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Panama 2000

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Conclusions

- The United States and Panama both have a strong common interest in retaining a residual U.S. military presence in Panama after 1999.
- Talks have centered upon the creation of a new Multinational Counter-Narcotics Center (MCC) which both sides support.
- The key issue is the extent to which this residual presence will not resemble a more traditional base structure, with Panama pressing for a much less traditional arrangement.
- Without creativity on both sides, the talks could break down, forcing the U.S. military to leave Panama after 1999. This is an outcome neither side desires.
- A security assistance package for Panama, possibly focused on the common counter-narcotics mission, might prove important to success of the talks.

Background

When the last U.S. military element leaves Panama at noon on December 31, 1999, that departure may create a vacuum which could threaten the efficient operation of the canal and the regional security in the strategic median of the Western Hemisphere. Although the Neutrality Treaty, which continues in perpetuity, guarantees access to all vessels desiring transit of the canal on an equitable basis, the enforcement provisions are vague. The greatest fear is of the Colombianization of Panama.

The U.S. departure would end almost a century of military presence on the isthmus, during which normal relations between the two countries have been at times harmonious; and at other times highly contentious-leading to the JUST CAUSE intervention in 1989. However, by 2000, the United States will "return" over \$3.4 billion in lands and properties, which Panama has admitted may be beyond their capability to absorb and manage in an efficient manner. In September 1995, Presidents William Clinton and Ernesto Perez Balladares agreed to explore various options for a continued U.S. presence.

Opinion is split in Panama and the United States, and the issue is being hotly debated. Two factors complicate the issue: On the one hand, intense Panamanian nationalism clamors for "full" implementation of the Canal Treaty. On the other hand, the United States has decided not to pay compensation for residual basing because of base closures in the continental United States, and because

of the negative precedents for U.S. bases elsewhere. The impasse over these two contentious positions delayed the onset of exploratory talks for over 14 months. Recently, a corner may have been turned and there is briefly an historic opportunity to move beyond the clog and seriously address, in formal talks, what U.S. and Panamanian policymakers agree is in the best interests of both nations.

The Need for Continued U.S. Presence

From a narrow military perspective, the Panama Canal remains useful for the rapid transit of military supplies from one theater to another, particularly in a "two major regional contingency" scenario. That use, however, is guaranteed by the Neutrality Treaty, and the canal's overall military importance has been degraded since the end of the Cold War.

Nonetheless, the efficient and routine operation of the canal itself remains of critical commercial importance to the United States (over 10% of all U.S. trade passes through the canal; two thirds of all transits either originate or terminate in the United States). It is also vital to commercial enterprise in Peru, Chile and Ecuador. The fact that the People's Republic of China (PRC) has expressed support for the recent leasing of container facilities on both ends of the canal by the Hong Kong based Hutchinson Shipping Lines is an indication that China sees a continued strategic and commercial importance for the canal into the foreseeable future. Panamanian officials expressed concern about growing Chinese presence throughout the region.

In addition, the geostrategic location of Panama makes it an ideal site from which to manifest a clear U.S. statement of strategic interest, not only in the canal, but the middle third of the Western Hemi-sphere. This is an era of dynamic change in the nature of security threats, in which the world has moved from the traditional constructs faced during the Cold War, to the new menaces posed by such transnational challenges as narcotrafficking, arms smuggling, illegal immigration, terrorism and money laundering. Today, Panama and her ready made infrastructure of facilities, ports and landing sites is perfectly situated to expedite the gathering and processing of intelligence on threatening situations, as well as the command and control of multilateral forces aimed at the interdiction and shut-down of illicit operations throughout the region.

Panama—Key Facts:	
Population:	2,680,000 (July 1995)
Labor Force:	979,000
Literacy:	89 %
Land Mass:	78,200 sq. km. (Comparable to South Carolina)
Maritime Coastline:	2,490 km.
Resources:	copper, forests, shrimp, coffee, gold.

Yet the pace of U.S. military withdrawal accelerates. The U.S. Southern Command headquarters will be installed in Miami by September 1997, and the U.S. Army South may move to Puerto Rico soon thereafter. The United States is losing its capability for rapid reaction. The possibility that regional powers will develop a significant capability to address foreign crisis situations is not realistic for the foreseeable future.

Panamanian Interest in Preserving a U.S. Presence

Senior Panamanian government officials, along with 74% of Panamanian citizens recently polled, have expressed a keen interest in preserving some U.S. military presence after 1999. Public support drops to about 50 percent if no U.S. base rent is paid. Support for U.S. bases is linked to the realization that the direct annual contribution into the Panamanian economy by U.S. military forces has been in the annual range of \$350 million. Equally important, the presence of U.S. forces is understood to contribute to international confidence in the political stability of Panama, a factor that helps ensure continued investment in Panama's future.

Although some have expressed reservations over a continued military relationship-linked to the perception of lost sovereignty-the apprehension of the majority for a total withdrawal clearly outweighs that of those who argue for "full independence." Indeed, there has been a "special relationship" between our two countries since 1903, and the desire for this to continue, albeit in a modified fashion, persists.

The Multinational Counter-Narcotics Center (MCC)

As is the case with anything involving bilateral relations with Panama, details often interfere

1995 Cocaine Seizures	
United States	98 metric tons
Other Consumer Nations	21 metric tons
Transit Zone	49 metric tons
South America	81 metric tons
Total Seized	249 metric tons
<hr/>	
Potential Production	780 metric tons
U.S. Demand	300 metric tons
Unknown Destination	231 metric tons

with the attainment of the overall objective. Given a sincere and firm commitment by both states to preserve a U.S. military presence in Panama, the question is in what manner and under what conditions can this be achieved. President Perez Balladares himself proposed a vehicle for a continued U.S. presence, in a different form and for a somewhat different purpose than at present. He supports a Multinational Counter-Narcotics Center to deal with the threat to the region from the international drug cartels. The threat is growing. Without a continued application of all the instruments of detection, monitoring, interdiction and apprehension, the current trend toward success will be reversed. The MCC would give Panama a key role in enhancing regional security operations.

Over one third of the estimated 780 metric tons of cocaine produced in the Andean region ends up in the United States. Since the ouster of General Manuel Noriega seven years ago, U.S. military contributions to the campaign against the Colombian cartels has been largely managed from Panama. AWACs and P-3s fly from Howard Air Force Base. The surveillance of small aircraft flying drug cargoes up the west coast of Central America into Mexico has been monitored out of Panama. The operational success has resulted in higher prices for product on the streets, the more costly transit of

Major Military Operating Areas

Howard* Air Force Base:	Air operations and transport center
Fort Kobbe:	U.S. Army housing and training
Rodman Naval Station:	U.S. Navy training and harbor control operations
Fort Clayton:	HQ USARSO
Quarry Heights:	HQ USSOUTHCOM
Fort Sherman:	Jungle Training Center

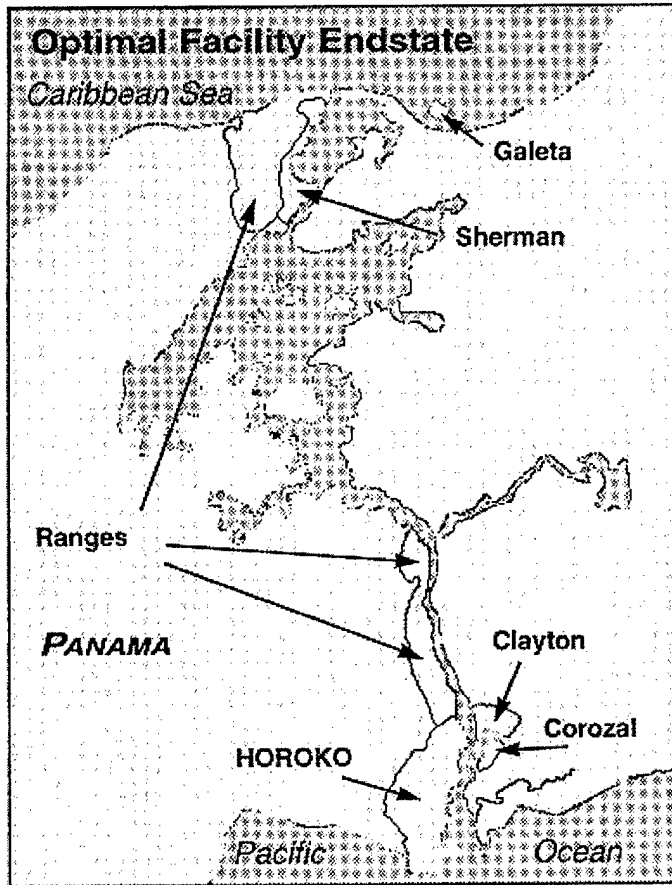
*Howard, Kobbe, and Rodman are collectively known as HOROKO.

merchandise into the United States and an 18% reduction of coca production in Peru because of the difficulty of getting it out of the country. This continued, forceful impact on the drug industry cannot be ensured if regional operations are moved in their entirety back to CONUS.

The MCC Concept

The MCC would serve as the nerve center for the coordination of regional efforts to impede the growth of coca and opium which lead to the production, transit and distribution of cocaine and heroin from Colombia, Bolivia and Peru to the United States, Europe and Asia. As such, once the MCC concept is formalized through a bilateral agreement between Panama and the United States, other interested nations would accede to the agreement and contribute liaison officers as well as intelligence feeds into the center. The MCC would not be the base for launching strikes against drug production centers; rather, it would provide C3I capabilities in a coordinated multinational campaign against these elements.

The United States estimates that a contribution of approximately 2,500 U.S. military personnel would adequately address the capabilities required to manage the fusion center, air control operations and liaison functions with the other international contingents. Such a center would be most efficiently located in the existing facilities at Howard AFB and would be supported by housing, life support and other accommodations in what is currently the Kobbe Army installation. The MCC arrangement would have to provide U.S. forces with a proper standard of living for U.S. personnel and their adequate protection. In addition, such a center would need to ensure that command and control of U.S. forces contributing to combined operations would be retained in U.S. channels and that these forces would be available for possible multipurpose missions such as search and rescue, or humanitarian operations throughout the region.



In elaborating the MCC concept, additional capability would be achieved by the inclusion of docking facilities at Rodman Naval Station so that riverine and harbor patrol operations could be included in a training program for regional maritime forces. Also, given the mountainous and jungle terrain in which much of the drug production is carried out, the jungle training courses conducted at Fort Sherman could be incorporated into the modernization and professionalization of regional military and law enforcement organizations.

Making the MCC Concept a Reality

All of the above is feasible and desirable if the democratic nations of the region continue to want to challenge the ability of the drug cartels to threaten their political and economic stability. However, if the United States and Panama do not agree soon on the establishment of the MCC, an historic opportunity may pass. If this issue is allowed to enter into the political campaign rhetoric of national elections in both countries—Panama in 1999 and the United States in 2000—it could be inflamed or distorted by political passions in either country.

It is likewise clear that there is a recognition, on both sides, of each other's particular needs and requirements. The U.S. side realizes that the full trappings of previous basing arrangements are politically unacceptable to Panama and that creative solutions are needed to define the jurisdictional statutes under which U.S. military personnel would serve in a post-1999 Panama. Likewise Panamanian national leadership recognizes that without the United States, the MCC will not happen, and that only the United States possesses the resources required to make such a concept operational, thereby

enhancing Panama's regional and international prestige and its security.

It will be difficult to bring this to closure, but the momentum is on the side of success because all of these issues pale in comparison to those present when the original canal treaties were addressed in the late 1970s. For the strategic relationship to continue, both sides understand the overriding need for deliberate compromise without sacrificing fundamental national interests. It has been done before but time is running out.

Recommendations

- The U.S. Government should support the MCC concept as currently under development by the Government of Panama and USSOUTHCOM.
- The pace and intensity of the informal talks should accelerate and move quickly to formal negotiations.
- Panama should accept and approve U.S. requirements for adequate force protection, quality of life, operational flexibility and C3 of U.S. forces.
- The United States should develop a security assistance package to support full Panamanian integration into MCC capabilities.
- The Panamanian government should begin now to build a national and regional consensus on supporting the establishment of the MCC.

Dr. Hans Binnendijk, director of INSS and Mr. L. Erik Kjonnerod, a noted Latin American specialist, currently the Senior Policy Advisor in the INSS Wargaming and Simulation Center, visited Panama in June 1997. For more information contact Dr. Binnendijk at 202-685-3838, or Mr. Kjonnerod at 202-685-4685, by fax at 202-685-4272, or e-mail at kjonnerode@ndu.edu.

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