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Western Hemisphere

THE PANAMA SITUATION

Panamanian President Chiari remains under intense pressure to persist in his effort to secure a complete revision of the canal agreements with the United States. The Communists and pro-Castro elements, as well as politicians looking toward the national elections scheduled for May, are at work to keep feeling inside the country stirred up. If the growing economic and political pressures on Chiari are not alleviated soon, he may resign or be ousted.

In an effort to put pressure on the US, Panama's ambassador to the UN, Aquilino Boyd, indicated to Ambassador Stevenson on 21 January that his country will not weaken its insistence that the US agree to negotiate a new treaty. He said that President Chiari has reached "the point of no return" on this issue, and complained that he himself is being criticized at home for taking too "soft" a line with the US.

Boyd also asserted that he has instructions to find out whether "non - Latin American countries" would support a call for a special session of the General Assembly if Panama's present effort to convene on OAS foreign ministers' meeting falls through.

Juan de Arco Galindo, presidential candidate of Panama's leading opposition coalition (OA), made a comparatively temperate public appeal in a 22 January TV

speech, but he still called for a new canal treaty. [REDACTED]

The Panamanian Communist party (PdP), caught short by the recent outbreak of violence, is probably making preparations to exploit any future opportunities. PdP President Hugo Victor left on 21 January for Moscow. The pro-Castro Vanguard for National Action (VAN), which incited much of the violence among students, has gained new impetus from its success in pressing Chiari into his adamant position. The VAN is expecting further support from Cuba.

Bankers in Panama report that the economic situation continues to deteriorate and that, in the case of the First National City Bank branch in Panama alone, \$5 million of foreign deposits had been sent out of the country as of 22 January. [REDACTED]

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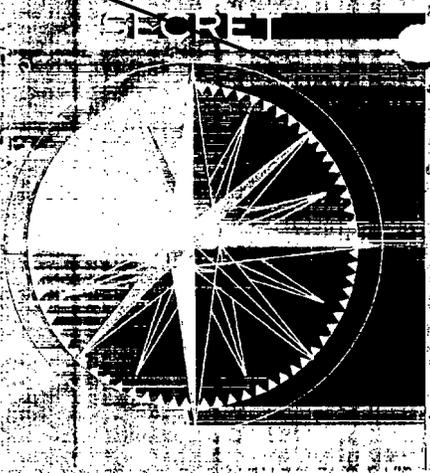
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WEEKLY SUMMARY

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