Originally Processed With FOIA(s):
2005-0954-MR; 2004-0722-F; 2005-0992-F; 2005-1003-F;

FOIA Number:
S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: National Security Council
Series: H-Files
Subseries: NSC Meetings Files

OA/ID Number: 90000
Folder ID Number: 90000-015

Folder Title:
NSC0012 - April 28, 1989 - Panama [2]

Stack:	Row:	Section:	Shelf:	Position:
V	0	0	0	0

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	From G. Philip Hughes to J. Stapleton Roy et al re Draft Policy Paper for NSC Meeting (1 pp.)	4/27/89	(b)(1)	S
01aa. List	Distribution Record (1 pp.)	4/27/89	(b)(3)	
01b. Memo	For Brent Scowcroft from J. Stapleton Roy re Panama Policy (1 pp.)	4/25/89	(b)(1)	S
01c. Report	re Panama Policy (16 pp.)	n.d.	(b)(1)	S
01d. Table	Economic Statistics for Panama (Tab A) (1 pp.)	n.d.	(b)(1)	
01e. Table	re Current Composition (Tab B) (1 pp.)	n.d.	(b)(1)	C
01f. Report	Re: Panama: The Impact on the Defense Forces of a Snatch Operation Against Noriega [FOIA EXEMPTIONS REDACTED] (4 pp.)	4/25/89	(b)(1); (b)(3)	S
01g. Chronology	U.S. Economic Sanctions (Tab D) (3 pp.)	n.d.	(b)(1)	C
01h. Report	re Electoral Support (Tab E) (2 pp.)	n.d.	(b)(1)	S
01i. Report	Panama: The Post-Election Political Landscape [FOIA RESTRICTIONS REDACTED] (6 pp.)	4/24/89	(b)(1), (b)(3)	S

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: H-Files
Subseries: NSC Meetings Files
WHORM Cat.:
File Location: NSC0012 - April 28, 1989 - Panama [2]

Pinksheet Number: bc163
OA/ID Number: 90000-015
Date Closed: 3/24/2008
FOIA/Sys Case #: 2005-0954-MR
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01j. List	Opportunities and Vulnerabilities (Tab G) (2 pp.)	n.d.	(b)(1)	S
01k. Report	re Current Crisis (Tab H) (5 pp.)	n.d.	(b)(1)	S
01l. Table	re U.S. Presence in Panama (Tab I) (1 pp.)	n.d.	(b)(1)	
01m. Report	Strategic Alternatives (Tab J) (6 pp.)	n.d.	(b)(1)	S
01n. Report	re Contacts (Tab K) [FOIA EXEMPTIONS REDACTED] (1 pp.)	n.d.	(b)(1)	S
01o. Report	The Dilemma of the Indictments (Tab L) (2 pp.)	n.d.	(b)(1)	S
01p. Report	Inventory of Protective Actions (Tab M) (1 pp.)	n.d.	(b)(1)	S
01q. Memo	For G. Philip Hughes from David Pacelli re Distribution of Draft Policy Paper (1 pp.)	4/27/89	(b)(1)	S
01r. Memo	From G. Philip Hughes for J. Stapleton Roy et al re Draft Policy Paper (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: H-Files
Subseries: NSC Meetings Files
WHORM Cat.:
File Location: NSC0012 - April 28, 1989 - Panama [2]

Pinksheet Number: bc163
OA/ID Number: 90000-015
Date Closed: 3/24/2008
FOIA/Sys Case #: 2005-0954-MR
Re-review Case #:
P-2/P-5 Review Case #:

~~SECRET~~

NSC/S PROFILE

RECORD ID: 8920370
RECEIVED: 26 APR 89 10

TO: AGENCIES

FROM: HUGHES

DOC DATE: 27 APR 89
SOURCE REF:

KEYWORDS: PANAMA PCC

PERSONS:

SUBJECT: NOTIFICATION OF NSC MTG ON 18 APR RE PANAMA

ACTION: HUGHES SGD MEMO TO AGENCIES DUE DATE: 17 APR 90 STATUS: C

STAFF OFFICER: PACELLI LOGREF: 8920426 8920437

FILES: IFM O NSCP: NS0012 CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION FOR CONCURRENCE FOR INFO

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: LF CLOSED BY: GD DOC 3 OF 3

~~SECRET~~

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS
blc 3/13/08

~~SECRET~~ RECORD ID: 8920370

ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001	PACELLI	Z	89042610	PREPARE MEMO FOR SCOWCROFT
002	HUGHES	Z	89042713	FOR DECISION
002		X	89042720	HUGHES APPROVED RECOM
003		X	89042710	HUGHES SGD MEMO TO AGENCIES

National Security Council
The White House

PROOFED BY: [redacted]

URGENT NOT PROOFED: ✓

BYPASSED WW DESK: _____

LOG # 20370

SYSTEM PRS (NSC) INT

DOCLOG [redacted] A/O _____

89 APR 27 P12:02

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep Exec	1	MD	A
Philip Hughes	2	APH	A
Bob Gates			
Brent Scowcroft			
Philip Hughes			
Situation Room			
West Wing Desk	3	GAD 4/27	DN
NSC Secretariat	4	LMS 5/16/90	R

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____ (Date/Time)

COMMENTS

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01aa. List	Distribution Record (1 pp.)	4/27/89	(b)(3)	

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: H-Files
Subseries: NSC Meetings Files
WHORM Cat.:
File Location: NSC0012 - April 28, 1989 - Panama [2]

Date Closed: 3/24/2008	**OA/ID Number:** 90000-015
FOIA/SYS Case #: 2005-0954-MR	**Appeal Case #:**
Re-review Case #:	**Appeal Disposition:**
P-2/P-5 Review Case #:	**Disposition Date:**
AR Case #:	**MR Case #:**
AR Disposition:	**MR Disposition:**
AR Disposition Date:	**MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

~~SECRET~~

~~SECRET~~

20370

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

April 27, 1989

MEMORANDUM FOR MR. J. STAPLETON ROY
EXECUTIVE SECRETARY
DEPARTMENT OF STATE

COL GEORGE P. COLE, JR.
EXECUTIVE SECRETARY
DEPARTMENT OF DEFENSE

MR. ROBIN ROSS
CHIEF OF STAFF
DEPARTMENT OF JUSTICE

MR. H. LAWRENCE SANDALL
EXECUTIVE SECRETARY
CENTRAL INTELLIGENCE AGENCY

CAPT ANTHONY MANESS
EXECUTIVE ASSISTANT TO THE CHAIRMAN
JOINT CHIEFS OF STAFF

SUBJECT: Draft Policy Paper for NSC Meeting (principals only) on Panama (S)

Attached at Tab A is a draft policy paper on Panama to be distributed on an eyes only basis to principals in preparation for a meeting with the President on April 28, 1989 at 3:15 p.m. The paper is the result of an inter-agency working group of representatives from NSC, the Department of State, the Department of Defense, JCS, and the CIA, but it is not a fully coordinated inter-agency paper. (S)

G. Philip Hughes
Executive Secretary

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
SCS 2/28/13

~~SECRET~~
Declassify on: OADR

~~SECRET~~

United States Department of State

Washington, D.C. 20520

20370

April 25, 1989

~~SECRET~~/NODIS

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Panama Policy

Attached herewith is a draft policy paper, developed in response to recent tasking by the Deputies Committee. The paper was prepared by a small team consisting of representatives from your staff, CIA, JCS, OSD(ISA), and State Policy Coordinating Committee. The paper has not been formally cleared by any agency.

J. Stapleton Roy
Executive Secretary

Attachment:
Draft Policy Paper

~~SECRET~~/NODIS
DECL:OADR

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
7/18/12

WHITE HOUSE

89 APR 25 P11 : 22

SITUATION ROOM

PANAMA POLICY

Index

	Subject	Page
	Overview	i
I.	U.S. Interests in Panama	1
II.	The Present Situation and How We Got There	3
III.	U.S. Policy: Unsustainability of status quo	6
IV.	Option I: Accommodation	8
V.	Option II: Removal of Noriega by Credible Threat of Use of Military Force	11

Tabs

A. Economic Statistics for Panama

B. Current Composition of the PDF

C. PDF After Noriega

D. U.S. Economic Sanctions

E. U.S. Electoral Support Activities

F. The Post-election Political Landscape

G. Opportunities and Vulnerabilities

H. The Dilemma of the Panama Canal Treaties

I. U.S. Presence in Panama

J. Strategic Alternatives

K. Current U.S. Contacts With the Regime

L. The Dilemma of the Indictments

M. Inventory of Protective Actions

DECLASSIFIED
E.O. 13526, Sec. 3.3
GB-2020-0133-MR/NW 85781
By SAC, NARA, Date 4/23/2026

~~SECRET/NODIS~~

NATIONAL POLICY REVIEW

U.S. Policy toward Panama

Overview

The United States is at a crisis juncture with respect to its policy toward Panama. Since June 1987, internal differences have worked against the development of a coherent U.S. Panama policy. The indictments issued against General Noriega in February 1988 deepened the political crisis within Panama, within the bilateral relationship and within the USG. For nearly two years, the USG has temporized on fundamental policy choices and tried to manage what is approaching the unmanageable in Panama. This course has surrendered the political and operational initiative to Noriega, placed the U.S. citizen community and Canal/SOUTHCOM operations at risk, kept the U.S. in a reactive posture, and left the Administration exposed to constant broadsides from Congress, the media and the concerned public. In our view, the status quo cannot be sustained.

The political struggle in Panama is presently focused on the May 7 election. Noriega's aim is for an election which will maintain and legitimize his hold on power. Profoundly unpopular in Panama, he is prepared to deploy an exceptionally wide variety of measures to subvert the electoral process and repress Panamanian reaction to a stolen election. If he is successful, we will no longer be able to rely on active internal dissent to keep pressure on the regime, and domestic criticism of the present U.S. policy will increase substantially.

Soon after the election, we risk major confrontation with Congress over the 1977 Panama Canal Treaties. On September 1, President Delvalle's term ends. The U.S. must have decided by that date whether or not to allow the turn-over of frozen Panamanian assets in U.S. banks and escrowed U.S. Treaty payments or face domestic, Latin American and international criticism for violating the Treaty. Similiarly, the U.S. has a Treaty obligation to appoint a Panamanian citizen nominated by the government of Panama as Administrator of the Panama Canal

Commission by January 1, 1990. Senate confirmation is required, thus placing the Administration on another collision course with Congress unless a policy to resolve the crisis is in place.

The essence of the policy dilemma at this point is that every alternative with respect to Panama has substantial, even high, costs. What are we prepared to do to get Noriega out? Are we prepared to use the indictments as leverage? Are we prepared to give guarantees on extradition? Are we prepared to use force?

What are we prepared to live with if we cannot, for whatever reason, take the action needed to get Noriega out? Would the American people and the Congress accept the transfer of the Canal to Noriega and a politicized, corrupt PDF? Are we prepared to abrogate the Treaty? Are we prepared to write off U.S. interests in Panama or maintain that these interests will not be affected by the entrenchment of a corrupt, repressive regime operated by a military Mafia?

The U.S. must choose quickly between two fundamental options. We can decide to reach accommodation with Noriega or we can decide to remove him. This paper spells out the costs and the benefits of these two options. There is an immediate, urgent need for a policy decision. The strategic interests of the U.S. in Panama are at risk, as is the security of the U.S. citizen community in Panama and the viability of our commitment to operate and defend the Canal.

~~SECRET/NODIS~~

NATIONAL POLICY REVIEW

U.S. POLICY TOWARD PANAMA

I. U.S. Interests in Panama

From the beginning of the century, our overriding interest in Panama has been to maintain a stable environment for the operation of the Canal and our bases. Unlike Guantanamo, the Canal and U.S. installations are so intertwined with the Panamanian population centers that they cannot be insulated from the effects of instability in Panama. This physical reality has led to controversial steps by U.S. Presidents since 1903 - ranging from military intervention to concessions to Panamanian nationalism - to maintain a stable political environment as the essential prerequisite for sustaining U.S. interests on the Isthmus.

At present, the U.S. has a range of interrelated strategic interests in Panama:

-- Unhindered access to the Canal for military and commercial purposes. The U.S. is now and will likely remain the major user of the Canal into the next century. Uninterrupted and efficient operation of the waterway is important to the U.S. and its trading partners, especially Japan, and is vital to many other trading nations around the world, particularly those in Latin America. Under the terms of the 1977 Panama Canal Treaty, Panama will operate the Canal after 1999. (The chart at Tab A provides some relevant data on the Canal.)

-- Long term access to and use of the Isthmus for U.S. military and intelligence needs. As a beneficiary of its historically unique position on the Isthmus, the U.S. presently has an array of military bases and intelligence collection facilities which would be difficult, if not impossible, to replicate elsewhere. A U.S. military presence in Panama has psychological and logistical advantages in supporting U.S. interests within the hemisphere, as well as being available for possible use in crisis situations.

-- Panamanian support for U.S. policies and objectives in Central America. Panama occupies a strategically sensitive position in a region undergoing wrenching political change. The denial of Panama as a base for regional terrorism and insurgency and as a site for Soviet, Cuban and anti-democratic

forces activities is a vital U.S. interest.

-- Cooperation in the fight against drug trafficking. Given Panama's attractiveness as a drug transshipment and money-laundering center, Panamanian cooperation in U.S. anti-drug efforts is essential if they are to be effective. Noriega occupies the paradoxical position of providing significant ongoing cooperation on drugs while being the only de facto head of government under indictment for drug trafficking.

-- Economic stability and continued access for U.S. trade and investment. The U.S. commercial presence in Panama is among the largest in Latin America and is important in its own right. The overall U.S. presence is an important element in Panama's free-market economy, which in turn helps the Canal remain commercially competitive and underpins political stability.

Our decision to enter into the 1977 Panama Canal Treaties hinged upon the question of political stability. U.S. policymakers concluded that, absent concessions to Panamanian nationalism which the Treaties reflect, the environment in Panama would become so unstable as to threaten the efficient operation of the Canal. The U.S. embarked in 1979 on a twenty-year process to transfer the Canal to Panama; and we established a legal regime to promote neutral and efficient operation of the Canal thereafter. Central to our Treaty policy has been our commitment to support a return to civilian democratic rule in Panama. Until the de facto coup by Noriega in February 1988, U.S. policy was aimed at supporting the constitutional process and maintaining pressure on Panama's political and military leadership to honor the Torrijos commitment to democratization. Panama's stability has been disrupted by Noriega's unwillingness to lead the military institution into an authentic sharing of power with the civilian political forces in the country. The instability generated by the lack of movement from an authoritarian and corrupt military dictatorship to an open electoral democracy places long-standing U.S. interests at risk.

II. The Present Situation

The proximate cause of the current crisis was Noriega's failure to honor the agreement among National Guard colonels, following Torrijos' death in 1981, to take turns as military commander. When Noriega forced the retirement of his deputy, Col. Roberto Diaz Herrera, in June 1987, Herrera publicly charged that the military (himself included) were implicated in corruption, electoral fraud and the murder of regime opponent Hugo Spadafora. An extended period of spontaneous street demonstrations and general strikes followed. The U.S. maintained its role as an honest broker seeking a resolution of the crisis between the regime and the opposition, despite a Congressional cut-off of U.S. aid, anti-Noriega Sense of Congress resolutions, and increasing media and public criticism of our relationship with Noriega, until he was indicted by two Florida grand juries on drug trafficking charges in February 1988.

The indictments precluded virtually all contact with Noriega to avoid risk of complicating the prosecution and because he was becoming foreign public enemy number one in the U.S. The indictments also served to confirm anti-Noriega feeling in Panama and raise expectations that the U.S. would act decisively to rid Panama of a general nemesis.

President Delvalle's attempt to fire Noriega and Noriega's seizure of the government under the veneer of an impeachment of Delvalle left the U.S. with the stark choice of acquiescing in a coup by an indicted drug trafficker or continued recognition of an elected civilian President. We spoke out in support of democratic, constitutional government, and our continued recognition of Delvalle gave him the legal capacity to deny Noriega access to Panamanian government funds in the U.S. On March 16, a group of officers within the Panama Defense Forces (PDF) attempted a coup to remove Noriega; the failure of the coup allowed Noriega to purge the PDF of nearly a fourth of its officer corps. (The chart at Tab B presents the current size and composition of the PDF; a CIA analysis of the PDF after Noriega is at Tab C.)

Divisions within the USG precluded development of a strategy to bring the crisis to a rapid conclusion. Some favored a series of measures designed to enhance the effectiveness of opposition street demonstrations and a general strike then underway. Others were concerned that such U.S. involvement would prove ineffective, could lead to retaliation against military personnel and installations and to pressures within the U.S. for a military solution. As a compromise, U.S. economic sanctions were imposed in April 1988 to increase pressure on the regime.

Negotiations with Noriega were authorized in April 1988 after eliciting a credible offer of negotiations covering Noriega's departure. These face-to-face negotiations produced an agreement involving his retirement from the PDF and departure from Panama through the 1989 elections in return for restoration of freedoms permitting the formation of a transitional government and dropping the U.S. sanctions and the indictments. Noriega claimed he would sign if given additional time to sell the deal to his military; the U.S. declined to delay given our doubts as to Noriega's sincerity and in a climate of growing public and congressional opposition to dropping the indictments. Since then, U.S. pressure has kept Noriega diplomatically and economically isolated, while continuance of U.S. economic sanctions enacted in April 1988 has imposed financial and political constraints on the Noriega regime. (The sanctions are discussed more fully at Tab D.) During the summer of 1988, we rebuffed several offers from Noriega to reinstate the agreement. No credible offers have been forthcoming from Noriega in recent months.

Latin American efforts in the spring of 1988 to mediate a solution led nowhere, despite U.S. encouragement. Latin interlocutors, such as Carlos Andres Perez of Venezuela, found Noriega unwilling to engage seriously and quickly withdrew from the scene. A subsequent effort by Carlos Andres Perez in December failed when Noriega did not carry through what Andres Perez had assumed to be an agreement. Andres Perez publicly denounced Noriega at that time.

Since the collapse of our negotiating effort, the U.S. has sought to continue a policy of building pressures on Noriega, but the strategy has never been fully implemented because of divisive internal differences and lack of Congressional support for key programs.

Noriega has since consolidated his control by placing loyalists in key military positions and beefing up his counterintelligence apparatus, with help from Cuba and Nicaragua. He does not believe the U.S. will intervene militarily or that opponents are strong enough to oust him on their own (on the latter point he is right). The military remains his most important constituency. He has supported a coup attempt in Argentina, perhaps in an attempt to force an end to his international isolation. He also knows that without stability and normalized relations with the U.S. he will be unable to restore confidence in Panama's battered service economy. (Under optimistic assumptions, recovery to pre-crisis levels would take at least five years under a stable regime which has normal relations with the U.S.) At the same time he is also unable to step down without fear of arrest by the U.S.

The situation at present is that Noriega has weathered pressures for him to leave. His government revenue situation continues to deteriorate, his efforts to divide the opposition have largely failed, he is isolated internationally (except for Cuba, Libya and Nicaragua), and he is exceptionally unpopular in Panama. (Polling shows over 85 percent of Panamanians want him out.) His key success has been in keeping his military on board with him through effective surveillance, intimidation and playing upon PDF fears of an institutional collapse should he depart precipitously. He has succeeded in contributing to U.S. paralysis by exploiting our internal divisions and skillfully employing harassment and threats designed to remind USG agencies of the vulnerability of our personnel and operations in Panama.

The political struggle in Panama is presently focused on the May 7 election. Noriega's aim is for an election which will maintain if not legitimize his hold on power, regardless of what it takes to win. The regime has deployed an exceptionally wide range of measures to subvert the electoral process, including manipulation of the electoral machinery and process, falsification of the results, curbs on independent election observers and the press, and direct intimidation.

The Department of State has mounted a concerted effort to encourage and assist observer missions from the U.S., including a bipartisan congressional delegation, and from Europe, Latin America and Asia. In cooperation with USIA, we are also

working to focus press attention on the election. Noriega countermeasures are aimed at limiting publicity about a stolen election through active measures to discourage independent observers and journalists from going to Panama. (A detailed description of U.S. electoral support activities is at Tab E; the post-election political landscape if the subject of a CIA analysis at Tab F.)

III. U.S. Policy: Unsustainability of the Status Quo

The essence of the U.S. policy dilemma is that every alternative with respect to Panama has, at this point, substantial, even high, costs. What are we prepared to do to get Noriega out? Are we prepared to use the indictments as leverage? Are we prepared to give guarantees on extradition? Are we prepared to use force? Are we prepared to justify the costs of U.S. direct action to remove Noriega, including involvement in a complex process of political transformation?

What are we prepared to live with if we cannot, for whatever reason, take the action needed to get Noriega out? Would the American people and the Congress accept the transfer of the Canal to Noriega and a politicized, corrupt PDF? Are we prepared to abrogate the Treaty? Are we prepared to say the U.S. has important interests at risk in Panama but there is nothing we can do to safeguard them, or that these interests will not be affected by the entrenchment of a corrupt, repressive regime operated by a military Mafia?

Our efforts concerning Panama over the past year have been successful in a number of respects:

-- Strong economic incentives and disincentives have been put in place. Not only has the regime been increasingly strapped for cash to meet its essential requirements (payrolls, government procurement), but more than $200 million has accumulated in escrow accounts or otherwise been denied to Noriega as a result of our sanctions and Delvalle's action freezing Government of Panama funds in the U.S.

-- International isolation of the regime has been maintained. Panama remains suspended from the Group of Eight; Latin and European governments maintain only the most formalistic, arms-length relations with the regime.

-- The internal political opposition is far more united and better organized than previously.

At the same time, our current policy approach is extremely vulnerable in a number of areas:

-- The countermeasures Noriega has instituted in light of our economic sanctions are increasingly effective. American business in Panama is actively lobbying for relaxation or termination of the sanctions. Both U.S. and Panamanian employees of the USG are similiarly pressing to end the sanctions, and threaten job actions which would close the Canal. Congress and the U.S. press are increasingly sympathetic to the argument that if we can't get rid of Noriega, we should cease punishing our own businessmen, employees and the Panamanian population.

-- If Noriega successfully represses the internal political opposition in the aftermath of a stolen election, we will no longer be able to rely on active internal dissent as a means of keeping pressure on the regime.

-- Delvalle's term ends September 1. The already legally questionable fig leaf provided by U.S. recognition of Delvalle as a basis for withholding Treaty payments will disappear. While the Latins have acquiesced in this rationale to date, it is doubtful they could politically justify countenancing U.S. failure to meet our Treaty obligations to pay. Thus, we would be faced with the choice of providing Noriega a financial windfall -- almost certain to face strong Congressional opposition -- or nakedly violating our Treaty obligations.

-- Similiarly, the U.S. has a Treaty obligation to appoint as Canal Administrator a Panamanian nominee proposed by the Government of Panama by January 1, 1990. Senate confirmation is required, and it is doubtful we could secure confirmation of any Noriega nominee. We would again be in stark violation of a major Treaty commitment.

-- Failure to resolve the Panama problem risks reopening a divisive domestic debate over the Panama Canal Treaties and vocal and unified Latin American criticism should we fail to meet our Treaty commitments. (Other vulnerabilities and opportunities offered by the present situation are discussed at Tab G; our Treaty dilemmas are examined more fully at Tab H.)

Maintaining the current policy toward Panama would include, inter alia, keeping all economic sanctions in force, prohibiting all USG assistance to the regime, continuing the ban on military cooperation as well as high-level contacts with the PDF, and non-recognition of the de facto regime. Such a course would confirm the existing policy of no accommodation with a Noriega-controlled regime, but the question of its sustainability must be addressed.

Maintenance of the status quo surrenders political and operational initiative to Noriega, places the U.S. citizen community at risk (See Tab I for a description of the U.S. citizen community), keeps the USG in a reactive posture, and leaves the Administration exposed to constant broadsides from Congress and the media.

In our view, the status quo cannot be sustained. Given U.S. vulnerability to regime pressures, the probability of a stolen election and the end of Delvalle's term as president on September 1, a fundamental policy choice can no longer be deferred. The USG must choose quickly. Broadly speaking, we have two options: we can decide to reach an accommodation with a regime controlled by Noriega, or we can decide to remove him. Hopefully, this latter course could be accomplished by credible threat of the use of military force; if necessary, however, we would employ military force to complete the task. (Various strategic alternatives which are inherent in these two broad choices are examined more fully at Tab J.) The next two sections examine the two basic options: accommodation or action to remove Noriega.

IV. Option I: Accommodation

This option is premised on the assumption that Noriega will succeed in restoring stability through repression following the scheduled election. Accommodation means acceptance of the de facto situation in Panama and the resumption of relations with a Noriega-controlled regime. We would not engage in any rapprochement with Noriega personally, but we would accept de facto his remaining in power in Panama while working diplomatically and politically to secure his eventual relinquishment of power. Panama would not receive any U.S. assistance, but we would permit the turn-over of the escrowed Panamanian funds to the regime (presently estimated to be more

than $200 million). We would attempt to secure promises of respect for human rights and civil liberties. We would probably withdraw the U.S. Ambassador and replace him with a Charge. The U.S. Forces, the Panama Canal Commission and U.S. law enforcement agencies would resume working relations with the regime. (Tab K describes the existing relationships between the Noriega regime and various USG agencies.)

The key questions which must be examined with regard to accommodation are:

-- Could Noriega maintain stability under the conditions set out above?

-- Is accommodation sustainable?

Pros:

-- Immediate pressures on workers/businessmen would cease; military, intelligence, law enforcement contacts would be enhanced.

-- Would offer some opportunity to influence events through dialogue, constructive engagement.

-- Relaxation of U.S. sanctions would help Noriega restore stability.

-- Resumption of relations will cause others to follow our lead, ending regime's isolation and contributing to stability.

Cons:

-- If Noriega restores stability through repression, internal opposition will be demoralized and blame U.S.

-- Could create a bitter Congressional and public backlash which could deal an extraordinary blow to Administration prestige and effectiveness: U.S. would be seen as having been defeated by a drug-dealing thug.

Offers no protection for U.S. strategic interests or Treaty objectives; without leverage, no realistic prospects of being able to pursue U.S. interests or objectives through negotiations with a Noriega regime.

-- Long term economic and political outlook would accelerate a trend by Canal users to seek alternatives, with growing negative impact on Canal competitiveness.

-- Would be a blow to regional credibility, especially with regard to acceptance of military coups.

-- Congressional support required for appropriation of Canal payments, confirmation of Administrator - otherwise we will have the same problems as with current policy, plus divisive replay of Canal debate of 1970's intensity, enormous diversion of attention from other foreign policy concerns.

-- Indictments present a fundamental obstacle to normalization and a basic conflict in the U.S.-Panama relationship. Noriega will remain implacably hostile to the U.S. as long as the indictments exist. (This question is further examined at Tab L.)

-- No assurance Noriega would not return to pressure tactics to get new concessions. USG agencies, personnel and the large U.S. citizen community in Panama would remain vulnerable.

Accommodation would clearly involve high costs: sacrifice of U.S. strategic interests; further emasculation, possibly extinction of political opposition in Panama; an unhelpful precedent for Nicaragua's scheduled elections in 1990; and a Congressional effort to abrogate or suspend the Panama Canal Treaties, accompanied by a domestic political firestorm and long-term damage to Administration prestige and effectiveness. To address some of these concerns, accommodation might be made more workable, more acceptable by combining it with elements of pressure which would level the playing field between the U.S. and Noriega in Panama, increase U.S. leverage over the regime and perhaps open the door for a negotiated solution.

There are a range of pressure measures which could be built into the accommodation track. (An inventory of protective actions which could be employed with either Option I or Option II appears at Tab M.) Measures aimed at insulating the personnel and operations of USG agencies from the regime's reach would reduce U.S. vulnerability to intimidation. Exercising and asserting U.S. Treaty rights would strengthen

security for the U.S. community in Panama, while also defusing domestic criticism of accommodation. The major drawback remains that accommodation will not solve the Panama problem; Noriega and a coterie of corrupt officials will increasingly move the PDF toward a Haitian military model, as corruption perpetuates itself in the military as a function of self-protection.

V. Option II: Removal of Noriega by Credible Threat Of Use of Military Force

This option is based on the assumption that Noriega will not leave voluntarily and that making credible the use of U.S. force will lead Noriega to seek a negotiated solution or stimulate PDF action to remove Noriega. This option pursues a policy of pressure in concert with a willingness to find a negotiated solution. (Tab G describes the opportunities and vulnerabilities of the present policy context.) The U.S. would take all actions necessary to make its use of force credible, while using all appropriate USG assets to bring Noriega to a negotiated departure and stimulate PDF action to remove him. This option will not be credible as a bluff. If the underlying assumption proves wrong or the PDF fails in its effort to remove Noriega, the USG will have to decide whether the seriousness of the threat to U.S. interests in Panama warrants U.S. military action. The use of military force is, of course, a political and not an operational decision.

This option would draw on an inventory of diplomatic, economic, military and political pressures available to the USG to progressively escalate pressures on the Noriega regime. Apart from Noriega's separation from power, the U.S. would also seek a renovation of the PDF command and a reorientation of the PDF away from politics and crime and toward military professionalism and a positive role in democratization and economic recovery.

The key question which must be examined with respect to this option is: is the U.S. prepared to use military force to remove Noriega from power?

Pros:

-- Could force the PDF to solve the Noriega problem, an outcome which would have broad Congressional and public support within the U.S., Panama and Latin America.

-- Would encourage the opposition and open up the choices for all Panamanians; would unsettle the PDF and raise Noriega's threshold of uncertainty.

-- Would enable the USG to take active measures to protect USG personnel and operations, recover our eroded Treaty rights and regain flexibility and initiative vis-a-vis Noriega.

-- Maximizes the subsequent choice of alternatives if the PDF does not act or its actions do not succeed in removing Noriega; does not preclude any other option.

-- U.S. would no longer be following a reactive policy; pressure would be shifted to Noriega, who would face many leadership problems.

-- Would preempt Congressional efforts to micromanage Panama policy.

-- Would enhance U.S. ability to advance its strategic interests, most importantly a secure environment for Canal operations and long term U.S. access to and use of the Isthmus.

Cons:

-- Could, at the limit, require direct U.S. military action to remove Noriega.

-- Direct U.S. action would incur costs, including U.S. casualties, proportionate to the strategy employed. (JCS is unable to provide relevant estimates of required force levels and casualties for the various military options under consideration.)

-- USG would have to resolve fundamental policy conflicts and deal definitively with several existing constraints.

-- Would require strong Presidential leadership to resolve policy paralysis.

-- Would be disruptive over the short run for USG agencies and personnel.

-- Difficult to predict how long it would take the PDF to act in response to U.S. pressures; we would have to maintain unity and discipline over time in the face of uncertainty.

-- Would not work as a bluff: to be credible and have a chance of success, the U.S. must be prepared to use military force to remove Noriega.

Willingness to use force or the actual use of force will undoubtedly generate a domestic and international reaction. The magnitude and tenor of the reaction will be a function of the degree of force used (if any) and the resultant political outcome. Ironically, Panamanian domestic reaction to this decision is very likely to be overwhelmingly favorable.

Past experience has shown, and his closest associates have confirmed, that Noriega will refuse to budge unless his personal, physical security is threatened. This helps to explain why nearly a year of harsh economic sanctions, nearly complete diplomatic isolation, and mounting unpopularity at home have not been effective in shaking his control of Panama. We also know from a number of reports and exchanges that the indictments and the possibility of U.S. military force are the two factors which means the most to him -- and both, of course, impinge upon his personal security.

Only when the U.S. makes clear to Panamanians its willingness to use force will the political isolation of Noriega and the coterie of corrupt officers become manifest to the military institution itself. U.S. willingness to use force is likely to be the only catalyst which will generate a negotiated departure of Noriega and other officers; their departure in turn is necessary to permit the changes within the military institution which will open the way for stable, democratic government in Panama.. Willingness to use force provides the only option which leads to a conclusion of the Panama problem -- Noriega and cronies depart through negotiation or in the final analysis through force. The alternative is a determination that U.S. interests in Panama are no longer sufficiently important to defend them by deploying military force to remove Noriega. (A detailed inventory of options associated with the threat or use of force is provided at Tab J.)

ECONOMIC STATISTICS FOR PANAMA

Economy

	1987	1988
Real GDP growth (%)	0.4	-20.0
Labor Force (000's)	770.5	800.0
Unemployment (%)	11.6	23.0
Gross Income Flows to Panama From the Canal Area (# million) (Includes @ $80 million annually in Canal Treaty payments)	560.5	565.4

Panama-U.S. Trade
1987, $ million

Panama exports to U.S.:	342.7
U.S. exports to Panama:	741.6

Panama Canal

	1979	1987	1988	1989
Oceangoing Transits	13,056	12,228	12,394	12,000
Tolls Revenue ($ million)	209.5	331.0	340.5	342.0*
Panamanian Employees (as % of PCC workforce)	69%			85%

*1989 estimate

Tab B

~~CONFIDENTIAL~~

CURRENT COMPOSITION OF THE PANAMA DEFENSE FORCES

ESTIMATED TOTAL PDF STRENGTH	15,400
Military zone personnel	3,100
--Public order police units outside Panama City	
Police	4,250
--Police in Panama City, includes 1,450 civilians	
Staff elements	3,700
--Non-combat troops, includes 860 civilians	
Tactical/combat-related units	4,350
--Includes 270 civilians	
--6 rifle companies	
--2 infantry battalions	
--100 Special Forces (Noriega bodyguards and anti-terrorist unit)	
--2 MP companies	
--Medical and combat engineering units	
--350 Navy personnel	
--450 Air Force personnel	

~~CONFIDENTIAL~~
DECL:OADR

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
7/18/12

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01f. Report	Re: Panama: The Impact on the Defense Forces of a Snatch Operation Against Noriega [FOIA EXEMPTIONS REDACTED] (4 pp.)	4/25/89	(b)(1); (b)(3)	S

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: H-Files
Subseries: NSC Meetings Files
WHORM Cat.:
File Location: NSC0012 - April 28, 1989 - Panama [2]

Document Partially Declassified
(Copy of Document Follows)
By SS (NLGB) on 5/19/26

Date Closed:	3/24/2008	**OA/ID Number:**	90000-015
FOIA/SYS Case #:	2005-0954-MR	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	NW 85781
AR Disposition:		**MR Disposition:**	Released in Part
AR Disposition Date:		**MR Disposition Date:**	4/23/2026

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

(b)(1) National security classified information
(b)(2) Release would disclose internal personnel rules and practices of an agency
(b)(3) Release would violate a Federal statute
(b)(4) Release would disclose trade secrets or confidential or financial information
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
(b)(7) Release would disclose information compiled for law enforcement purposes
(b)(8) Release would disclose information concerning the regulation of financial institutions
(b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

C(1) Closed by Executive Order 13526, governing access to national security information
C(2) Closed by statute or by the agency which originated the information
C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

FOIA(b)(3) - 50 USC 3507 - CIA

~~SECRET~~

Central Intelligence Agency

Declassified Case: GB-2020-0133-MR/ NW# 85781 Date: 04-23-2026

DIRECTORATE OF INTELLIGENCE

25 April 1989

Panama: The Impact on the Defense Forces of a Snatch Operation Against Noriega (S NF)

Summary

A US military operation removing Defense Chief Noriega from Panama, no matter how flawlessly executed, would risk violent retaliation against US citizens and interests. Although Noriega's forcible removal would send shockwaves through the military, the institution most likely would survive and would conduct an orderly transition of power. A snatch operation which was completed quickly and discreetly, with no more than a handful of Panamanians killed, offers the best chance, in our view, for minimizing violent retaliation from both the Defense Forces and civilian paramilitary groups. Noriega's extensive security precautions, however, make such a scenario a daunting challenge.

[redacted]

EO25x1
FOIA(b)(3) - 50 USC 3507 - CIA

* * *

The scope and intensity of Panama's reaction to a successful US military operation to snatch Defense Chief Noriega would largely depend, in our judgment, on whether it was executed quickly, quietly, and with little loss of Panamanian life. The conduct of

---

This typescript was prepared by [redacted] South America-Caribbean Division, Office of African and Latin American Analysis. Comments and queries are welcome and may be directed to the Chief, South America-Caribbean Division, ALA, on [redacted]

NW#:85781 DocId:34678369

the operation would have direct impact on the cohesion of the Panamanian Defense Forces, as well as on its ability to direct and control its response and that of radical groups in the country. Regardless of the scenario, however, we expect Panama's response would include some violence against US citizens and installations. ~~(S NF)~~

A "Clean" Snatch

To minimize the likelihood of an immediate violent response from Panama, a snatch operation would need to be completed quickly and discreetly, before Panamanian reinforcements could arrive to engage US forces. Optimally, the operation would be completed before Defense Forces units other than those guarding Noriega became aware of it, presenting senior Panamanian officers with a fait accompli and preventing troop commanders from reacting immediately. The most favorable snatch scenario would also involve only a handful of Panamanian casualties. ~~(S NF)~~

We believe, however, that the high state of preparedness in the Defense Forces for US military intervention makes a flawlessly executed snatch operation a formidable challenge.

[redacted]
EO25x1 CIA

A snatch without numerous Panamanian casualties or an immediate military confrontation with US troops would increase the odds that the Defense Forces' command structure would remain cohesive and engage in a rational decisionmaking process and a measured response. The Defense Forces would likely follow the traditional chain-of-command in making Chief of Staff Justine the new Commander, but the Strategic Military Council (CEM), a group dominated by hardline, pro-Noriega officers that was established by the Defense Chief last year to [redacted]

FOIA(b)(3) - 50 USC 3507 - CIA

military, would likely remain the dominant decisionmaking body. We do not believe the General Staff would be able to reassert itself over the CEM in the critical days following the operation, due to its lack of direct control over troop commands and the substantial authority it has been forced to cede to the CEM over the last year. ~~(S NF)~~

We believe the threat of immediate retaliation against US interests and citizens in Panama would be reduced if the Defense Forces remained intact. Collegial decisionmaking within the CEM would slow response time and may allow cooler heads to prevail in determining a reaction to the US. Moreover, military discipline under a largely unchanged command structure would likely prevent individual units from retaliating on their own. ~~(S NF)~~

EO25x1 CIA

Response Under a "Clean" Snatch Scenario

A low number of casualties and a quick, quiet operation probably would prompt the Defense Forces to respond in a measured manner. We believe hardened anti-US attitudes and concern about institutional integrity make it highly unlikely that key officers would enter into immediate negotiations with the United States. Nationalistic sentiment would certainly be inflamed by the US operation, which would be seen as gross interference in Panamanian affairs and a stinging blow to the military's honor. The power of CEM hardliners and fear among others of being branded as traitors for favoring a rapprochement make it highly unlikely that the military would conclude that the US action had provided an immediate opportunity for improving relations. ~~(S NF)~~

On the other hand, although there would be officers who favor a naked show of force to salve the military's pride, the demonstration of US resolve characterized by a snatch operation would serve to sober others about the risks of a broader military conflict with US forces. On balance, we believe the consensus making process would result in a carefully calculated response, intended to display the Defense Forces' continued resolve not to capitulate to US pressure, while stopping short of an action which would invite another show of US military force. ~~(S NF)~~

The Defense Forces' most likely initial response would be to denounce US interference and seek international support for condemnation of the action. The regime probably would break diplomatic relations and expel our mission, and the military would likely terminate joint intelligence and drug interdiction

FOIA(b)(3) - 50 USC 3507 - CIA

operations with the United States. Harassment of US military personnel would probably increase significantly and private US citizens, who thus far have largely been spared such tactics, would come under the threat of physical abuse. The Defense Forces would likely attempt to incite public protests directed at US facilities and personnel, capitalizing on strong anti-US sentiment in Tendencia and leftist student groups.

EO25x1 CIA

Implications of a Broader Confrontation

A snatch operation that was not quick and relatively bloodless would greatly increase the risk of drawing the Defense Forces into a military response before it could adequately assess it options. Combat between US and Panamanian troops would increase the number of casualties and cause the Defense Forces to make quick tactical decisions regarding its response. ~~(S NF)~~

A snatch under this scenario would send shockwaves through the Panamanian military, serving to reinforce its siege mentality and causing it to coalesce under the existing power structure. As in the first scenario, we expect the traditional chain-of-command to survive, with Chief of Staff Justine becoming Commander. The CEM would be even more likely in this scenario to play a key role in decisionmaking at the expense of the General Staff, since many of its members directly command troops and some would probably have become involved in the initial military response to the snatch operation. ~~(S NF)~~

The embarrassment of a military defeat and the impact of numerous casualties would likely result in quick, ill-considered responses. With emotions running high, many officers might fear for their personal safety in expressing moderate views and some might go into hiding. Even if the military hierarchy opted for a more moderate response, the unprecedented experience of real combat might destroy discipline in some units, which could lead to unauthorized retaliatory actions. Under this scenario, the likelihood of retaliation substantially increases, and could escalate to include a systematic campaign of sabotage and terrorism against US citizens and installations. US military retaliation might cause the Defense Forces to activate reported contingency plans to break up into small bands, move into the interior, and conduct terrorist operations against US interests and citizens. A bloody snatch operation also would significantly increase the chances of widespread civil unrest--encouraged by leftist groups domestically and from abroad--either with or without direction from the Defense Forces. ~~(S NF)~~

Tab D

U.S. ECONOMIC SANCTIONS

Chronology

1987

July — USG freezes economic and military aid to Government of Panama

Dec — Panama ousts USAID Mission

Congress bars assistance to Panama, suspends Panama's sugar quota, mandates votes against Panama in International Financial Institutions (e.g., IDB, IMF, IBRD), bars other USG trade assistance (e.g., EXIM, OPIC) to Panama

1988

March — President Reagan decertifies Panama as a nation cooperating fully with USG against narcotics

President Delvalle uses U.S. courts to freeze Government of Panama assets in U.S. banks

President Reagan orders suspension of CBI and GSP trade preferences for Panama; and orders Canal Treaty payments to be paid into escrow (based on request from President Delvalle)

April — President Reagan invokes IEEPA to block GOP assets in US and prohibit payments to the regime

Sept — Congress reaffirms ban on assistance to Noriega regime

1989

April — President Bush extends IEEPA for one year

IEEPA (International Economic Emergency Powers Act)

-- Blocks GOP assets in US

-- Prohibits USG agencies, US firms and other US persons from making wide variety of payments to the Noriega regime.

-- Prohibited payments are to be deposited to escrow accounts at New York Federal Reserve Bank; or (after obtaining a Treasury license) firms may self-escrow the funds.

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
BR 7/18/12

as of April 1989

USG sanctions: Funds withheld from Noriega regime since 3/88:

Funds escrowed in Federal Reserve bank:	$120.4 million
GOP funds in commercial banks:	$ 29.2 million
Estimate of Petro Terminal funds:	$ 42 million
Rough estimate of funds owed by other firms:	$ 20 million
Total (estimate)	$211.6 million

Blocked Acc. No. 1 funds withdrawn by Amb. Sosa:
Total $8.8 million

Federal Reserve escrow accounts

-- As of April 1989, funds in the three Federal Reserve escrow accounts totalled about $120 million:

Account No. 1	$1.9M	(GOP funds for Sosa)
Account No. 2	$5.1M	(Funds paid by US firms)
Account No. 3	$113.4M	(Funds paid by USG agencies)

-- Total funds denied the Noriega regime by USG sanctions likely amount to well over $200 million.

-- Exemptions exist to allow U.S. firms to continue operations, but U.S. business community now pushing for further exemptions or lifting sanctions entirely. A major effort to have the sanctions lifted or modified can be expected after the May 7 election. Without a change, US firms may start to leave Panama.

-- Regime efforts to collect revenue by coercing U.S. firms to evade the sanctions continue and have likely become more successful in recent months. Firms support USG policy goals but, in absence of policy progress, are more willing to challenge IEEPA in court.

-- USG agencies face pressure from Panamanian employees whose assets and health benefits have been put at risk by Noriega's response to sanctions.

Economy

-- Panama's economic problems predate the political crisis and U.S. economic measures. The IEEPA sanctions are not a trade embargo, but are aimed at denying resources to the regime.

-- Business confidence very low; no recovery likely until political crisis is resolved.

-- Recession started with 1987 political crisis. 1987 GDP growth only 0.4%. 1988 GDP growth was -20%.

-- Major economic decline continues; outlook dismal.

-- Unemployment more than doubled in 1988 to 23%.

-- Food supplies appear adequate but agricultural credit tight.

-- Canal operating normally. Pipeline (transshipments of Alaska oil) flow dropped 18% in 1988.

Fiscal Situation

-- Economic decline and sanctions cut regime revenues by 50%.

-- Regime is having hard time making salary and bonus payments, but regime technocrats are creative and have adapted quickly to exigencies.

-- Regime slashed outlays to try to cover salaries and minimal operating expenses. Regime has quietly trimmed bloated public sector payrolls. Broader cutbacks have long been rumored, may be implemented after May 7 election.

-- Ability to provide essential public services (education, health care) is visibly deteriorating, as is the quality of the services provided. Maintenance of public facilities (roads, traffic signals) appears to have virtually ceased.

-- Sanctions alone will not cause Noriega's ouster.

-- Panama's external debt is now over $4 billion. Regime is in default or in arrears to commercial banks (by about $400 million), to International Financial Institutions (by over $300 million) and to bilateral creditors.

Tab E

~~SECRET~~/EXDIS

U.S. ELECTORAL SUPPORT ACTIVITIES

Background

Noriega knows of U.S. interest in exposing electoral fraud and suspects substantial U.S. support to the opposition. In order to limit damage from exposure of a stolen election, he is taking active measure to prevent independent observers and journalists from going to Panama. He has taken control of all hotel and rental car reservations, refused to issue visas to a number of potential Venezuelan observers, and is toying with a variety of press restrictions. On April 18, his regime announced that U.S. citizens would require visas from his consulates to enter Panama. Requests for visas will be carefully scrutinized; we expect visas for observers and journalists will be denied.

Observer Effort

The Department of State is encouraging and assisting a number of observer missions from the U.S. The main effort is focused on the observer mission from the National Republican and Democratic Institutes, which is being funded through USAID. They are moving ahead with their plans but may suspend their effort if Noriega's restrictions become severe enough. Small observer missions are also being mounted by others.

We are also encouraging Congressional observer missions. We hope to see the formation of a bipartisan Congressional delegation and have designated a senior officer to coordinate with Congress on this. Congressman Richardson of New Mexico is heading up a small independent observer group; the American Conservative Union, which has primarily been interested in the Canal Treaties and includes a number of Congressmen, is forming another group in response to our invitation from the opposition.

We have been encouraging friends and allies around the world to play an active role in support of the elections. In Europe, delegations are planned by the Christian Democratic International, the Liberal International, the European Parliament and the Italian Christian Democratic Party. We expect a large additional number - perhaps as many as 70 - from Latin America and Europe in response to invitations issued by the Panamanian opposition. There is some interest in Japan and the Phillipines in sending small observer missions.

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
BL 7/18/12

Assuming that all potential observers are able to enter Panama, we currently expect the total number to be about 150, more than sufficient to certify regime fraud. Further significant restrictions by the Noriega regime, particularly restrictions on visa issuance and admission into Panama at ports of entry, would severely inhibit the observer effort and exposure of fraud.

Media

The Department of State and USIA have mounted a concerted effort to focus press attention on the elections. An Interagency Task Force has prepared briefing materials for journalists and observers and talking points for use by senior USG officials in discussions with the press, foreign leaders and others. USIS and VOA will set up a temporary operation in Panama to assist the media.

Key Next Steps As Of April 25

--Release of a Presidential statement encouraging free elections, clarifying the U.S. position in the event of fraud, reiterating the policy of no accommodation with a Noriega regime.

--Demarche to American , Asian and European democracies asking that they issue similiar statements, support a significant international observer presence, react publicly and strongly in the event of fraud. We are asking a number of governments to press the regime on the matter of visa issuance.

--Ask Presidents Ford and Carter to head the NRI/NDI observer mission.

--Include prominent Administration and private sector representatives in the Congressional observer delegation.

--Promote high profile visit by Secretary Cheney to U.S. military installations in Panama prior to the election to arouse Noriega's concerns about his personal safety and emphasize U.S. concern for free elections and the unacceptability of accommodation in the aftermath of a stolen election.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01i. Report	Panama: The Post-Election Political Landscape [FOIA RESTRICTIONS REDACTED] (6 pp.)	4/24/89	(b)(1), (b)(3)	S

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: H-Files
Subseries: NSC Meetings Files
WHORM Cat.:
File Location: NSC0012 - April 28, 1989 - Panama [2]

Document Partially Declassified
(Copy of Document Follows)
By SS (NLGB) on 5/19/26

Date Closed:	3/24/2008	**OA/ID Number:**	90000-015
FOIA/SYS Case #:	2005-0954-MR	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	NW 85781
AR Disposition:		**MR Disposition:**	Released in Part
AR Disposition Date:		**MR Disposition Date:**	4/23/2026

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

(b)(1) National security classified information
(b)(2) Release would disclose internal personnel rules and practices of an agency
(b)(3) Release would violate a Federal statute
(b)(4) Release would disclose trade secrets or confidential or financial information
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
(b)(7) Release would disclose information compiled for law enforcement purposes
(b)(8) Release would disclose information concerning the regulation of financial institutions
(b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

C(1) Closed by Executive Order 13526, governing access to national security information
C(2) Closed by statute or by the agency which originated the information
C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Declassified Case: GB-2020-0133-MR/ NW# 85781 Date: 04-23-2026

[redacted]

Central Intelligence Agency

FOIA(b)(3) - 50 USC 3507 - CIA

Washington D.C. 20505

DIRECTORATE OF INTELLIGENCE

24 April 1989

Panama: The Post-Election Political Landscape ~~(C NF)~~

Summary

In the absence of a major US initiative following a fraudulent regime victory in the 7 May elections, we expect Defense Chief Noriega to have little difficulty in consolidating his grip on Panama and eliminating organized opposition to him. In the near term, a regime electoral victory will probably even buttress Noriega's support in the Defense Forces, which has feared that an opposition victory would lead to retaliation against the military. For their part, leaders of the Democratic Opposition Alliance (ADOC) are unlikely to risk regime reprisals by protesting fraudulent elections in the streets. Instead, they and Panamanian exiles will look to Washington for a strong reaction. ~~(S NF)~~

Having surmounted the elections challenge, Noriega may find himself under increased pressure from his subordinates in the military to resolve bilateral tensions with the US. We believe he probably will turn his attention to the search for a rapprochement but may calculate that his ability to determine the electoral outcome will lead Washington to resign itself to an accommodation with him. With his confidence boosted by the elections, he will continue to see little reason to offer major concessions or to negotiate himself out of power. ~~(S NF)~~

* * *

This typescript was prepared by [redacted] South America-Caribbean Division, Office of African and Latin American Analysis. Comments and queries are welcome and may be directed to the Chief, South America-Caribbean Division, ALA, [redacted] (U)

ALA M 89-20032

[redacted]

NW#:85781 DocId:34678370

FOIA(b)(3) - 50 USC 3507 - CIA

Most Panamanians will probably react to the announcement of a fraudulent regime victory with resignation and eventual acceptance. Polls show that few expect Defense Chief Noriega to permit fair elections and evidence that the government intends to steal the contest has been abundant and quite open. The popular mood favors "change", according to recent polls, but although Noriega is highly unpopular, extensive surveys [redacted] EO25x1 over the last two months show voters focusing more on economic hard times than on Noriega as the most important issue confronting Panama. In our view, the populace will accommodate itself to the de facto authority of the regime's hand-picked president, Carlos Duque.

[redacted]

Potential for Opposition Protests

While some violence is likely in polling places throughout the country when hundreds of opposition voters find themselves stricken from the voting registration list, we judge it unlikely that the election proceedings or fraudulent results will spark general unrest. Democratic Opposition Alliance (ADOC) leaders have made few plans for responding to fraudulent elections other than calls by some for a general strike, and we believe they will be loath to risk regime reprisals against themselves, their families, and properties by fomenting street demonstrations. ADOC leaders are undoubtedly aware of reports that the regime plans to arrest them immediately if they "incite anti-state activities." Moreover, some opposition leaders can be expected to seek refuge on US military bases if the regime follows through on reported preparations to perpetrate violence as an excuse to crack down on opponents. (S NF)

Some of ADOC's supporters are likely to stage spontaneous demonstrations, however, raising the possibility of clashes with regime goon squads. Unorganized sporadic protests may occur in Colon and in some neighborhoods in Panama City, as well as in front of Electoral Tribunal headquarters, where protests occurred after the fraudulent 1984 elections. ~~(S NF)~~

Nevertheless, we judge that these actions will be shortlived, particularly if regime roughnecks and soldiers are visible on the streets in large numbers. None of the ADOC political parties maintains a large youth wing or a paramilitary capability, and regime opponents lack the organization and leadership--and the kind of logistical support and training available to the dominant ruling party's paramilitary Tendencia faction, for example--to sustain a confrontation beyond a few days. ~~(S NF)~~

Longer Term Consequences for the Opposition

Opposition leaders are sure to look to Washington immediately for a strong US reaction to the elections results. Most probably

FOIA(b)(3) - 50 USC 3507 - CIA

will feel that they have done everything expected of them by waging an effective electoral campaign, and will almost certainly lobby for direct US intervention to oust Noriega. Some exile leaders may try to strike out on their own to remove the Defense Chief, but their chances of success are dubious, given that their activities have long been closely monitored by Panamanian security forces. In our view, the odds are at least 50-50 that deposed President Delvalle, who has played an increasingly marginal role in opposition politics, will resign before his term of office expires on August 31 unless he receives assurances of concrete US action to sack Noriega. ~~(S NF)~~

The member parties of the ADOC coalition will probably continue to function but almost certainly will be consigned to the margins in the post-election political scene. We estimate the regime will limit the opposition to no more than 15 or so of the 67 legislative seats through manipulation of the vote.[1] The Christian Democrats (PDC) are the best organized and most cohesive party in the opposition. As such, it will likely be the most capable of withstanding the effects of a regime crackdown on its leadership and activities. Even so, without broadbased popular support and legislative clout, its influence and room for action will almost certainly decline. Similarly, the small National Republican Liberal Movement (MOLIRENA) will continue as the main vehicle for some business and middle class interests but with reduced membership and influence in the legislature. ~~(S NF)~~

Other opposition groups probably will retrench and become politically ineffective.

-- The Civil Crusade, composed of pro-ADOC businessmen, is already crippled by the departure of many of its leaders and may be dissolved altogether after the elections. Others in the private sector will see the elections as an opportunity to return to "business as usual" and will hope for relative stability that can bring renewed foreign investment to Panama.

-- Organized labor, with its largely leftist, pro-Noriega leadership, is likely to toe the regime line. Frustrations over late salary payments and the firings of pro-opposition public-sector workers may result in some labor unrest, but we believe the regime will be able to manage it.

-- The Panamanian Catholic Church, dependent on government acquiescence for its extensive use of foreign clergy, has avoided confrontation with the regime and is not likely to take the lead in opposing the Defense Chief over the election results.

---

[1] This excludes Authentic Panamenista Party-Arnulfista legislators led by Hildebrando Nicosia, who has been coopted by the regime. ~~(S NF)~~

[redacted]

-- Likewise, Panama's highly nationalist students have not forged any substantial links with the opposition and are unlikely to launch major protests. Moreover, the US Embassy reports that, in accordance with a government decree, students will not return to classes until two weeks after the elections--a move intended to head off any possible campus unrest. ~~(S NF)~~

The Impact of the Elections on Noriega's Support in the Military

We believe a peaceful election--even a blatantly stolen one--will buttress Noriega's support in the military. The Defense Chief's ability to maintain the allegiance of his officers rests largely on their shared determination to retain control of the political arena, and the Defense Forces have played a key role in planning and executing election fraud. Although repeated polls have driven home Noriega's widespread unpopularity, officers appear convinced that the use of fraud to assure a regime victory is justified to protect the Defense Forces from opposition retaliation, and they appear prepared to weather international condemnation. Maintaining even a transparent facade of political legitimacy through the elections will allow the Defense Forces to claim a victory over the US and the domestic opposition. ~~(S NF)~~

Moreover, many military officers also appear ready to support an escalation of repression against opposition leaders. Others, however, might rethink their support for Noriega if efforts to stifle opposition protests during the election period resulted in widespread bloodshed.

[redacted]

EO25x1
FOIA(b)(3) - 50 USC 3507 - CIA

Noriega's Near Term Agenda

The Defense Chief will first move to consolidate his grip on Panama and strengthen the role of the regime's key political props. The proregime parties almost certainly will dominate the future political scene and will enjoy exclusive access to government porkbarrel projects and patronage. [redacted] the Defense Forces have provided substantial funds and advice to the reconstituted Authentic Panamenista Party-Arnulfista (PPA) during the election campaign, and PPA leaders have speculated that their party will play a role in the Duque administration. In our view, however, Noriega intends for the PPA to play the part of the "loyal opposition". [redacted]

The Defense Chief is unlikely to move Panama sharply to the left following the elections, but he will continue to broaden his sources of outside support, as well as to reduce Panama's economic

FOIA(b)(3) - 50 USC 3507 - CIA

NW#:85781 DocId:34678370

dependence on the United States, to maintain leverage with Washington. We believe Noriega will probably look increasingly to Cuba, Nicaragua, and Libya for economic, military, and intelligence assistance, although he will continue to proceed cautiously to avoid antagonizing anti-Communist officers in the Defense Forces and alarming the business community. He probably expects that, absent a strong US reaction, most Latin American governments--except Venezuela, which will probably condemn the election results--will move quickly to recognize the new administration. ~~(S NF)~~

Panama's economy probably will continue to deteriorate this year, possibly as much as 5 to 10 percent. Business confidence is likely to remain low because of continued poor relations with the United States and limited credit availability, which will encourage capital flight and discourage investment. The continuation of US sanctions may force some US and Panamanian businessmen to relocate to countries that enjoy US trade benefits. However, businessmen from Japan, Taiwan, and South Korea may view Duque's election as a sign of future stability, and begin looking for opportunities for limited new investment. The Colon Free Zone, the Canal, and the large US military presence will continue to provide employment, pumping US dollars into the economy. ~~(S NF)~~

The Duque administration probably will be able to muddle through over the next year or so by trimming expenditures and implementing revenue-generating measures. The regime is likely to fire some public employees, particularly those who supported the opposition, in conjunction with levying new taxes and fees. Noriega probably is also counting on post-election stability to increase income tax receipts. Panama City, which has run arrears to all of its creditors, is unlikely to receive any new loans from western sources, but Cuba, Nicaragua, and Libya will probably provide low levels of financial and material support. ~~(S NF)~~

Dealing with the US

EO25x1
FOIA(b)(3) - 50 USC 3507 - CIA

Finally, Noriega probably will turn his attention to resolving the political impasse with the United States. He may already be under increased pressure from military officers to find a solution to bilateral tensions-- [redacted] Noriega warned subordinates in early April not to anticipate an improvement in relations with the United States following the elections.

We believe Noriega will continue to try to manage such pressures by testing the waters through intermediaries for signs of any interest in Washington in a rapprochement. Noriega probably will calculate that Washington's failure to dislodge him through the elections may lead US policymakers to resign themselves to the status quo and the need to accommodate him. The Defense Chief will likely use President-elect Duque to make initial overtures in an attempt to press Washington to grant the elections legitimacy. Duque will almost certainly request the immediate release of

FOIA(b)(3) - 50 USC 3507 - CIA

NW#:85781 DocId:34678370

FOIA(b)(3) - 50 USC 3507 - CIA

- Panamanian government funds frozen in the United States, calculating that the US will have difficulty justifying their retention after he is installed as Panama's new president in September. The Defense Chief may relax media restrictions and curb the harassment of US citizens to project a moderate image for the new regime and to mollify Washington. Noriega's confidence in his staying power will have been boosted after weathering the elections, however, and he will see little reason to offer significant concessions to the United States. ~~(U NF)~~

Tab G

~~SECRET~~/NODIS

OPPORTUNITIES AND VULNERABILITIES

--Opportunity: new Administration in U.S., strong public support in U.S. and Panama for moving decisively against Noriega, and Congressional desire to resolve issue could combine to foster bipartisanship, renew internal opposition to Noriega in Panama, and employ May 7 election as a potential triggering device.

--Opportunity: public support for strong anti-drug policy gives Administration a virtually free hand to move against Noriega.

--Opportunity: Noriega's control based on fear and inertia; his own polls reveal almost total lack of support for him and regime; 70-80% of Panamanians want him gone; if PDF thinking could be shifted, he would be isolated in Panama.

--Opportunity: PDF not monolithic and not a happy institution; troops' morale suffering from economic pinch, possibility of facing off against their own people; Cuban-Nicaraguan presence arouses underlying anti-Communist impulses of the institution; majority of officer corps fears institutional collapse if Noriega leaves; professional soldiers see him as the problem and would prefer a professional military institution.

--Vulnerability: U.S. policy decision would be implemented largely in the aftermath of a stolen or cancelled election which could produce:

- o preemptive PDF violence and civil unrest in which the U.S. community is at risk;
- o more serious PDF harassment and Treaty violations which render normal Canal/SOUTHCOM operations difficult or impossible;
- o negative public reaction to the election outcome which leads to job actions by Panamanian USG employees, accommodation of opposition elements to Noriega, and demands for an end to U.S. sanctions.

~~SECRET~~/NODIS
DECL:OADR

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
JL 7/18/12

--Vulnerability: as shown by the recent arrest of U.S. citizen Kurt Muse, the USG has difficulty at present countering or neutralizing regime efforts to use U.S. citizens as hostages.

--Vulnerability: USG unpreparedness and continuing exposure to regime pressure means first stage of policy implementation must be devoted to regaining control over security of U.S. community and USG operations; actions will be taken in the full glare of aroused public and Congressional opinion.

--Vulnerability: unresolved conflict within USG prolongs policy paralysis, sends mixed signals to PDF and Noriega, permits continued erosion of U.S. Treaty rights, leaves USG personnel and operations exposed to regime pressure.

--Vulnerability: failure to resolve the Panama situation by September 1 (end of Delvalle's term) will confront the Administration with fallout from a perceived foreign policy failure and a renewed fight over the 1977 Panama Canal Treaties, with strong negative implications for U.S. Central America policy and the Administration's general ability to shape U.S. foreign policy.

Tab H

~~SECRET~~/NODIS

THE CURRENT CRISIS AND THE PANAMA CANAL TREATIES

Since the Treaty framework is the bedrock of the U.S. relationship with Panama, the question of whether or how the Treaties might be used to facilitate a resolution of the crisis naturally arises. Would U.S. suspension of Treaty implementation or a threat to abrogate the Treaties provide leverage against the Noriega regime? Conversely, would vigorous assertion of our Treaty rights better secure our policy?

Status Report On Treaty Implementation

The U.S. has operated the Canal for a decade under the Treaties and their implementing legislation, the Panama Canal Act (PL 96-70).

Most of the implementation provisions of the 1977 Panama Canal Treaty which require the U.S. to meet specific objectives by a fixed date have already been met. Only two actions remain which must be completed by specific dates:

--the appointment of a Panamanian citizen to the post of Panama Canal Commission Administrator by January 1, 1990;

--the transfer of the Canal to Panamanian control and the withdrawal of the U.S. Forces from Panama by December 31, 1999.

Planning for the orderly, cost-efficient accomplishment of those actions is going forward. Voluntary early turnover of some DOD and Panama Canal Commission facilities has also been considered.

Options:

-- U.S. Suspension of Treaty Implementation

-- U.S. Abrogation of the 1977 Panama Canal Treaties

-- Vigorous Assertion of U.S. Treaty Rights

~~SECRET~~/NODIS
DECL:OADR

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
7/18/12

U.S. Suspension of Treaty Implementation

Pros:

-- Would be popular in the U.S.

-- Entails no short term fiscal costs.

-- Sends a signal to Noriega that USG may be seriously considering Treaty abrogation unless the democratic process is restored.

-- Could temporarily quiet domestic criticism and defuse advocates of Treaty abrogation.

Cons

-- Would, at this point, be a relatively toothless exercise with little positive effect for USG Panama policy and some deleterious effects on USG planning for full Treaty implementation.

-- U.S. failure to appoint a Panamanian Administrator would give the Noriega regime grist for its propaganda mill which constantly alleges U.S. Treaty violations and U.S. intentions to renege on final transfer of the Canal and would probably stimulate regime-orchestrated demonstrations at PCC facilities.

-- Could also have an adverse effect on the PCC work force and public opinion in Panama, always sensitive to actions which touch on the Canal and Panamanian sovereignty.

Comment

Suspension of the Treaty-mandated turnover of the Canal, whether it equates legally to abrogation or not, would generate widespread international condemnation and an anti-U.S. backlash in Panama - Noriega or no Noriega. Unhappiness with Noriega aside, it is also an open question whether it is really in the national interest for the U.S. to continue to be solely responsible for operating the Canal.

Suspension of USG planning for full Treaty implementation might be an option. However, because of the complex planning and budgeting involved, shutting down and re-starting the process will be confusing and add expense in the future. Moreover, since planning is an internal, self-imposed function, little political gain could be obtained from its "suspension."

Abrogation of the 1977 Panama Canal Treaties

Pros:

-- Shows U.S. resolve not to transfer the Canal to an undemocratic government controlled by an indicted drug trafficker.

-- Could provoke preemptive action by Noriega and PDF against U.S. interests in Panama.

-- Would appease domestic advocates of Treaty abrogation.

Cons:

-- Will not solve Panama's political crisis or the problems between Panama and the U.S.; likely to make resolution of Panama's political problems and resumption of normal relations with the U.S. difficult, perhaps impossible.

-- Will not return the parties to the status quo ante. The only "rights" the U.S. would have would be those it would be willing to assert by force of arms.

-- Could jeopardize U.S. ability to operate and defend the Canal and protect the U.S. citizen community in Panama.

-- Would by opposed by those in U.S. who favor a more collegial relationship with Latin America and support the Treaties.

-- Would play directly into Noriega's hands by giving him what he has been unable to win on his own: an effective issue of Panamanian nationalism versus U.S. imperialism which he could use to gain support within Panama and Latin America.

-- By increasing long-term uncertainties, would negatively affect Canal users and Canal competitiveness.

-- Would would make the U.S. appear to the world as an unreliable Treaty partner. Currently, 35 nations are parties to the Protocol to the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal; abrogation would be strongly opposed by these states and others who would fear that the USG had destroyed the international legal regime which ensures the permanent neutrality of the Canal.

Vigorous Assertion of U.S. Treaty Rights

Pros:

-- Puts pressure on Noriega and PDF.

-- Improves security situation for U.S. community.

-- May reduce harassment.

-- Could dampen domestic criticism of USG policy.

-- Would encourage opposition.

-- Compliments all policy options.

-- Supports U.S. short term objectives.

-- Enhances U.S. ability to protect strategic interests.

Cons:

-- Crosses the threshhold of military force.

-- Won't work as a bluff; must be tied to choice of a policy option.

-- Puts those involved at risk.

-- Could invite a counter-response from Noriega.

-- Offers regime a possible propaganda opportunity.

Comment

Examples of actions the USG might take to vigorously assert its Treaty rights include but are not limited to:

--conducting more frequent and higher intensity "Canal defense" exercises using U.S. Forces already in Panama;

--conducting more frequent and higher intensity "Canal defense" exercises combining U.S. Forces in Panama with deployments of additional troops from the U.S.;

--responding to PDF harassment by systematic "freedom of movement" challenges;

--closing U.S. military installations to unimpeded access by the PDF and other Panamanians; instituting gate checks, document inspection, vehicle searches for non-U.S. access to or passage through USG installations.

LIMITED OFFICIAL USE

U.S. PRESENCE IN PANAMA, FEBRUARY 1989

U.S. Southern Command	Number
Military and Civilian Employees (off-post)	2701
Dependents (off-post)	3000
Military and Civilian Employees (on-post)	9281
Dependents (on-post)	10,747
Sub-Total	25,729

Panama Canal Commission	Number
Civilian Employees (in housing areas)	996
Dependents (in housing areas)	2258
Civilian Employees (outside housing areas)	56
Dependents (outside housing areas)	135
Sub-Total	3,445

Other USG	Number
Civilian and Military Employees (on economy)	258
Dependents	205
Sub-Total	463

Non-USG Residents	Number
Private Sector Employees	2040
Host Government Employees	24
Students, Missionaries, Clergy	245
Dependents	5911
Others	2250
Sub-Total	10,470

TOTAL U.S. CITIZENS AND DEPENDENTS IN PANAMA	40,107

LIMITED OFFICIAL USE

Tab J

~~SECRET~~/NODIS

STRATEGIC ALTERNATIVES

The strategic alternatives which follow examine the costs and benefits of the full range of U.S. policy choices with respect to Panama.

Accommodation Track

Wait Noriega Out: non-recognition, non-accommodation policy would continue, but U.S. would not take direct action to oust Noriega.

- o Leaves Canal/SOUTHCOM operations and some employees vulnerable to continuing regime pressures.
- o Invites regime actions which continue to erode U.S. Treaty rights.
- o Surrenders initiative to Noriega.
- o Would be deeply discouraging to anti-Noriega forces with increased likelihood that many would seek accommodation with the regime.
- o Leaves Administration exposed to public and Congressional criticism.
- o Invites Congressional efforts to manage policy.
- o Undermines credibility of USG anti-drug policies.
- o Guarantees Congressional crisis over Canal Administrator appointment unless this issue could be finessed.
- o Undermines U.S. policy objectives in Central America.
- o Postpones resolution of fundamental USG policy conflict, with increasing likelihood that policies will be determined by events rather than Administration action.
- o Eliminates risks and costs of direct U.S. action.
- o Eliminates security risks for those USG personnel who would have to be withdrawn.

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
BR 7/18/12

Accommodate To Noriega Regime: U.S. would recognize new regime, resume official contacts with civilian and military officials, end sanctions, release frozen assets and Treaty payments, and return to the status quo ante of January 1988.

- o Release of U.S. and Panamanian assets could allow Noriega to perpetuate repressive, criminal regime.
- o Anti-Noriega forces could capitulate or become radicalized and deeply hostile to U.S.
- o Resumption of cooperative Treaty relationship likely to be difficult and could compromise Canal/SOUTHCOM operations.
- o Would invite Congressional action and public support for abrogation or suspension of 1977 Treaties.
- o Signals to the Sandinistas, Central American democracies and internal opposition that U.S. is unable to protect its interests. Would likely strengthen Sandinista and FMLN intransigence, demoralize democratic allies, and strengthen rightist militant elements in Central America who argue the U.S. is an unreliable ally.
- o Compromises regional and hemispheric interests, particularly U.S. policies on democracy, human rights, drug-trafficking, non-political military.
- o Does not risk military confrontation with PDF and attendant dangers.
- o Might permit evolutionary change in Panama and eventual negotiation of Noriega out of power.

Disengage: U.S. would liquidate USG assets and presence in Panama, begin immediate relocation of U.S. Forces operations, consider early transfer of the Canal and expedited reversion of remaining USG areas and installations, end all joint defense and law enforcement operations, consider breaking diplomatic relations, and reduce Mission to necessary consular functions.

- o Writes off U.S. interests and objectives.
- o Not politically acceptable in U.S.
- o Compromises U.S. leadership role, global interests and objectives.

Pressures Track

Organize U.S. military operation to remove Noriega and neutralize PDF: U.S. would organize and execute a large-scale military operation to remove Noriega from power, neutralize the PDF until it could be reformed and reconstituted under new leadership, and foster democratic transition.

- Requires major commitment of U.S. resources, including long-term commitment of resources to reform and support the PDF.

- Operation has potential to extend over weeks, if not months.

- Assumes U.S. casualties.

- U.S. would be responsible for deciding Noriega's fate:

  --trial in U.S., with possibility of greymail or no conviction;
  --exile, indictments still in force;
  --exile, indictments dropped;
  --exile, indictments dropped, no extradition;
  --allowed to remain in Panama;
  --does not survive operation.

- U.S. would have primary responsibility for PDF during the transitional phase.

- Would evoke an extremely negative response in Latin America and throughout the Third World, perhaps extending to U.S. allies.

- Would awaken anti-U.S. opinion in Panama and revivify Panamanian dependency, complicating efforts to negotiate PDF reform and democratic transition.

- Would sharply polarize U.S. domestic opinion, provide a range of opportunities for attacks on Administration.

- Advances U.S. interests and objectives.

Mount a snatch operation to seize Noriega: U.S., assisted by PDF forces loyal to Delvalle, would seize Noriega through a snatch operation in response to Delvalle request to arrest Noriega. U.S. military forces would block PDF attempts to intervene.

- o Risky and complex; possibility of exposure and failure.
- o Assumes possibility of U.S. casualties.
- o U.S. would be primarily responsible for Noriega's fate (same choices as in preceding alternative).
- o Certain to evoke Latin American and international criticism, which would be very costly if operation failed, likely to abate quickly if it succeeded.
- o Domestic reaction would probably depend on success or failure of the operation.
- o Could resuscitate Panamanian dependency, although to a lesser degree than the preceding alternative.
- o Risks to people and property greatly reduced, if not eliminated.
- o Operational phase is relatively short.
- o Resource requirement smaller than in preceding alternative.
- o Allows USG agencies to normalize operations relatively quickly.
- o Opens way for negotiated U.S.-Panamanian approach to PDF reform and democratic transition. However, if action were to occur after a May 7 win by fraud of Noriega's ticket, it would not resolve the problems of U.S. relayions with a regime seen as illegitimate.

Organize PDF coup using covert and other means: U.S. would use covert and other means to organize a PDF coup to depose Noriega and transfer power within the PDF to anti-Noriega forces.

- o Risky and complex: scope of action beyond unilateral U.S. control; high possibility of leakage, penetration by Noriega forces.
- o Could degenerate into shoot-out among PDF/paramilitary forces with substantial loss of life and property damage.
- o Could easily fail or be revealed to Noriega.
- o Assumes possibility of U.S. casualties.
- o Leaves window for Noriega-directed reprisals, hostage-taking.
- o Failure would invite severe repression, longterm damage to anti-Noriega forces.
- o Failure would bring international condemnation, severe embarrassment to USG.
- o Would evoke less criticism than two preceding alternatives, especially if successful.
- o PDF would be primarily responsible for Noriega's fate.
- o Noriega could be killed in the attempt with U.S. blamed.
- o Does not settle question of what to do if Noriega is extradited to U.S.

Removal of Noriega by credible threat of use of military force: U.S. would make all preparations necessary to make the U.S. use of force credible, while using all appropriate assets to bring Noriega to a negotiated departure and stimulate PDF action to remove him.

- o Won't work as a bluff.
- o Will be disruptive for USG agencies and personnel.
- o Could invite preemptive Noriega retaliation, including hostage-taking.
- o Difficult to predict how long it would take to work; since U.S. hasn't put pressure on PDF before, don't know how brittle institution may be.
- o U.S. would have less control over PDF command succession than in preceding alternatives.
- o Opens up possibilities of Sandinista and Cuban involvement in Panama in defense of Noriega and the Canal.
- o Eliminates major security risks for USG personnel.
- o U.S. could begin recovering eroded Treaty rights.
- o Maximizes subsequent choice of alternatives if PDF does not act or PDF coup fails.
- o Evidence of U.S. inserting itself as an active player will:

  --encourage opposition;
  --open up choices for all Panamanians;
  --unsettle PDF;
  --raise threshold of uncertainty for Noriega.

- o Could persuade Noriega, facing growing pressure from within PDF, to negotiate his out.
- o Could resolve the Noriega problem through PDF action.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01n. Report	re Contacts (Tab K) [FOIA EXEMPTIONS REDACTED] (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: H-Files
Subseries: NSC Meetings Files
WHORM Cat.:
File Location: NSC0012 - April 28, 1989 - Panama [2]

Document Partially Declassified
(Copy of Document Follows)
By SS (NLGB) on 5/19/26

Date Closed:	3/24/2008	**OA/ID Number:**	90000-015
FOIA/SYS Case #:	2005-0954-MR	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	NW 85781
AR Disposition:		**MR Disposition:**	Released in Part
AR Disposition Date:		**MR Disposition Date:**	4/23/2026

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

(b)(1) National security classified information
(b)(2) Release would disclose internal personnel rules and practices of an agency
(b)(3) Release would violate a Federal statute
(b)(4) Release would disclose trade secrets or confidential or financial information
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
(b)(7) Release would disclose information compiled for law enforcement purposes
(b)(8) Release would disclose information concerning the regulation of financial institutions
(b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

C(1) Closed by Executive Order 13526, governing access to national security information
C(2) Closed by statute or by the agency which originated the information
C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Tab K

~~SECRET/NODIS~~

USG/NORIEGA REGIME CONTACTS

Since February 29, 1987, the U.S. Embassy in Panama, in line with our non-recognition policy, has interrupted all formal contact with the Noriega/Solis Palma regime. On the basis of interagency discussion and agreement, all USG agencies operating in Panama were instructed to limit contacts with regime officials or personalities to an absolute minimum. When contacts are required to carry out joint responsibilities under the Panama Canal Treaty, they are to be conducted in a correct and formal manner.

Pursuant to interagency guidance, U.S. contacts with the regime have continued at various levels - such as the Joint Board, Combined Board and Panama Canal Board of Director meetings - but in a sporadic and estranged manner. At lower working levels where daily exchanges with technical counterparts are required (e.g. IRHE or the Port Authority) SOUTHCOM and PCC contacts continue on a more or less routine basis.

The Embassy has maintained its boycott of any contact with Noriega regime officials, particularly at the Foreign Ministry and political level. DEA/LEGATT/Customs maintain working level liaison but have been instructed to restrict contacts to lowest possible level. [redacted] In the implementation of our non-recognition policy, liaison between law enforcement agencies and the regime continues to be the USG's Achilles heel since the Department of Justice continues to obtain whatever help possible on drug questions from the PDF, so as to avoid any criticism on their anti-drug efforts, while Noriega gets propaganda mileage from any contact or cooperation.

EO25x6 State

~~SECRET/NODIS~~
~~DECL:OADR~~

Declassified Case: GB/2020-0133-MR/NW# 85781 Date: 04-23-2026

Tab L

~~SECRET~~/NODIS

THE DILEMMA OF THE INDICTMENTS

The indictments against Noriega were obtained without allowing foreign policy and other concerns to be addressed by State and Intelligence Agencies. The question of the role of the indictments remains a central issue in the formulation of U.S. policy decisions on Panama. Possible options to deal with the indictment question are:

o Make sustained effort to pursue indictments and prosecution

--To pursue the indictments and prosecution we would have to be prepared to go after Noriega either by executing a "snatch operation" or supporting a PDF (exiles) operation. Both of these scenarios would involve authorization by President Delvalle to give the operation legitimacy.

--Going after Noriega would lend sustantial credibility to the seriousness of the Administration's war on drugs.

--To pursue Noriega's prosecution we must be prepared to accept casualties in carrying out the arrest operation. We must also be prepared to confront a "greymail" defense by Noriega if he is brought to trial and the possiblity that sensitive intelligence material and operations could be compromised.

o Leave indictments standing but do not pursue

--The option of not pursing the indictments would be predicated on a negotiated agreement that he depart power and leave Panama for an agreed period. Noriega would have to be convinced that, if he were to retire to an agreed country (Spain, for example), we would not seek extradition. There would be Congressional and public criticism, but we believe it would be manageable.

--The most serious drawback to this option is that Noriega, having seen the problems that followed Ferdinand Marcos after his departure, will not be satisfied with being allowed to go into exile without U.S. assurances on the indictments. During the May, 1988, negotiations he said that dropping the indictments was the bottom line for any deal. He is probably even more inflexible on this issue now.

~~SECRET~~/NODIS
DECL:OADR

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
SCS 12/17/13

o Drop the indictments

--Quashing the indictments would be predicated on a negotiated arrangement, possibly following the outline of the agreement reached in the Kozak/Noriega talks of May 1988. While this is the minimum required for any arrangement dealing with Noriega's departure from Panama and power, he has seen that DEA continues to initiate new indictments against Panamanians. Quashing the current indictments may not be enough at this point.

--In agreeing to drop the indictments, the administration would face a firestorm in the Congress and domestic public opinion. This would also undermine the Administration's credibility with regard to its drug policy.

Tab M

~~SECRET~~/NODIS

INVENTORY OF PROTECTIVE ACTIONS

No matter what the final policy choice, the U.S. must act to reduce the continuing exposure of the U.S. community and the vulnerability of USG operations in Panama. Such actions also represent tactical opportunities to regain the political and operational initiative from Noriega, counter domestic public criticism, and pursue an active rather than a reactive policy in Panama.

Improve security for U.S. citizen community:

--Accelerate and complete U.S. Forces Reduction of Off-Post Personnel.

--Reduce U.S. Mission to mission-essential personnel.

--Prohibit travel of non-Command-sponsored dependents to Panama.

--Encourage use of PCC voluntary departure program.

--Reassert U.S. Treaty rights, aiming especially to end PDF challenges to U.S. right to unimpeded freedom of movement.

--Review and test key elements of U.S. Mission's Emergency and Evacuation Plan.

--Promote and publicize visits to USG facilities/operations by senior Administration officials and members of Congress.

Reduce vulnerability of USG operations:

--Close U.S. military installations and Canal operating areas to unimpeded access by PDF and other Panamanians; require gate checks, document inspections, and vehicle searches prior to entry or transit.

--Review current definition of "Canal defense" in light of changed circumstances and to include protection of Canal workforce.

--End USG reliance on local transportation, i.e. rental vehicles, public transportation.

~~SECRET~~/NODIS
DECL:OADR

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
BC 7/18/12

SECRET

~~SECRET~~

20370

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

April 27, 1989

SIGNED

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: DAVID A. PACELLI DAP

SUBJECT: Distribution of Draft Policy Paper for NSC Principals Meeting on Panama (S)

The State Department has requested that the draft policy paper at Tab A be distributed to the participants at the NSC meeting in the Oval Office on April 28, 1989 on Panama. Bob Gates has agreed. (S)

At Bob Gates' direction, your memorandum at Tab I to the Executive Secretaries states that it is an eyes only document and that it has not been fully coordinated among the agencies. (S)

For your information, the State Department is preparing a separate paper for the President which gives the Secretary's opinion on the various options. To my knowledge, State does not intend to share its paper with other agencies. Bob Gates is aware of this. (S)

RECOMMENDATION:

That you approve the memorandum to the Executive Secretaries at Tab I.

Approve 1/28/13 Disapprove _____

Attachments
Tab I - Hughes to Executive Secretaries Memorandum
Tab A - Draft Policy Paper

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
SCS 2/28/13

~~SECRET~~
Declassify on: OADR

SECRET

~~SECRET~~

20370

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR MR. J. STAPLETON ROY
EXECUTIVE SECRETARY
DEPARTMENT OF STATE

COL GEORGE P. COLE, JR.
EXECUTIVE SECRETARY
DEPARTMENT OF DEFENSE

MR. ROBIN ROSS
CHIEF OF STAFF
DEPARTMENT OF JUSTICE

MR. H. LAWRENCE SANDALL
EXECUTIVE SECRETARY
CENTRAL INTELLIGENCE AGENCY

CAPT ANTHONY MANESS
EXECUTIVE ASSISTANT TO THE CHAIRMAN
JOINT CHIEFS OF STAFF

SUBJECT: Draft Policy Paper for NSC (Principals (only) Meeting on Panama (S)

Attached at Tab A is a draft policy paper on Panama to be distributed on an eyes only basis to principals in preparation for a meeting with the President on April 28, 1989 at 3:15 p.m. The paper is the result of an inter-agency working group of representatives from NSC, the Department of State, the Department of Defense, JCS, and the CIA, but it is not a fully coordinated inter-agency paper. (S)

G. Philip Hughes
Executive Secretary

DECLASSIFIED
PER E.O. 13526
2005-0954-MR
SCS 2/28/13

~~SECRET~~
Declassify on: OADR

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8920235
RECEIVED: 24 MAR 89 14

TO: SCOWCROFT

FROM: HAGIN, J

DOC DATE: 23 MAR 89
SOURCE REF:

KEYWORDS: NSC SYSTEM

PERSONS:

SUBJECT: APPROVED PRES ACTIVITY RE NSC MTG 28 APR

ACTION: FOR RECORD PURPOSES DUE DATE: 04 DEC 90 STATUS: C

STAFF OFFICER: NONE LOGREF:

FILES: IFM NSCP: NS0012 CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION FOR CONCURRENCE FOR INFO

COMMENTS: _____

_____

_____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: LF CLOSED BY: LF DOC 1 OF 1

UNCLASSIFIED

ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001		X	89032414	FOR RECORD PURPOSES

I D F PROFILE UNCLASSIFIED ID 8920235

RECEIVED 24 MAR 89 14

TO SCOWCROFT FROM HAGIN, J DOCDATE 23 MAR 89

KEYWORDS: NSC SYSTEM

SUBJECT: APPROVED PRES ACTIVITY RE NSC MTG 28 APR

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILES IF

FOR ACTION FOR CONCURRENCE FOR INFO

SCOWCROFT

GATES

HUGHES

HILLIARD

MILLISON

COMMENTS

REF# LOG NSCIFID (L / L)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
				CHRON

DISPATCH _____ W/ATTCH FILE _____ (C)

DRB 3/23/89

20235

THE WHITE HOUSE

WASHINGTON

MEMORANDUM

TO: Brent Scowcroft

FROM: JOSEPH W. HAGIN

SUBJECT: APPROVED PRESIDENTIAL ACTIVITY

EVENT: NSC Meeting

DATE: April 28, 1989

TIME: 3:15pm

DURATION: 60 Minutes

LOCATION: Cabinet Room

ATTIRE: Business Suit

REMARKS REQUIRED: Talking Points

MEDIA COVERAGE: Closed

FIRST LADY PARTICIPATION: No

ADDITIONAL INFORMATION:

CONTACT: _____, _____

TELEPHONE: OFFICE _____ HOME _____

NOTE: PROJECT OFFICER, SEE ATTACHED CHECKLIST

Ed Rogers	Marlin Fitzwater	David Bates
James Cicconi	David Demarest	David Valdez
Fred McClure	Jean Lamb	USSS - PPD
Susan Porter Rose	Steve Studdert	Gary Walters
Patty Presock	John Keller	WHCA Audio/Visual
Speechwriting Office	Tim McBride	WHCA Operations
Laurie Firestone	J. Bonnie Newman	Mary Jane Smith
Robert Guttman	Tony Lopez	C. Boyden Gray

TO: PROJECT OFFICERS
FROM: JOSEPH W. HAGIN II
SUBJECT: CHECKLIST FOR PRESIDENTIAL EVENTS

General Responsibilities

_____ The Presidential Advance Office has responsibility for all logistical arrangements for any event involving press coverage. Please coordinate with them from the time your event is approved in order to avoid the need for last-minute modification.

_____ Notify and clear all participants. (Full name, social security number, date of birth and place of birth).

_____ Prepare and submit briefing paper to Jim Cicconi's Office by 3:00pm of the preceding day (14 copies)

_____ Coordinate with Tim McBride on Presidential involvement.

_____ Coordinate with Press Office and Media Relations regarding Press Coverage. Provide Media Relations with hometowns of participants. No organization's photographers will be admitted to any event unless the press is present. Clearance of such photographers should be coordinated through Media Relations.

_____ If remarks are required, coordinate with the Speechwriters Office well in advance.

_____ For outdoor events at the White House, in case of inclement weather, clear and reserve the backup location indicated.

_____ If participant plans to bring a gift, contact the White House Gift Unit, in advance, for review and proper procedure for handling.

_____ If any foreign visitor or dignitary is to be involved, please coordinate with the NSC (x2224).

_____ If any Department of Defense or Military personnel are to be involved, please coordinate in advance with the White House Military Office (x2150).

_____ If press coverage is expected, please provide all pertinent information concerning this event (guests, scenario, backdrop, etc.,) to the Presidential Advance Office at least 72 hours prior to the event.

_____ Within five (5) days after the event, submit a complete, confirmed list of staff and attendees, identified by title, and the actual starting and completion times of the event, to the President's Diarist, Office of Presidential Appointments and Scheduling.

_____ If tent name cards are needed, send a list of names to the Social Secretary's office (x7064) at least 48 hours in advance.

_____ For West Wing Meetings all room arrangements (chairs, notepads, pencils, etc.) should be made through Carl Jones or Susie Peake.

Residence Events

_____ Coordinate with the Social Secretary's office (x7064) for all arrangements.

_____ Send guest list to Social Secretary's office, preferably three weeks prior to the event.

_____ The President's attendance at this event should not be announced until official notification is given by the White House Press Office and any public announcement must be coordinated with that office. Also, prior to the distribution of any printed material, particularly details of the invitation, contact must be made with the White House Social Secretary, Laurie Firestone, at (x7064).