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TOR:010554Z SEP 73

RR RUEAIIB
 ZNY SSSSS ZOC STATE ZEH
 ESA122AAB311
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 DE RUESVA #4686 2432345
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 R 312210Z AUG 73
 FM AMEMBASSY PANAMA ✓
 TO RUEHC/SECSTATE WASHDC 8432
 INFO RUESGT/AMEMBASSY GUATEMALA 1823
 RUESMG/AMEMBASSY MANAGUA 1483
 RUESAL/AMEMBASSY SAN SALVADOR 1170
 RUESJO/AMEMBASSY SAN JOSE 1679
 RUESTE/AMEMBASSY TEGUCIGALPA 1251
 RULPALJ/USCINCSO
 RUESAS/AMEMBASSY ASUNCION 608 ✓
 RUESBG/AMEMBASSY BOGOTA 2220
 RUESUZ/AMEMBASSY BRASILIA 466
 RUEHCR/AMEMBASSY BRIDGETOWN 108
 RUESBA/AMEMBASSY BUENOS AIRES 1179
 RUESRS/AMEMBASSY CARACAS 987
 RUESON/AMEMBASSY GEORGETOWN 303
 RUESKN/AMEMBASSY KINGSTON 482
 RUESLZ/AMEMBASSY LA PAZ 1085
 RUESLM/AMEMBASSY LIMA 1314
 RUESMO/AMEMBASSY MEXICO 2105
 RUESDO/AMEMBASSY MONTEVIDEO 718
 RUESPR/AMEMBASSY PORT AU PRINCE 378
 RUEHSP/AMEMBASSY PORT OF SPAIN 106
 RUESQI/AMEMBASSY QUITO 1463
 RUESNA/AMEMBASSY SANTIAGO 960
 RUESSD/AMEMBASSY SANTO DOMINGO 933
 BT
 SECRET PANAMA 4686

1. C/WH
 2. C/WH
 3. C/WH/FS
 4. C/WH/FS

E.O. 11652: GDS
 TAGS: PFOR, MARR, PQ
 SUBJECT: TRANSFER OF USSOUTHCOM

REF: STATE 164406

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S E C R E T

GROUP 1
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1. SUMMARY: ACTIVITIES OF USSOUTHCOM AND U.S. MILITARY SERVICES IN PANAMA ARE PART OF OVERALL U.S. PARTICIPATION IN HEMISPHERIC DEFENSE IN ADDITION TO SPECIFIC ROLE OF DEFENSE OF PANAMA CANAL. ACTION ON SOUTHCOM SHOULD THEREFORE BE CONSIDERED IN CONTEXT U.S. POLICY TOWARD LATIN AMERICA AND HEMISPHERIC DEFENSE ARRANGEMENTS US WOULD LIKE TO HAVE OVER NEXT DECADE OR TWO. EXISTING DEFENSE ARRANGEMENTS ARE OUTGROWTH OF WWII AND DO NOT MEET OUR PRESENT DIPLOMATIC, POLITICAL OR DEFENSE NEEDS. GOP HAS STATED IT HAS NO OBJECTION TO USE OF US FORCES IN PANAMA FOR SAFETY OR PROTECTION OF CANAL BUT CONSIDERS HEMISPHERIC RESPONSIBILITIES OF SOUTHCOM AS VIOLATION OF 1903 CANAL CONVENTION WHICH PERMITS USE OF US ARMED FORCES FOR CANAL DEFENSE ONLY. END SUMMARY.

2. PRESIDENT'S POLICY IS TO ESTABLISH PARTNERSHIP WITH LATIN AMERICA IN WHICH ALL VOICES ARE HEARD AND NONE IS PREDOMINANT. OUR ASSISTANCE ACTIVITIES ARE TO BE IN SUPPORT OF LATIN AMERICAN INITIATIVES TO BE ACHIEVED ON MULTILATERAL BASIS WITHIN INTER-AMERICAN SYSTEM. THIS POLICY WAS DEVELOPED IN RESPONSE TO CURRENT REALITIES IN LATIN AMERICAN AND OUR RELATIONS WITH AREA. THE CONCEPT AND ORGANIZATION FOR CONDUCT OF U.S. MILITARY RELATIONS WITH LATIN AMERICAN WITH SOME EXCEPTIONS ARE OUT-OF-STEP WITH THIS POLICY.

A. INTER-AMERICAN DEFENSE BOARD WAS ESTABLISHED DURING WWII AND IS LOCATED IN U.S. UNDER CHAIRMANSHIP OF U.S. GENERAL. IADB STAFF DIRECTOR IS ALSO U.S. GENERAL. THIS BODY HAS NOT DEVELOPED ANY AGREED CONCEPT OR PLANS FOR HEMISPHERIC DEFENSE SINCE WWII.

B. SOUTHCOM WAS UNILATERALLY ESTABLISHED BY US IN 1963 TO COORDINATE U.S. MILITARY ACTIVITIES IN LATIN AMERICA.

C. INTER-AMERICAN DEFENSE COLLEGE IN WASHINGTON IS RUN BY U.S.

D. U.S. MILITARY ASSISTANCE IS PROVIDED BILATERALLY ESSENTIALLY ON BASIS OF DEFENSE AND SECURITY CONCEPTS ESTABLISHED BY U.S. LATIN AMERICAN ACCEPTED OUR CON-

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CEPTS SO LONG AS THEY WERE BACKED UP BY GRANT MILITARY ASSISTANCE BUT REJECTED THEM AS SOON AS LATIN AMERICA BEGAN TO PAY ITS OWN WAY.

EM THERE IS LITTLE DIRECT COMMUNICATION ON SUBSTANTIVE MATTERS BETWEEN PRINCIPAL U.S. CIVILIAN DEFENSE AND MILITARY LEADERS AND THOSE OF LATIN AMERICA, ESPECIALLY MAJOR POWERS SUCH AS BRAZIL, ARGENTINA, COLOMBIA, ETC. RELATIONS ARE HANDLED BY MILGPS AND SOUTHCOM BUT THERE IS NO SUBSTITUTE FOR PERIODIC MEETINGS AT TOP DEFENSE LEVELS IF WE ARE TO ESTABLISH AND MAINTAIN EFFECTIVE AND WORKABLE DEFENSE ARRANGEMENTS.

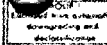
F. THERE ARE PERIODIC MULTILATERAL MEETINGS ON SERVICE BASIS BUT THERE IS NO MULTILATERAL COORDINATION AMONG SERVICES NOR IS THERE ANY MULTILATERAL UNDERSTANDING AT THE POLITICAL LEVEL (DEFENSE MINISTERS) ON DEFENSE MATERS. THERE ARE MULTILATERAL TRAINING EXERCISES SUCH AS UNITAS.

3. WE NEED A COMPLETE OVERHAUL OF HEMISPHERIC DEFENSE ARRANGEMENTS WHICH WOULD PUT THEM ON MULTILATERAL BASIS AND ADJUST THEM TO U.S. SECURITY NEEDS AND PRESENT POLITICAL REALITIES IN THE HEMISPHERE. THE FIRST STEP IN THIS OVERHAUL SHOULD BE AN INFORMAL MEETING AT MINISTER OF DEFENSE LEVEL TO DISCUSS DEFENSE PROBLEMS OF HEMISPHERE INCLUDING HOW THEY RELATE TO DEFENSE SITUATION IN REST OF WORLD. CANADA SHOULD PARTICIPATE. OBJECTIVE SHOULD NOT BE TO CONCLUDE ANY NEW OVERALL TREATY OR AGREEMENT BUT TO OBTAIN BETTER UNDERSTANDING OF DEFENSE SITUATION AND ESTABLISH BETTER SYSTEM FOR REGULAR CONSULTATION AMONG RESPONSIBLE DEFENSE OFFICIALS. FROM SUCH A MEETING COULD EMERGE DECISION FOR STUDY GROUP TO DEVELOP DEFENSE CONCEPT AND MORE EFFECTIVE MULTILATERAL ARRANGEMENTS FOR DISCUSSION AND COORDINATION OF DEFENSE MATTERS. IADB IN WASHINGTON IS NOT APPROPRIATE BODY TO DO THIS BECAUSE IT IS COMPOSED PRIMARILY OF LATIN OFFICERS OUT OF FAVOR WITH THEIR GOVERNMENTS AND SOME LATIN COUNTRIES SUCH AS MEXICO ARE OPPOSED TO HAVING DEFENSE POLICY DEVELOPED AND EXECUTED AT MILITARY LEVEL. A

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NEW MULTILATERAL ARRANGEMENT FOR HEMISPHERIC DEFENSE WOULD BY DEFINITION REQUIRE THE U.S. TO RELINQUISH THE UNILATERAL ROLE IT HAS ASSUMED AND TO TRANSFER SOUTHCOM TO U.S. AND REORGANIZE IT SO WOULD BE IN HARMONY WITH THE NEW MULTILATERAL ARRANGEMENT.

4. PANAMA DOES NOT OBJECT TO PRESENCE OF U.S. ARMED FORCES FOR CANAL DEFENSE. IT TAKES PRIDE IN PRESENCE OF MILITARY SCHOOLS UNDER CONTROL OF U.S. ARMY AND U.S. AIR FORCE AT FORT GULICK AND ALBROOK AFB. PANAMA IS ONE OF PRINCIPAL USERS OF SCHOOLS. PANAMA IS ALSO ONE OF PRINCIPAL USERS OF SCHOOLS. PANAMA IS ALSO ONE OF PRINCIPAL USERS OF SEARCH AND RESCUE. PANAMA HAS INDICATED IN TREATY NEGOTIATION IT WOULD AGREE TO RETAIN THESE ACTIVITIES. BUT PANAMA OBJECTS STRONGLY TO PRESENCE OF STRATEGIC MILITARY HEADQUARTERS WHICH HAS RESPONSIBILITY BEYOND CANAL DEFENSE AND THIS IS DIPLOMATIC/POLITICAL ISSUE WITH PANAMA. PANAMA NOTES THAT 1901 TREATY BETWEEN U.S. AND GREAT BRITAIN, WHICH WAS INCORPORATED BY REFERENCE INTO 1903 CANAL CONVENTION, PROVIDES THAT ISTHMUS WOULD NOT BE FORTIFIED EXCEPT U.S. AT LIBERTY TO USE MILITARY POLICE ALONG CANAL TO MAINTAIN ORDER. THUS PANAMA INSISTS THAT U.S. HAS NO RIGHT UNDER TREATIES TO STATION MILITARY FORCES IN PANAMA FOR MILITARY MISSION OTHER THAN CANAL DEFENSE. IN DOING SO PANAMA CONTENDS U.S. HAS VIOLATED NEUTRALITY PROVISIONS OF 1903 CANAL CONVENTION.
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MEMORANDUM FOR:

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*In case you haven't seen,
this seems to me to
show how this
Southcom aspect is
shaping up.*

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9/73
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