniforms in other cases, as exceptions.

ARTICLE XXII

DURATION

This Agreement shall enter into force when the Panama Canal Treaty signed on this date enters into force and shall terminate at noon, Panama time, on December 31, 1999.

DONE at Washington, this 7th day of September, 1977, in duplicate in the English and Spanish languages, both being equally authentic.

ANNEX A

DEFENSE SITES, MILITARY AREAS OF COORDINATION AND OTHER INSTALLATIONS

(1) The defense sites, military areas of coordination, and other installations, the use of which is made available by the Republic of Panama to the United States, are described below and identified, but not definitively, on the maps attached hereto and referenced herein, in the manner indicated on the legends thereof. When areas or installations are

depicted on more than one map of different scales, the identification on the map with the largest scale shall be controlling. More precise identifications and exact boundaries shall be agreed upon as soon as practicable by the Joint Committee established in Article II of this Agreement after a Joint Survey to be conducted by representatives of the two Parties. When the aforementioned identifications have been completed and agreed upon, they shall be controlling as to the boundaries of the installations and areas described in this Annex.

(2) The defense sites are described generally as follows:

(a) Howard Air Force Base—Fort Kobbe—Farfan (including the Farfan Radio Receiver Facility, Farfan Annex), and United States Naval Station, Rodman, and Marine Barracks (including 193rd Brigade Ammunition Storage Area, Cocoli Housing Area and Arraijan Tank Farm) (Attachment 1);

(b) Fort Clayton—Corozal Army Reservation and Albrook Air Force Station (west) (Attachments 1, 2 and 3);

(c) Fort William D. Davis Military Reservation, to include Dock 45 and the adjacent water area and Atlantic general depot area, (Attachments 1 and 4);

(d) Fort Sherman Military Reservation, (Attachment 1); and

(e) Galeta Island; United States Navy Trans-isthmian Pipeline; and Semaphore Hill Long-Range Radar and Communications Link, (Attachment 1).

(3)(a) The Military Areas of Coordination are described generally as follows:

(i) General Military Areas of Coordination:

(aa) Quarry Heights, except for housing made available to Panama pursuant to paragraph (5)(b) of Annex B to this Agreement (Attachments 1 and 5);

(bb) United States Naval Station, Panama Canal, Fort Amador (Attachments 1 and 6); and

(cc) Fort Gulick (Attachments 1 and 7).

(ii) Military Areas of Coordination for Training (Attachment 1):

(aa) Empire Range;

(bb) Piña Range;

(cc) Fort Sherman West; and

(dd) Fort Clayton Training Area.

(iii) Military Areas of Coordination for Housing:

(aa) Curundu Heights, except for housing made available to the Republic of

- Panama pursuant to paragraph (5)(b) of Annex B to this Agreement (Attachments 1 and 8);
- (bb) Herrick Heights (Attachments 1 and 9);
 - (cc) Coco Solo South (Attachments 1 and 10);
 - (dd) Fort Amador, except for Buildings 1 through 9, 45 through 48, 51, 57, 64 and 93, and for housing made available to the Republic of Panama pursuant to paragraph (5)(b) of Annex B to this Agreement (Attachments 1 and 11);
 - (ee) France Field (Attachments 1 and 12); and
 - (ff) Curundu Flats (Attachments 1 and 8).
- (iv) Special Facilities:
- (aa) Curundu Antenna Farm (Attachments 1 and 3);
 - (bb) United States Navy Communications Station, Balboa (Attachments 1 and 6);
 - (cc) Summit Naval Radio Station (Attachment 1);
 - (dd) Quarry Heights Communications Facility (tunnel) (Attachments 1 and 5);
 - (ee) Ancon Hill Communications Facilities (Attachments 1 and 5);
 - (ff) Battery Pratt Communications Facility (Coordinate 119326) (Attachment 1);
 - (gg) Ammunition Supply Point, Fort Gulick (Attachments 1 and 13);
 - (hh) Navy Communications-Electric Repair Facility (Building 43-F) (Attachments 1 and 14);
 - (ii) United States Army Transport-Shipping Facility (Building 39-C) (Attachments 1 and 14);
 - (jj) Gorgas Hospital Complex (Buildings 223, 233, 237, 238, 240, 240-A, 241, 241-A, 242, 253, 254, 255, 257, 257-G, 261, hospital grounds, and building 424) (Attachments 1 and 9);
 - (kk) Coco Solo Hospital (Buildings 8900, 8901, 8902, 8904, 8905, 8906, 8907, 8908, 8910, 8912, 8914, 8916, 8920, 8922, 8926, tennis court, grounds and miscellaneous buildings and structures) (Attachment 1);
 - (ll) Balboa High School (Buildings 74, 701, 702, 704, 705, 706, 707, 713-X, Stadium, 723, 723-A, 723-B, 723-C, 723-D, 723-E, 723-F, 723-G, parking area, and play slab) (Attachments 1, 14, 15 and 16);
 - (mm) Curundu Junior High School (Buildings 0615-A, 0615-B, 0615-C, 0615-D, 0615-F, cooling tower structure, playgrounds, tennis courts, and equipment, storage and music buildings, swimming pool and bathhouse, and parking areas (Attachments 1 and 8);
 - (nn) Cristobal Junior High School (Buildings 1141, 1143, 1149, 1150, 1151, 1153, 1154, 1156, 1239, 1158, 1186, 1288, 2000, playfield, and parking areas) (Attachments 1 and 10);
 - (oo) Balboa Elementary School (Buildings 709, 710, playground, and parking area) (Attachments 1, 15 and 16);
 - (pp) Diablo Elementary School (Buildings 5534, 5536, 5634, 5636, 5638, playground, air conditioning building, and parking area) (Attachments 1 and 17);
 - (qq) Los Rios Elementary School (Buildings 6225, 6226, playground, parking area and chilled water building) (Attachments 1 and 18);
 - (rr) Gamboa Elementary School (Buildings 56, 56-A, playground, and parking area) (Attachments 1 and 19);
 - (ss) Coco Solo Elementary School (Buildings 98, 98-A, parking area, playground and chilled water building) (Attachments 1 and 20);
 - (tt) Margarita Elementary School (Buildings 8350, 8352, playground, parking area, chilled water building and storage building) (Attachments 1 and 21);
 - (uu) Fort Gulick Elementary School (Buildings 350, 351, 352, playground and parking area) (Attachments 1 and 7);
 - (vv) Canal Zone College (Buildings 1030, 1031, 1032, 1033, 1034, 1035, 980, 982, 838, athletic field and parking lots) (Attachments 1, 15 and 22);
 - (ww) Ancon School Administration Office (Partial use of Panama Canal Commission Building 0610) (Attachments 1 and 9);
 - (xx) Margarita Community Health Center (Partial use of Panama Canal Commission Building 7998) (Attachments 1 and 21);

- (yy) Gamboa Community Health Clinic (Use of Panama Canal Commission Building 63) (Attachments 1 and 19);
 - (zz) Ancon Dental Clinic (Building 287-X, partial use of Panama Canal Commission Building 287) (Attachments 1 and 9);
 - (aaa) Corozal Mental Health Center (Buildings 6521, 6523, 6524, 6525, 6526, 6537 and grounds) (Attachments 1, 18 and 23);
 - (bbb) Corozal Animal Care Station/Veterinary Hospital (Buildings 6553, 6554, 6555, and grounds) (Attachments 1 and 18);
 - (ccc) Corozal Cemetery (Buildings and facilities) (Attachments 1, 18 and 23);
 - (ddd) Balboa Community Health Center (Use of Panama Canal Commission Building 721) (Attachments 1 and 15); and
 - (eee) Coco Solo Community Health Center (Room in Building 1140) (Attachments 1 and 20).
- (b) The following installations, not contiguous to the defense sites or military Areas of Coordination, which shall be subject to the provisions of the Panama Canal Treaty and this Agreement applicable to the Military Areas of Coordination are described generally as follows:
- (i) Buildings 430, 433 and 435 in the Corozal Antenna Field (Attachments 1 and 2);
 - (ii) AAFES Warehouse, Building 1008 and 1009 (Attachments 1 and 3);
 - (iii) United States Army Meddac Warehouses, Buildings 490 and 1010 (Attachments 1 and 3);
 - (iv) Defense Mapping Agency—Inter-American Geodetic Survey Headquarters and warehouse, Buildings 1019, 1007 and 1022 (Attachments 1 and 3);
 - (v) Balboa West bombing range, as defined by coordinates PA 350056, PA 381074, PV 433990 and PV 404799 (Attachment 1);
 - (vi) United States Navy Salvage Storage Area, Building 29-B (Attachments 1 and 14);
 - (vii) United States Army NBC Chambers, Buildings 922, 923, 924, 925, 926 and 927 (Attachments 1 and 8);
 - (viii) United States Air Force Communications Group storage/training facility, Building 875 (Attachments 1 and 8);
 - (ix) Inter-American Air Force Academy Jet Engine Test Cell, Building 1901 (Attachments 1 and 8);
 - (x) Quarry Heights Motor Pool (Building 159) (Attachments 1 and 5);
 - (xi) Ammunition Transfer Point, Cerro Pelado (Coordinates 415083) (Attachment 1); and
 - (xii) Fort Amador (Buildings S-103, 104, 105, 105-A, 105-B, 107, 110, 190, 218, 228, 229, 268, 270) (Attachments 1 and 11).
- (c) The following areas described in paragraph (a) above shall cease to be Military Areas of Coordination three years from the entry into force of this Agreement:
- (i) Curundu Antenna Farm;
 - (ii) Curundu Heights Housing Area; and
 - (iii) Barracks facilities at Fort Gulick for a company of the Forces of the Republic of Panama in specific buildings as agreed in the Joint Committee.
- (d) The following areas described in paragraph (a) above shall cease to be Military Areas of Coordination five years from the entry into force of this Agreement:
- (i) Fort Gulick, except for family housing, community service areas, and the ammunition storage facility; and
 - (ii) France Field.
- (e) The following areas described in paragraph (a) above shall cease to be Military Areas of Coordination during the life of this Agreement:
- (i) Fort Clayton Training Area;
 - (ii) Fort Amador;
 - (iii) Fort Gulick Family Housing, community service areas and the ammunition storage facility;
 - (iv) Coco Solo Family Housing; and
 - (v) That portion of the Curundu Flats Housing Area comprising the contractors' trailer housing area.
- (4) The installations outside of the defense sites, which may be used as provided in Article XI, are described generally as follows:
- (a) Miscellaneous facilities as follows: Post Exchange Facility in Building 100, Coco Solo; packing and crating Building 406, Albrook; Post Exchange warehouse, Building 304; household goods crating warehouse, Building 1081; Contractor's air conditioning facility, Building 1002; and household goods warehouse, Building 1067 (Attachments 1, 3, 8 and 20);

(b) Recreational Facilities as follows: Camp Chagres Boy Scout Camp at Madden Dam; and Surfside Theater at Naos Island (Attachment 1); and

(c) Post Exchange Facility, Curundu, Buildings 1025, 1026 and 1027; Photo Shop Building 821 (Attachments 1, 3 and 8).

ANNEX B

TERMS FOR ADMINISTRATION OF MILITARY AREAS OF COORDINATION

(1) Purpose: To establish and delineate the respective responsibilities of the United States Forces and the Forces of the Republic of Panama concerning certain areas which the Republic of Panama makes available for coordinated use by the United States Forces and the Forces of the Republic of Panama.

(2) Definitions:

(a) Military Areas of Coordination (sometimes hereinafter referred to as "Areas") are those areas, and the facilities within them, outside of defense sites, which the Republic of Panama by this Agreement authorizes the United States to use for purposes of communications and military training, and for housing and support of members of the Forces, the civilian component, and dependents; and for other purposes, as the two Parties may agree. A list of these Areas is set forth in Annex A to this Agreement.

(b) Security includes those measures taken to provide physical protection and limit access to or egress from a Military Area of Coordination.

(c) Exterior security measures are applicable only outside the boundaries of Military Areas of Coordination.

(d) Interior security measures are applicable only inside the boundaries of Military Areas of Coordination.

(3) General Conditions:

(a) The Republic of Panama authorizes the United States to use and maintain Military Areas of Coordination for the purposes of the Panama Canal Treaty. Signs exterior to Military Areas of Coordination will indicate that such Areas are operated under a grant of authority from the Republic of Panama. Only the flag of the Republic of Panama shall be flown in Military Areas of Coordination, including at their entrances, except that, as provided in Article VII of the Panama Canal Treaty, the flags of both the Republic of Panama and the United States may

be flown at the site of the Combined Board, which shall be located at Quarry Heights.

(b) All rights, privileges and immunities, which the United States possesses with respect to defense sites under this Agreement shall apply equally with respect to the Military Areas of Coordination, except as limited or excluded in this Annex.

(c) The security of the Military Areas of Coordination shall be the combined responsibility of the United States Forces and the Forces of the Republic of Panama. The Forces of the Republic of Panama shall have the responsibility for maintaining exterior security for these Areas, except where the boundary of such an area coincides with the boundary of a defense site. The United States Forces may assist the Forces of the Republic of Panama in combined stations and patrols as mutually agreed. The senior United States Commander shall have the responsibility for interior security, including control of access to these Areas. Joint United States/Republic of Panama Military police patrols will be used within the Military Areas of Coordination, except within the Special Facilities referred to in paragraph 6 of this Annex. The United States Forces shall be responsible for the command, supervision and protection of their personnel, facilities and equipment within the Areas. The Forces of the Republic of Panama shall be responsible for the command, supervision, and the protection of their personnel and equipment and of the facilities they use within the Areas. The members of the Forces, civilian component and dependents, shall have free unrestricted access to the Areas.

(d) No change in the basic character and functions of Military Areas of Coordination shall be made except by mutual consent of the United States Forces and Forces of the Republic of Panama through the Joint Committee or in accordance with Article IV of this Agreement.

(e) The Combined Board, which is established in Article IV of the Panama Canal Treaty, will be the body in which the United States Forces and the Forces of the Republic of Panama will consult regarding joint training in the Military Areas of Coordination, including construction of new training facilities.

(f) The Joint Committee, established in Article III of this Agreement will be the body in which the United States Forces and the Armed Forces of the Republic of Panama will consult for the purpose of administration of the Military Areas of Coordination.

(g) All signs, posters, and notices of general interest within, and at the entrances to, Military Areas of Coordination will be written in the Spanish and English languages.

(h) A Liaison Office of the Forces of the Republic of Panama may be established within each Military Area of Coordination, as mutually agreed.

(i) The Republic of Panama authorizes the United States Forces to apply its own regulations concerning fire prevention, safety, and sanitation standards in Military Areas of Coordination.

(4) Military Areas of Coordination for Training:

(a) The Military Areas of Coordination for Training identified in Annex A to this Agreement will be available to both the United States Forces and the Forces of the Republic of Panama for the conduct of training.

(b) The United States Forces shall have the responsibility for scheduling the use of the Training Areas for the duration of this Agreement.

(c) The United States agrees to increased use of Training Areas by the Forces of the Republic of Panama over the life of this Agreement, in accordance with agreed arrangements of the Combined Board.

(d) Except as otherwise provided in this Annex, the United States Forces shall have the responsibility for internal control and management of the Training Areas.

(e) The Commanding Officer of the forces using the Training Areas at any given time will be responsible for the safety of all ranges and firing positions during such use, in accordance with established regulations, subject to the authority of the responsible United States Forces Commander only with respect to matters related to range safety.

(5) Military Areas of Coordination for Housing:

(a) Military Areas of Coordination for Housing are separately identified in Annex A to this Agreement.

(b) These areas shall be available for occupancy by members of the Forces or the civilian component, and dependents. Selected housing units will be made available to the Republic of Panama, as may be mutually agreed.

(c) No new housing units will be constructed in Military Areas of Coordination by the United States.

(6) Special Facilities:

(a) Special facilities located in Military Areas of Coordination are separately identified in Annex A to this Agreement.

(b) With respect to such special facilities, the United States authorities shall be responsible for all interior security to include entrance and exit guards. Only authorized personnel as determined by the

United States authorities will be admitted to such facilities.

ANNEX C

APPLICATION OF PANAMANIAN SOCIAL SECURITY

(1) The provisions for Employee Social Security, retirement benefits, and health benefits coverage, set forth in paragraphs 1-4 of Article VIII of the Agreement in Implementation of Article III of the Panama Canal Treaty shall be applicable, *mutatis mutandis*, to employees of the United States Forces and to those employees who may be transferred from the Panama Canal Commission to the United States Forces.

(2)(a) Non-United States citizen employees who are not covered by the Civil Service Retirement System of the United States, or employees paid by United States non-appropriated fund instrumentalities, shall be covered by Panamanian Social Security from the date this Agreement enters into force, with contributions paid by the insured and the employer according to the rates established by the Social Security Laws of the Republic of Panama.

(b) The United States shall request the necessary legislation to pay each such employee a retirement similar to that of the Social Security System of the Republic of Panama.

ANNEX D

PROCEDURAL GUARANTEES

A member of the Forces or the civilian component, or a dependent, prosecuted by the Panamanian authorities shall be entitled to the following procedural guarantees:

(a) To a prompt and speedy trial.

(b) To be informed, in advance of trial, of the specific charge or charges made against him.

(c) To be confronted with and to be allowed to cross-examine the witnesses against him.

(d) To have evidence and witnesses in his favor presented. The authorities shall submit such evidence and call the witnesses if they are within the Republic of Panama.

(e) To have legal representation of his own choice for his defense during all investigative and judicial phases from the time of submission to questioning and throughout the entire proceedings; or, if he indicates he lacks funds for his defense, to be defended by the appropriate public defender.

(f) To have the services of a competent interpreter if he considers it necessary.

(g) To communicate with a representative of the Government of the United States and to have such a representative present, as an observer, at his trial.

(h) Not to be held guilty on account of any act or omission which did not constitute a criminal offense under the law of the Republic of Panama at the time it was committed.

(i) To be present at his trial which shall be public. However, without prejudice to the procedural guarantees in this Annex, persons whose presence is not necessary may be excluded, if the court so decides for reasons of public order or morality.

(j) In his proceedings to have the total burden of proof laden upon the Public Prosecutor or the prosecution.

(k) To have the court consider only voluntary confessions and evidence properly obtained in accordance with the requirements of the law.

(l) Not to be compelled to testify against or otherwise incriminate himself.

(m) Not to be required to stand trial if he is not physically or mentally fit to stand trial and participate in his defense.

(n) Not to be tried or punished more than once for the same offense.

(o) To have the right to appeal a conviction or sentence.

(p) To have credited to any sentence for confinement his entire period of pre-trial custody.

(q) Not to be subject to the application of martial law or trial by military courts or special tribunals.

(r) To enjoy other guarantees and rights provided for in the Constitution, Judicial Code and other laws of the Republic of Panama.

AGREED MINUTE TO THE AGREEMENT IN IMPLEMENTATION OF ARTICLE IV OF THE PANAMA CANAL TREATY

1. With reference to paragraph 5(c) of Article VI of the Agreement in Implementation of Article IV of the Panama Canal Treaty (hereinafter referred to as "the Agreement"), the five offenses under Panamanian law referred to therein are understood to be:

(a) "Murder" means the intentional killing of one person by another.

(b) "Rape" means the commission of an act of sexual intercourse by violence or threat and without consent with a person not his spouse, or with a person who is not capable of resisting by reason of mental or physical illness, or with a minor less than twelve years old.

(c) "Robbery with violence" means the act of appropriating an object of value belonging to someone else with the purpose of depriving its owner of his possession and deriving benefit from it, using violence against such person or a third person present at the scene of the act.

(d) "Trafficking in drugs" means the unlawful sale, exchange or transfer for gain of marihuana, hashish, heroin, cocaine, amphetamines, barbiturates, or L.S.D.

(e) "Crimes against the security of the Panamanian State" means espionage, sabotage, or terrorism directed against the constituted powers or authorities of Panama, with the purpose of overthrowing them.

2. With reference to paragraphs (2) and (3) of Annex A, it is understood that the United States agrees to the construction by the Republic of Panama of an Atlantic Coast Highway, and a new highway on the Pacific side of the Isthmus, at locations and with right of way widths to be mutually agreed. It is further understood that the bridge over the Canal, in each case, will be of a design sufficiently high so that it will not interfere with the operation of the Canal or with any improvement that may be made to the Canal.

3. With reference to paragraph (2)(a) of Annex A, it is understood that the United States agrees to the construction by the Republic of Panama of a road from Panama City to Vera Cruz at a location to be agreed upon by the Parties, the use of which will be subject to certain agreed conditions and restrictions, which will include the following:

- The right of way through the defense site shall be used only for the construction, use and maintenance of the road,
- The United States Forces shall have access to the right of way and the right to cross it at any point.

It is understood that upon completion of such road, the access road through Howard Air Force Base to Vera Cruz may be closed by the United States to through traffic. It is further understood that the Republic of Panama will preclude any activity in the coastal areas in the vicinity of Kobbe and Venado Beaches which, in the determination of the United States Forces, might interfere technically with the activities of the United States Navy Receiver Site at Farfan, the United States Air Force communications activity in the vicinity of the Howard/Kobbe Defense Sites, and aircraft operations at Howard Air Force Base.

An illustrative listing of activities which would interfere with aircraft operations at Howard Air Force Base is as follows:

- Any construction within 1 kilometer on either side of the runway as extended to the sea.
- Construction of structures or objects more than 8 meters high in an area from 1 to 3 kilometers east of the runway as extended to the sea.
- Construction of structures or objects more than 8 meters high in an area from 1 to 2 kilometers west of the runway as extended to the sea.

It is further understood that the general public shall have free access to those portions of Venado and Kobbe Beaches lying within defense sites, in accordance with procedures to be developed by the Joint Committee.

4. With reference to paragraph (2)(b) of Annex A, it is understood that the airstrip at Albrook Air Force Station which is transferred to the Republic of Panama as provided in Article XIII of the Panama Canal Treaty, will not be used for any aviation flight purposes other than helicopter operations. It is further understood that the United States Forces may conduct helicopter operations on the west taxiways, adjacent grassy areas and runway at Albrook Air Force Station until such time as the Republic of Panama determines that development of this area adversely affects flight safety.

5. With reference to paragraphs (2)(c), (2)(d), (3)(a)(ii)(bb) and (3)(a)(ii)(cc) of Annex A, it is understood that the general public shall have free access to and use of the R-6, 836, R-2, S-10, S-2, and S-8 Roads.

6. With reference to paragraph (2)(e) of Annex A:

(a) it is understood that the Republic of Panama will restrict any activity within a 6,000 foot radius of the Galeta operating antenna (coordinates 238393) which, in the determination of the United States Forces, might interfere technically with the communications at Galeta. It is further understood that there will be no construction within a 10,500 foot radius of the Galeta operating antenna for purposes of heavy industry or of installations with high voltage electrical emission, unless the two Parties otherwise agree;

(b) it is understood that the Republic of Panama shall keep the R-12 Road open from Coco Solo to Galeta Island; and

(c) it is understood that the United States will consider authorizing use by the Republic of Panama of the Navy pipelines, under terms and conditions to be mutually agreed.

7. With reference to paragraph (3)(a)(i)(aa) of Annex A, it is understood that the United States shall have use of and access rights to a helicopter landing site at grid coordinates 596898, in accordance with procedures to be developed by the Joint Committee.

8. With reference to paragraphs (3)(a)(i)(bb) and (3)(a)(iii)(dd) of Annex A, it is understood that the United States Forces and the Forces of the Republic of Panama will permit the general public to have free access to the Amador Road. It is further understood that the Joint Committee shall agree upon the location and operating procedures for a joint control point. Until such a new control point is established, the present entrance control point shall remain in operation and members of the Forces of the Republic of Panama shall participate with the United States Forces in its manning. It is also understood that joint patrols of the United States Forces and of the Forces of the Republic of Panama shall patrol the Amador Road. Such joint patrols shall be conducted in accordance with the procedures established for joint patrols in Article XI of the Panama Canal Treaty. It is further understood that the members of the Forces of the Republic of Panama and of the United States Forces, the civilian component, and dependents shall have free access to and use of the beach at Naos Island.

9. With reference to paragraphs (3)(a)(ii)(bb) and (cc) of Annex A, it is understood that the Republic of Panama shall maintain the S-10 Road open from Escobal north along the West Bank of the Canal from coordinates 140115 to 160228 in order to permit access to and from Piña Range and Fort Sherman West Training Area.

10. With reference to paragraph 3(a)(iii)(ff) of Annex A, it is understood that joint military patrols of the United States Forces and the Forces of the Republic of Panama shall patrol the C-12 Road from coordinates 591939 to 601927. Such joint patrols shall be conducted in accordance with the procedures established for joint patrols in Article XI of the Panama Canal Treaty.

11. With reference to paragraph (3)(a)(iv)(cc) of Annex A, it is understood that the Republic of Panama will preclude any activity on Ancon Hill which, in the determination of the United States Forces, might interfere technically with the communications activity of the United States Forces or of the Federal Aviation Administration on Ancon Hill.

12. With reference to paragraphs (3)(b)(ii), (iii) and (iv) and (3)(b)(vi) of Annex A, it is understood that the following facilities shall cease to be areas of coordination as stated:

- United States Navy Salvage Storage Area, Building 29B—Five years from the entry into force of the Agreement.
- Buildings 1008 and 1009—Three years from the entry into force of the Agreement.
- Buildings 490 and 1010—Two years from the entry into force of the Agreement.
- Buildings 1019, 1007 and 1022—One year from the entry into force of the Agreement.

13. With reference to paragraph (3)(b)(v) of Annex A, it is understood that the Balboa West Bombing Range will cease to be subject to the provisions of Annex B to this Agreement at such time as the Republic of Panama provides an alternative facility, acceptable to the United States, for the use of the United States Forces as a bombing range.

14. With reference to paragraph (5)(b) of Annex B, it is understood that the selected housing units to be made available by the United States to the Republic of Panama shall include:

- (1) Upon entry into force of the Agreement:
 - (a) Two family housing units at Quarry Heights for officers of the Forces of the Republic of Panama serving on the combined Board;
 - (b) Eight family housing units in Fort Amador for members of the Forces of the Republic of Panama assigned to Fort Amador. It is further understood that the members of the Forces of the Republic of Panama residing at Fort Amador may use the community facilities at Fort Amador under the same conditions as are applicable to the United States Forces.
 - (c) Twenty family housing units at Curundu Heights.

(2) Within three years after the entry into force of the Agreement, all family housing units at Curundu Heights. It is understood that the laundry and the Bachelor Officers' housing units at Curundu Heights are not family housing units and will remain under the control of United States Forces for the duration of the Agreement.

Maps of the Land and Water Areas for the Operation and Defense of the Panama Canal, Referred to in the Agreement in Implementation of Articles III and IV of the Panama Canal Treaty

[The maps are not printed here. The map atlas is deposited in the archives of the Department of State where it is available for reference.]

Exchange of Notes Relating to Postal Services [The Panamanian Note confirming the arrangement has not been reproduced.]

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to confirm our understanding, reached during the negotiation of the Panama Canal Treaty, that the postal services of the United States Forces and of the Republic of Panama shall establish appropriate arrangements through the Joint Committee whereby mail being handled by both postal systems may be delivered by the Postal Service of the Republic of Panama through existing postal facilities in the Canal operating areas and housing areas.

Further, it is understood, with respect to Article X of the Agreement in Implementation of Article IV of the Panama Canal Treaty, that the Republic of Panama will furnish space in the Balboa Post Office (Building 724) and within the area in the Cristobal Administration Building (Building 1105) made available to the Postal Service System of the Republic of Panama, which the United States Forces may use for bulk mail sorting and as postal distribution points, under procedures to be developed by the Joint Committee.

If the foregoing is acceptable to you, I have the honor to suggest that this note and your reply thereto indicating acceptance shall constitute an agreement between our two Governments concerning this matter, which will enter into force on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

ELLSWORTH BUNKER
Ambassador at Large

His Excellency

RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Exchange of Notes Relating to Use of Commissary and Post Exchange Facilities
[The Panamanian Note confirming the arrangement has not been reproduced.]

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to confirm that with respect to Article XII of the Agreement in Implementation of Article III of the Panama Canal Treaty, it is understood that immediately following the exchange of instruments of ratification, the United States Forces will conduct a thorough study of the feasibility of accommodating the persons authorized to use commissary and post exchange facilities at installations within the defense sites and other areas which the Republic of Panama permits the United States to use in accordance with the Agreement in Implementation of Article IV of the Panama Canal Treaty.

Following the entry into force of that Treaty, the United States will take all practicable steps to accommodate such persons at facilities within defense sites and such other areas. If the United States Forces find that such persons cannot practicably be so accommodated, the United States Forces may, for the purpose of providing commissary and post exchange services, use the installations listed in paragraphs 1(c)(iii)(A) and 1(e)(iii)(B) of Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty for a period of six months following the entry into force of the Treaty.

The Republic of Panama agrees that upon the written request of the United States, through the Joint Committee, that six month period of use will be extended until such time as the United States Forces determine it to be practicable to accommodate such persons within the defense sites and such other areas. In no event, however, will the total period of such use exceed 30 calendar months following the entry into force of the Treaty, unless the two Parties otherwise mutually agree.

If the foregoing proposal is acceptable to you, I have the honor to suggest that this note and your reply thereto indicating acceptance shall constitute

an agreement between our two Governments concerning this matter, which will enter into force on the date of the exchange of ratifications of the Panama Canal Treaty, and shall become effective on the date of the entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State

ELLSWORTH BUNKER

Ellsworth Bunker
Ambassador at Large

His Excellency

RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Letter Describing Application of the Wholesale Price Index Referred to in Paragraph 4(A) of Article XIII of the Panama Canal Treaty

DEPARTMENT OF STATE
AMBASSADOR AT LARGE
WASHINGTON

SEPTEMBER 7, 1977

DEAR AMBASSADOR ESCOBAR:

As was discussed during our negotiations, I am pleased to furnish information on the application of the Wholesale Price Index referred to in paragraph 4(A) of Article XIII of the new Panama Canal Treaty.

The Wholesale Price Index for Total Manufactured Goods of the United States is understood by the United States to refer to the seasonally adjusted figure for Total Manufactured Goods found in Table 3, "Wholesale Price Indexes for Selected Groupings Unadjusted and Seasonally Adjusted," of the monthly report of the Department of Labor "Wholesale Prices and Price Indexes." Enclosed is a copy of the latest monthly report published by the Department of Labor entitled "Wholesale Prices and Price Indexes" which describes the method of calculation of the indexes.

The new rate shall be determined by multiplying the rate of 30 cents per Panama Canal ton by a fraction the numerator of which is the average index for the twelve months ending the biennial period and the denominator of which is the average index of the twelve months preceding the first biennial period.

Sincerely,

ELLSWORTH BUNKER
Ellsworth Bunker

Enclosure:
Wholesale Prices and Price Indexes*

His Excellency
RÓMULO ESCOBAR BETHANCOURT
Chief Treaty Negotiator for Panama

*Not printed here.

**Letter Regarding Termination of Article XVII of
the United States-Panama Air Transport Serv-
ices Agreement**

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

DEAR DR. ESCOBAR:

This is to confirm our understanding, reached in connection with the negotiation of the Panama Canal Treaty, that upon entry into force of that Treaty, Article XVII of the United States-Panama Air Transport Services Agreement, signed at Panama March 31, 1949, will have no further application.

Sincerely,

ELLSWORTH BUNKER
Ellsworth Bunker
Ambassador at Large

His Excellency
Dr. RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

OTHER DOCUMENTS

**Agreement on Certain Activities of the United
States of America in the Republic of Panama**

Taking account of the Panama Canal Treaty and related agreements signed this date by representatives of the United States of America and the Republic of Panama, the two Governments confirm their understanding that, in addition to the activities directly related to the specific purpose of the Panama Canal Treaty, the United States may conduct certain other activities in the Republic of Panama. Such other activities shall be conducted in accordance with the provisions of this Agreement.

1. The United States may conduct the following activities in the Republic of Panama:

- (a) Tropic testing;
- (b) Telecommunications, meteorological, navigational, and oceanographic activities;
- (c) Activities of the Inter-American Geodetic Survey;

(d) Humanitarian relief operations, including search and rescue;

(e) Schooling of Latin American military personnel.

2. In order to carry out these activities, the United States may use installations within defense sites and military areas of coordination, and in such other areas of the Republic of Panama as may be mutually agreed.

3. The Agreement in Implementation of Article IV of the Panama Canal Treaty shall apply to the conduct of these activities in the Republic of Panama, except as otherwise provided by arrangements between the two Parties.

(a) Active duty military personnel of the United States armed services assigned to these activities shall be considered to be "members of the Forces" within the meaning of the Agreement in Implementation of Article IV.

(b) Employees of the United States assigned to these activities who are nationals of the United States to whom United States passports have been issued or who are nationals of third countries who are not habitual residents of the Republic of Panama shall be considered to be "members of the civilian component" within the meaning of the Agreement in Implementation of Article IV.

(c) The spouse and children of persons referred to in sub-paragraphs (a) and (b) above, and other relatives of such persons who depend on them for their subsistence and who habitually live with them under the same roof, shall be considered to be "dependents" within the meaning of the Agreement in Implementation of Article IV.

(d) Military personnel of other Latin American countries assigned to school duty in the Republic of Panama pursuant to paragraph (1)(e) of this Agreement shall be entitled to the privileges authorized under Articles XI and XVIII of the Agreement in Implementation of Article IV.

4. Changes in the activities listed above may be agreed upon by the two Parties through the Joint Committee created by Article III of the Agreement in Implementation of Article IV.

This Agreement shall enter into force simultaneously with the entry into force of the Panama Canal Treaty, and expire when that Treaty expires; provided, however, that the authority of the United States to conduct schooling of Latin American military personnel in the United States Army School of the Americas shall expire five years after the entry into force of the Panama Canal Treaty unless the two Governments otherwise agree.

ATTACHMENT

The following is an illustrative description of the manner in which the activities listed in paragraph 1 of the Agreement on Certain Activities of the United States in Panama are presently conducted:

A. Tropic Testing

1. The United States Army Tropic Test Center (USATTC) plans, conducts and reports on tropic environmental phases of development tests and provides advice and guidance on tropic test and evaluations matters to materiel developers, materiel producers, other services, and private industry.

2. Many of the marked climatic, seismic, and biological variations which exist in tropical areas of the world are represented in Panama, providing a singular geographic area in which military hardware can be subjected to tropic environmental extremes.

3. The Center occupies office, barracks, laboratory, maintenance and supply building space, and uses outlying test facilities consisting of 18,868 acres of real estate. These outlying test facilities are: Chiva Chiva test area; Battery McKenzie; Firing Point #6, Empire Range; and Gamboa test area. The latter area consists of approximately 7500 hectares of land located along both sides of the pipeline road from the town site of Gamboa to Gatun Lake, bounded approximately by map coordinates 410085, 355080, 282198, 310217, 375164, 410110. It has been used for developmental tests and for methodology studies which provide background for studying the effects of a tropic environment on men and materiel. Range areas of the 193d Infantry Brigade, Empire Range, Piñas Light Artillery Range and Piñas Beach are also used by USATTC.

B. Telecommunications, Meteorological, Navigational, and Oceanographic Activities

1. Military Affiliate Radio Station (MARS): serves as a backup communication capability for the military services. Provides morale, health, and welfare communication for military services. Has capability to link with MARS affiliates in the United States.

2. USSOUTHCOM Mission Radio Station: provides voice communications between USSOUTHCOM elements in Panama and United States Military Groups in Central and South America.

3. Inter-American Military Networks:

a. The Inter-American Military Network (RECIM) Station.

b. The Inter-American Telecommunications System for the Air Force (SITFA) Station.

c. The Inter-American Naval Telecommunications Network (IANTN).

These United States military stations in three international networks provide a rapid means of communications among the military services of Latin America on military matters. Most Latin American countries operate their own station in each of these networks.

4. United States Navy Timation Station: A Navy satellite tracking site sponsored by the Navy Research Laboratory (NRL). The tracking station is part of an overall Department of Defense program called the NAVSTAR Global Positioning System (GPS). The GPS program is directed toward the development and ultimate establishment, by the 1980's, of a system of 24 navigational satellites.

5. United States Army Atmospheric Sciences Laboratory Team: provides meteorological data from Central and South America.

6. Harbor Survey Assistance Program (HARSAP): a United States Naval oceanographic program which assists Western-Hemisphere countries to develop a hydrographic capability by conducting hydrographic surveys of harbors and waters. Data from these surveys are used to produce charts required to support Department of Defense and United States Merchant Marine operations. Additionally, under HARSAP, a new automated hydrographic survey collection and processing system is used to supplement in-country HARSAP survey efforts. This new system, the Hydrographic Survey and Charting System (HYSURCH), consists of a computer processing van, two boats, one officer, six enlisted personnel, six civilian engineers and technicians, and trainees from the host country.

7. Foreign Broadcast Information Service: monitors and translates into English reports appearing in the foreign public media.

C. Inter-American Geodetic Survey (IAGS)

IAGS is a regional activity, with headquarters for Latin American operations located in Panama. It is the nucleus for topographical activities conducted by the various Latin American nations. An IAGS cartography school is also conducted for Latin American students.

D. Humanitarian Relief Operations, Including Search and Rescue

United States military forces in Panama provide humanitarian relief to other Latin American countries in the event of natural disasters and to conduct searches for missing vessels in the waters of various Latin American nations.

E. Schooling for Latin American Military Personnel

1. Inter-American Naval Telecommunications Network Training Facility: conducts a formal course of instruction for operators and technicians of IANTN membership. This facility is supported by the IANTN communication assistance team, whose members are all bilingual.

2. The United States Army School of the Americas (USARSA): provides professional military training in Spanish for the armed forces of 17 Latin American states, accomplished through courses based on United States Army doctrine ranging from the Command and General Staff College Course, Advanced and Basic Officer Courses, and the Cadet Senior-year Course, to the Non-Commissioned Officer Leadership Course. In addition to this emphasis on professional training, the School of the Americas provides specialized training in resources management at the national level, small unit tactics, and technical skills. This latter type of skill training is responsive to particular needs of Latin American states.

3. Inter-American Air Force Academy (IAFFA): provides professional education in Spanish for officers and technical training in aeronautical specialties for airmen of all the Latin American Republics.

Technical training in Spanish is provided from the unskilled level through the full spectrum of proficiency to the supervisory level, including transition training in new weapons systems. Approximately five percent of the Academy's 100-member instructor corps is composed of guest instructors who assist United States Air Force officers and airmen in conducting the courses. Specialized transition training is offered in the A/T-37, C-130, and UH-1H.

4. Small Craft Instruction and Technical Team (SCIATT): provides to the navies of Central America training in the operation and maintenance of small size boats.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

FOR THE REPUBLIC OF PANAMA:

**RÓMULO ESCOBAR BETHANCOURT
ARISTIDES ROYO**

FOR THE UNITED STATES OF AMERICA:

**ELLSWORTH BUNKER
SOL M. LINOWITZ**

Agreement Pursuant to Article VI of the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere

The Governments of the United States of America and the Republic of Panama,

Recalling that both are parties to the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere of October 12, 1940;

Desiring to promote and advance the purposes of that Convention;

Noting that Article VI of the Convention provides that the Parties may, when circumstances warrant, enter into agreements with one another in order to increase the effectiveness of their collaboration to this end;

Aware of the unique importance to the international scientific community of the biological reserve located at Barro Colorado Island in Gatun Lake in the Republic of Panama; and

Considering that the Panama Canal Treaty and related agreements signed this date between them make desirable a further agreement between them to ensure preservation of this biological reserve;

Have agreed upon the following:

ARTICLE I

1. The area known as Barro Colorado Island in Gatun Lake in the Republic of Panama is declared to be a Nature Monument as defined in Article I of the Convention, to be known as the Barro Colorado Nature Monument. Upon the termination of the Panama Canal Treaty signed this date, this Nature Monument shall also include the adjacent areas known as Orchid and Point Salud Islands; Bohio, Buena Vista, and Frijoles Points; and the smaller islets adjacent to them. The aforementioned adjacent areas shall be made available during the life of the Panama Canal Treaty for the purposes of this Agreement, through the issuance of land use licenses, as provided for in Article IV of the Agreement in Implementation of Article III of the Panama Canal Treaty. The Republic of Panama shall issue an appropriate land use license or make other arrangements to afford similar use of the peninsula immediately south of Maiz Island, which, upon termination of the Panama Canal Treaty, shall also become a part of the aforementioned Nature Monument.

2. As used hereafter in this Agreement, the term "Nature Monument" shall refer to the Nature Monument defined in paragraph 1 of this Article.

ARTICLE II

The Governments pledge themselves to seek, in accordance with their respective national legislative processes, such legislation by each of them as may be necessary to ensure the preservation and protection of the Nature Monument as envisioned in the Convention and to take no action which would derogate in any way from its protected status, except as hereinafter provided.

ARTICLE III

The Governments agree to collaborate in use of the Nature Monument for the purposes of scientific research and investigation, and to assist each other's scientists and scientific institutions in carrying out such activities in the Nature Monument. The Governments shall agree from time to time on such arrangements as may be mutually convenient and desirable to facilitate such collaboration.

ARTICLE IV

The Governments agree that, consistent with the purposes of Article VI of the Convention, they shall make available to all the American Republics equally through publication or otherwise the scientific knowledge resulting from their cooperative efforts to establish and maintain the Nature Monument.

ARTICLE V

The Governments, mindful of their mutual interest in the efficient operation of the Panama Canal, agree that, in executing their responsibilities under the Panama Canal Treaty, they shall take account of this Agreement. It is understood that use of areas included in the Nature Monument for the purpose of maintaining existing facilities relating to the operation of the Panama Canal shall not be considered to derogate from the protected status of the Nature Monument. In the event either Government at any time considers that the efficient operation of the Panama Canal necessitates any other action materially affecting any part of the Nature Monument, the Governments agree to consult promptly and to agree to measures necessary for the protection of the overall integrity of the Nature Monument and furtherance of the purpose of this Agreement.

ARTICLE VI

The Governments agree that they shall jointly transmit copies of this Agreement to the Inter-American Economic and Social Council of the

Organization of American States, and shall request that the Organization notify the Contracting Parties to the Convention of this Agreement.

ARTICLE VII

This Agreement shall enter into force simultaneously with the entry into force of the Panama Canal Treaty, and shall remain in force for ten years and, thereafter, for as long as both Governments are parties to the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere.

DONE at Washington, this 7th day of September, 1977, in duplicate, in the English and Spanish languages, both texts being equally authentic.

FOR THE REPUBLIC OF PANAMA:

RÓMULO ESCOBAR BETHANCOURT
ARISTIDES ROYO

FOR THE UNITED STATES OF AMERICA:

ELLSWORTH BUNKER
SOL M. LINOWITZ

Note Regarding Economic and Military Cooperation

DEPARTMENT OF STATE
WASHINGTON

EXCELLENCY:

I have the honor to refer to our recent discussions concerning programs designed to enhance cooperation between the United States of America and the Republic of Panama in the economic and military spheres. As a result of these discussions, I am authorized to inform you that my government is prepared to agree, within the limitations of applicable United States legislation and subject to compliance with applicable legal requirements and, where necessary, to the availability of appropriate funds, that:

The United States Government will consider applications from the Republic of Panama for housing investment guarantees with a view to approval of specific projects with an aggregate value of not to exceed \$75 million over a five year period. Approval of specific projects shall be subject to conformance with any applicable administrative and legislative criteria.

The Overseas Private Investment Corporation would guarantee borrowings of not to exceed \$20 million in United States private capital by the National Finance Corporation of Panama (COFINA)

for use in financing productive projects in the private sector in Panama, subject to terms and conditions as shall be agreed upon by the Overseas Private Investment Corporation and COFINA, and approved by the Overseas Private Investment Corporation's Board of Directors.

The Export-Import Bank of the United States is prepared to offer a letter of intent to provide loans, loan guarantees, and insurance, aggregating not to exceed \$200 million over a five year period beginning October 1, 1977 and ending September 30, 1982, for the purpose of financing the U.S. export value of sales to Panama. Such financing shall, at the discretion of the Board of Directors of the Export-Import Bank, be in the form of loans, loan guarantees, or insurance for individual products or projects approved by such Board.

The United States Government will issue repayment guarantees under its foreign military sales program in order to facilitate the extension of loans to the Government of Panama by eligible lenders for the purpose of financing the purchase by the Government of Panama of defense articles and defense services. The aggregate principal amount of loans guaranteed by the United States Government in accordance with this paragraph shall not exceed \$50 million over a ten year period.

It is understood that the undertakings of the United States provided for herein will enter into force upon an exchange of Notes to that effect between our two governments.

Accept Excellency, the renewed assurance of my highest consideration.

CYRUS VANCE

His Excellency

GABRIEL LEWIS GALINDO,
Ambassador of Panama.

Exchange of Notes Relating to Air Traffic Control Services

[The Panamanian Note confirming the arrangement has not been reproduced.]

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to the Panama Canal Treaty signed this date by representatives of the United States of America and the Republic of Panama. In that connection, my Government proposes that negotiations relating to continued air traffic control services commence as soon as possible and that a definitive arrangement on this subject be concluded prior to the exchange of instruments of ratification of the Panama Canal Treaty.

If the foregoing proposal is acceptable to the Government of Panama, I shall be grateful to have an affirmative response from Your Excellency.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

ELLSWORTH BUNKER
Ellsworth Bunker
Ambassador at Large

His Excellency

RÓMULO ESCOBAR BETHANCOURT,
Chief Negotiator.

Note Regarding the Establishment of the Panama Bureau of the United States Foreign Broadcast Information Service

The Department of State of the United States of America has the honor to inform the Foreign Ministry of the Republic of Panama that, upon the entry into force of the Panama Canal Treaty, it is the intention of the United States of America to establish the Panama Bureau of the United States Foreign Broadcast Information Service (FBIS) as an integral part of the Embassy of the United States of America in the Republic of Panama. The Bureau would form part of the diplomatic mission, in a manner similar to that of other agencies of the United States Government currently operating in the Republic of Panama, under the authority of the United States Ambassador.

The Foreign Broadcast Information Service is an agency of the United States Government with worldwide responsibility for monitoring and translating into English available foreign public media, including (a) transmissions by major press agencies, (b) public radio and television broadcasts, and (c) selected articles from newspapers and other publications. These translated materials are made available in the United States of America and abroad to interested persons in both governmental and private sectors. FBIS executes this responsibility from fourteen bureaus located in foreign countries, most of which are established as integral parts of the United States diplomatic missions to those countries.

The Panama Bureau of FBIS will have responsibility for providing this service for an area which includes most countries of Central America and northern South America, and a part of the African continent. The Bureau Staff currently consists of four United States citizen employees (a Bureau Chief, a Deputy Chief and two editors) assigned for rotational tours of two to four years. There are no locally-hired American employees. United States

citizen personnel of the Bureau shall have the same privileges and immunities, and be subject to the same conditions, as other American personnel currently assigned to the various agencies forming parts of the Embassy of the United States of America in the Republic of Panama. The Bureau also currently employs three locally-hired third country nationals resident in Panama, and twenty-nine Panamanian citizens. FBIS anticipates no perceptible expansion of its American or local staff in the foreseeable future.

At the present time, the Panama Bureau of FBIS is located on a single parcel of land, comprising some 320 acres and including the Bureau office and the Chiva Chiva radio antenna field, located on the Fort Clayton Military Reservation.

EB

DEPARTMENT OF STATE,
WASHINGTON, *September 7, 1977.*

Exchange of Notes Relating to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated, and to the Gorgas Memorial Laboratory

[The Panamanian Note confirming the proposals has not been reproduced.]

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated, and its subsidiary, the Gorgas Memorial Laboratory. The Institute and Laboratory were established in memory of Dr. William C. Gorgas for research on diseases endemic to Central America and northern South America. The Institute receives from the Government of the United States an annual contribution in Dr. Gorgas' memory for the operation and maintenance of the Laboratory.

The Gorgas Memorial Laboratory is established and operates in Panama under provisions of Law 15 of October 16, 1930, Law 5 of February 5, 1953 and Law 84 of September 20, 1973 of the Republic of Panama. The Institute has informed the United States of its desire to continue its operations in Panama pursuant to the provisions of these laws.

I refer further to the Panama Canal Treaty and related agreements signed this date by representatives of the Governments of the United States and Panama, and, in that connection, propose that our Governments agree that, subsequent to the entry into force of the Treaty, the Gorgas Memorial Institute and Laboratory shall continue to enjoy the sole and exclusive use, without charge, of the

following areas of lands and waters, and installations, being used by the Institute and Laboratory prior to the entry into force of the Treaty:

Juan Mina Plantation, approximately 15 acres of land, and one multi-purpose building situated thereon, located on the east side of the Chagres River in the Balboa East District; and Building 265, a laboratory building adjacent to the Gorgas Hospital, Ancon, and adjacent land.

It is understood that this arrangement shall continue for an initial period of five years, and will be renewed upon request at least one year in advance by the Gorgas Memorial Institute.

I propose further that in the event the Republic of Panama establishes any means whereby any legal or natural person other than the Government of the Republic of Panama may acquire title under the laws of the Republic of Panama to any areas of lands and waters, or other real property located thereon, which prior to the entry into force of the Panama Canal Treaty formed part of the Canal Zone, our Governments agree that the Gorgas Memorial Institute shall be permitted by the Republic of Panama to acquire title to the above-mentioned areas the use of which it enjoys. Such title shall be accorded by the Republic of Panama pursuant to an arrangement not less favorable than that accorded by the Republic of Panama to any other such legal or natural person.

I propose further that our Governments agree to the issuance of a license to the Gorgas Memorial Institute in accordance with the procedures set forth in Article IV of the Agreement in Implementation of Article III of the Panama Canal Treaty to permit the use, without charge, by the Gorgas Memorial Laboratory of Abogado and Aojeta Islands, located in Gatun Lake, for the purposes of the Laboratory.

I further propose that our Governments agree that the United States may permit the Gorgas Memorial Institute and Laboratory to enjoy the privilege of making official purchases for the Laboratory's operations in the United States military commissaries and exchanges established pursuant to the Agreement in Implementation of Article IV of the Panama Canal Treaty, and that the United States may provide to the Institute and Laboratory for official purposes such other supplies or services of the United States Forces or the Panama Canal Commission as may be convenient. It is understood that this agreement will not extend to personal purchases by individual members of the staff and employees of the Gorgas Memorial Laboratory, regardless of their nationality.

If the foregoing proposals relating to the status and operations of the Gorgas Memorial Institute and

Laboratory are acceptable to the Government of the Republic of Panama, I have the honor to propose that this note, and Your Excellency's affirmative response, shall constitute an agreement between our Governments concerning this matter, which will enter into force on the date of entry into force of the Panama Canal Treaty.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

ELLSWORTH BUNKER

Ellsworth Bunker

Ambassador at Large

His Excellency

RÓMULO ESCOBAR BETHANCOURT,

Chief Negotiator.

Exchange of Notes Relating to Scientific Activities in Panama of the Smithsonian Tropical Research Institute

[The Panamanian Note confirming the proposals has not been reproduced.]

DEPARTMENT OF STATE
WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

As you are aware, the Smithsonian Tropical Research Institute, a trust instrumentality of the United States of America, hereinafter called "the Institute," has, for several years, carried out experimental and research activities of an exclusively scientific nature in various parts of the Republic of Panama. Those activities are described and authorized in Contract No. 1, January 5, 1977, signed by Dr. Abraham Saied, Minister of Health, and Dr. Ira Rubinoff, Director of the Institute. As set forth in the seventh clause of the contract, its duration is indefinite, but it may be terminated if one of the parties so desires, provided that it notify the other one year in advance of the date selected for termination.

Despite the foregoing, it is obvious that the Institute's legal situation and the development of its activities will be affected by the entry into force of the Panama Canal Treaty and related agreements, signed September 7, 1977 by representatives of the Republic of Panama and the United States of America. In anticipation of that eventuality, I thought it pertinent to propose to you, in compliance with precise instructions from my Government, that the Republic of Panama and the United States of America agree on the Institute's continuation of its scientific activities in the Republic of Panama, after

entry into force of the Panama Canal Treaty and related agreements, in accordance with the provisions of the above-mentioned contract and in order to achieve the objectives therein set forth.

The agreement which I present to you for consideration would remain in effect for five years from the date of the entry into force of the Panama Canal Treaty and would be extended automatically for 5 year periods until either Government gave notice of termination, at least one year before the date of automatic extension.

I consider it advisable to propose to Your Excellency that if one of the parties to the contract should wish to terminate it on the basis of the seventh clause thereof while the Panama Canal Treaty is in force, our Governments agree that, unless there is a mutual understanding to replace the contract, the contract and the agreement proposed in this note shall remain in force.

It could also be agreed, and I so propose to Your Excellency, that, if either party wishes to terminate the aforementioned contract after the expiration of the Panama Canal Treaty, our Governments shall immediately initiate consultations concerning the future legal situation of the Institute and its facilities, properties, and personnel in the Republic of Panama, before the contract expires.

With respect to facilities and land and water areas in various parts of the Isthmus of Panama listed and described in the annex to this note, the use of which has not been granted by the Republic of Panama to the United States of America by any other means, I propose that they be made available to the Institute for its exclusive use. It is understood that this agreement will not affect the right of the parties to the contract to enter into subsequent agreements on the terms of the Institute's utilization of other facilities and land and water areas in the Republic of Panama which the latter may consider it desirable to make available to the Institute for the uses and purposes defined in the contract.

I wish to propose that our Governments agree that, as long as the Panama Canal Treaty remains in force, the United States of America may permit the Institute to use any portion of the lands and waters, and of the facilities located therein, situated within the land and water areas the use of which is granted by the Treaty to the United States of America, for purposes of the aforementioned contract, subject to terms and conditions consistent with the Panama Canal Treaty, as the United States of America may define them.

I further wish to propose to Your Excellency that upon cessation, under the Panama Canal Treaty, of the right of the United States to use any land and

water areas and facilities located therein which are being used by the Institute, our Governments immediately begin talks intended to reach agreements permitting the Institute to continue to use such areas or facilities.

The possibility should be considered, Your Excellency, that the Republic of Panama may establish procedures whereby any natural or legal person could acquire, in accordance with the laws of Panama, title to land and water areas or properties located therein which were formerly a part of the territory constituting the Panama Canal Zone. I therefore propose to you that, such being the case, our Governments agree that the Republic of Panama, subject to the applicable laws, shall grant the Institute rights, other than real property title, with respect to any land and water areas or properties in use by the Institute at the time when such procedures are established. These rights will be granted by the Republic of Panama by an agreement or other means not less favorable than the most favorable granted by the Republic of Panama to any other natural or juristic person.

Finally, Your Excellency, I should like to propose that in the event that the Republic of Panama does not establish such procedures for transfer of title to land and water areas or properties located therein to natural or legal persons other than the Government of the Republic of Panama, the two Governments agree that the Government of the Republic of Panama shall place at the disposal of the Institute, free of cost, the use of all areas and facilities referred to in this letter, and any others that may be used by the Institute for the purposes defined in the aforementioned contract.

An exception will be made for cases in which the two Governments or the parties to the aforementioned contract might reach a mutual agreement on other terms.

If the aforementioned proposals relating to the operation in the Republic of Panama of the Smithsonian Tropical Research Institute are acceptable to your Government, I should like to propose that this note and Your Excellency's affirmative reply constitute an agreement between our Governments concerning this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

ELLSWORTH BUNKER

Ellsworth Bunker

Ambassador at Large

His Excellency

RÓMULO ESCOBAR BETHANCOURT, *Chief Negotiator.*

ANNEX

The following facilities and lands and waters shall be made available for the continued exclusive use of the Smithsonian Tropical Research Institute.

1. Smithsonian Tropical Research Institute Headquarters, shops, administrative offices, cages and laboratories on Gorgas Road.

2. Tivoli Site. Comprises approximately 4.8 acres at the site of the former Tivoli Hotel and adjacent Tivoli Kitchen structure.

3. Naos Island. All facilities and areas being used by the Smithsonian Tropical Research Institute on the date the Panama Canal Treaty enters into force.

4. Flamenco Island. All facilities and areas being used by the Smithsonian Tropical Research Institute on the date the Panama Canal Treaty enters into force.

5. Pipeline Road Reserve. Approximately 37 acres of land near Pipeline Road at coordinates PA 391116 (Sheet 4243 II, Gamboa).

Exchange of Notes Relating to Custodianship of the Barro Colorado Native Monument by the Smithsonian Tropical Research Institute

[The Panamanian Note confirming the understanding has not been reproduced.]

DEPARTMENT OF STATE

WASHINGTON

SEPTEMBER 7, 1977

EXCELLENCY:

I have the honor to refer to the Agreement pursuant to Article VI of the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere, and to the Panama Canal Treaty and related agreements signed on September 7, 1977 by representatives of the United States of America and the Republic of Panama. Article III of the Agreement relating to the Convention on Nature Protection provides that our Governments may agree from time to time on such arrangements as may be mutually convenient and desirable to facilitate their collaboration in the use of the Barro Colorado Nature Monument for the purposes of scientific research and investigation.

I consider it desirable within the spirit of the aforementioned Convention and for the purposes of the Agreement based thereon that our Governments agree that the Smithsonian Tropical Research Institute (STRI), a trust instrumentality of the United States of America, which I shall hereinafter call the Institute, be designated by both Governments as custodian of the Barro Colorado Nature Monument. I propose that our Governments further agree that the Institute shall, during the period of its custodianship, have sole responsibility to act on behalf of our

Governments in authorizing use of the Nature Monument for the purposes of scientific research and investigation and for its protection as envisaged in the aforementioned Convention and our Agreement based thereon. In the event that one of the Parties should attempt to take any action related to the efficient operation of the Panama Canal as provided for in Article V of our Agreement, I propose that the Institute, as custodian, be advised in advance and invited to comment on the potential impact of such action on the overall integrity of the Nature Monument.

I consider it desirable and to that end I propose to Your Excellency that, during the period of its custodianship, the Institute be authorized to employ scientific and support staff, to include game wardens, as necessary to enforce such laws and regulations as may apply to the protection of the Nature Monument. Persons violating the integrity of the Nature Monument contrary to the provisions of such laws or regulations shall be promptly delivered to the authorities of the Republic of Panama by game wardens employed by the Institute for appropriate action under the laws of the Republic of Panama.

I further consider it desirable and I therefore propose to Your Excellency that our Governments agree to designate the Institute as custodian for the Barro Colorado Nature Monument for an initial period of five years, to be extended for additional 5-year periods upon request by the Institute at

least one year in advance of the date of expiration of the period, or until such time as our Governments may mutually agree on other understandings for the administration of the Nature Monument. If, subsequent to the termination of the Panama Canal Treaty, the Republic of Panama should desire to terminate the custodianship of the Institute of the Nature Monument, I consider it desirable and I therefore propose that our Governments agree that the decision take effect one year after the day on which the Republic of Panama shall inform the United States of this intent.

If the foregoing understandings proposed for custodianship of the Barro Colorado Nature Monument by STRI are acceptable to the Government of the Republic of Panama, I propose that this note and Your Excellency's affirmative response constitute an agreement between our Governments concerning this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

ELLSWORTH BUNKER

Ellsworth Bunker

Ambassador at Large

His Excellency

RÓMULO ESCOBAR BETHANCOURT,

Chief Negotiator.