1. Panama proposes, in Document 2, that its jurisdiction extend to goods and persons destined for Panama on any vessels arriving in Canal Zone ports and that Panama have the right of inspection on all such vessels in Canal Zone ports to ensure compliance with the Republic's laws.

2. Panama proposes the designation of sites in the Canal Zone for the construction of Panamanian customhouses as stipulated in Article V of the 1936 Treaty.

3. Panama proposes that with regard to Panamanian-registered vessels Panamanian authorities shall be empowered to ensure compliance by such vessels with other laws of the Republic respecting such vessels.

The question of persons and goods destined for Panama arriving in Canal Zone ports was discussed by the representatives of the United States and Panama during the negotiation of the 1936 Treaty.

It was agreed in Article V (fourth paragraph) of the 1936 Treaty that the United States would furnish Panama free of charge the necessary sites for the establishment of customhouses in the ports of the Canal Zone for the collection of duties on importations destined to the Republic and for the examination of merchandise, baggage and passengers consigned to or bound for the Republic of Panama, and for the prevention of contraband trade; that the Republic of Panama would exercise exclusive jurisdiction within the customhouse sites and over all property therein contained and the personnel therein employed; and that the collection of duties and examination of merchandise and passengers by Panamanian officials would take place only within these customhouses.

The United States also agreed, by the fifth paragraph of Article V of the 1936 Treaty, that for the purpose of obtaining information useful in determining whether persons arriving at Canal Zone ports destined for points within the Republic of Panama should be admitted or excluded, the immigration officers of Panama shall have the right of
free access to the vessels on which they are traveling upon arrival at the Balboa or Cristobal piers or wharves.

In 1939 representatives of the Panamanian Government and the Governor of the Canal Zone met to discuss customhouse sites and in February 1940 agreed on the following:

**Balboa:** A site 60' x 60' in the immediate vicinity of Pier 18 facing Diablo Road and across the street from Pier Street on the north side of the Terminal Building.

**Cristobal:** A site near the exit to the Cristobal piers, facing Bolivar Avenue, which is described as follows: An area, bounded on the south side by 14th Street extending on the east side by Bolivar Avenue; on the north side by 13th Street; on the west side by a line 37 feet from the center line on the existing commissary spur track.

The joint report covering the sites described above was never formally approved by the Panamanian Government or by the Governor, but the two sites are still reserved for that purpose by the United States Government. It has been and still is the position of the United States that if the sites described above are not considered suitable or adequate it is willing to pursue the matter further whenever Panama so desires. The provision in Article V (fifth paragraph) governing free access for Panamanian immigration officials to vessels in Canal Zone ports with passengers destined for Panama will be effective upon the establishment of Panamanian customhouses as hereinbefore described.

The practical aspects of the first two proposals of Panama's Document B, as outlined above, therefore appear to have been fully discussed and a solution agreed upon in the form of Article V of the 1936 Treaty. In so far as Panama's interest is concerned in persons and goods arriving in Canal Zone ports destined for the Republic, it would appear that this would be fully met by the implementation of the provisions of Article V of the 1936 Treaty.
Nº 20 Acta de la 20ª reunión. 2 de marzo de 1954.

ANEXOS: 1. Comentario de los Estados Unidos al Documento "E" de Panamá (Sección I y II)

2. Convenio entre el Gobierno de los Estados Unidos de América y la República de Panamá sobre Río Hato.
March 2, 1954
2:30 p.m.

TWENTIETH MEETING OF REPRESENTATIVES
OF PANAMA AND THE UNITED STATES TO
REVIEW RELATIONSHIPS BETWEEN THE TWO COUNTRIES

PRESENT:

Dr. Octavio Fábrega
Dr. Carlos Suarez Co.
Mr. Roberto Nunez Matte
Mr. Juan Manuel Mendez Merida
Mr. Guillermo Jurado Salles

Mr. John J. Naccio
Lt. Col. Maurice Co. Holden
Mr. Paul H. Raasenstrand
Mr. Charles H. Barrows
Mr. William E. Seawash
Mr. Eldred J. Kuppingar

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Mr. Naccio opened the meeting with a statement regarding
Panamanian Document No. The United States, he said, has reviewed
its land holdings on the Isthmus of Panama and is prepared,
subject to authorization and direction by the Congress, to
take steps looking to the conveyance or transfer to the Republic
of Panama of certain properties on the Isthmus of Panama which
it no longer considers essential for the maintenance, operation,
sanitation and protection of the Canal. The United States, he
said, also is prepared to restrict the activities of the Panama
Canal Company in territory under the jurisdiction of the
Republic of Panama in the manner stated in the United States
Comment.

For its part, he continued, the United States has certain
modest requests to make of Panama, including the waiver of
certain rights to free transportation on the Panama Railroad,
leases on certain lands adjoining the embassy residence,
assurances regarding the preservation for park purposes of
a parcel of land in front of the embassy office building, and
an agreement regarding the use for military maneuver and
related purposes of certain government-owned lands at Rio Hato.
subject to these conditions, Mr. Muccio stated, the United States is prepared to terminate the railroad activities of the Panama Canal Company in the city of Panama and to remove its terminal facilities to a site within the Canal Zone. He pointed out that this action will relieve the Panamanian government of its obligation undertaken in 1942 to make available without cost to the United States a suitable new site for the terminal facilities. He noted that the lands involved were originally acquired by the Panama Railroad Company by purchase from private owners, and that the present value of the land and improvements is computed at $2,161,118. To these would be added two plots of land in Panama City, the Joa Miallate and Huerta de San Roval tracts, and the Aspinwall tract on Pacoys Island, which were acquired by the United States in the purchase from the New Panama Canal Company of France and which are now under the custodianship of the Canal Zone Government. The estimated value of these tracts is $495,625.

Mr. Muccio further stated that the United States is prepared also to turn over the area known as Paitilla Point, originally acquired for defense purposes. This site, he said, still has an important defense potential, which the United States is prepared to forego in the interests of promoting amicable relations between the United States and Panama and in recognition of the great value of this property in the expansion and development of the city of Panama. He pointed out that the United States paid $160,000 to private owners in connection with the acquisition of this land and that the present value of this area is approximately $2,000,000. In addition,
In addition, said Mr. Nuccio, the United States is prepared to take steps looking toward the conveyance or transfer to Panama of the Las Isletas and Santa Catalina Military reservations located on Saboga Island.

Moreover, he said, the United States is disposed to seek the necessary authorizations to gradually withdraw from the areas of the city of Colon, known as the Lastampa, Colon Beach and New Cristobal, which lie within the jurisdiction of the Republic of Panama but are owned by the United States and/or its agencies, and to transfer to the Republic of Panama the right, title and interest of the United States in those lands and the improvements thereon. The battery Borgen site, however, would not be included, he said. The value of these lands is estimated at 36,837,792, and the value of the improvements at 7,331,700.

Mr. Nuccio stated that the United States also contemplates transfer to Panama of the railroad passenger station site and structure upon completion of the evacuation of the New Cristobal and the other areas in Colon. The railroad tracks and tracks and trackage land acquired for switching purposes serving the Cristobal piers would be retained by the United States, however. Mr. Nuccio further stated that, as indicated in the United States comment on Document J, the United States is prepared also to consider the transfer to Panama of certain Colon shore lands.

Mr. Nuccio invited attention to the fact that in its paper on Document L, the United States has listed other lands acquired and held by the United States or its agencies outside the zone contiguous to the canal. These lands, he said, are regarded as still essential to the maintenance, operation, sanitation or protection of the canal.
The requests concerning certain lands and waters made by Panama in Part II of its memoranda supplementing Document B and the proposal presented in Part III are still under consideration, he said, and the United States replies will be made subsequently. He noted, however, the United States position with reference to Tolefro Island has already been communicated to the Panamanian delegation. At this point, the United States Comment on Panamanian Document B and accompanying proposed agreement with respect to its date were distributed to the Panamanian delegation (see Annex).

Dr. Pábrega thanked Mr. Mussio for these documents. He said that any questions or comments with respect thereto would be made by the Panamanian delegation after they had been carefully studied and submitted to the Panamanian Government. Dr. Pábrega asked, however, as to the approximate time in which the gradual withdrawal from the New Cristobal area would take place.

Mr. Mussio replied that a termination date would be difficult to set but that the Governor is of the opinion that the withdrawal can be accomplished in a very few years. He pointed out that the Governor will have to go to Congress for money to rebuild inside the Canal Zone certain facilities in this area. Once authority is obtained from Congress, he said, the plan would be to turn over to Panama severable parts of the area as each is evacuated and no longer is considered essential, instead of waiting to transfer the entire area at one time. He expressed his understanding that quite a few of the buildings already are vacant. Mr. Mussio added that the Governor feels that it will not be as much as ten years and possibly considerably less.

Dr. Pábrega
Mr. Pábreza then inquired as to whether it is a proper deduction that, when the railroad has been withdrawn from the cities of Colon and Panama and both terminals are within the Canal Zone, the Panama Railroad will not carry on business as a common carrier for Panama since physically it would be outside Panama.

Mr. Massic replied that as long as there is a considerable number of Americans and considerable activities in the New Cristobal and de Lesseps area, the Panama Canal Company authorities feel that that railway passenger station is essential. Once that activity is over, they do not foresee any need for that station, he said.

Mr. Runnestrand said that the Company's position is that although it will be operating entirely within the Canal Zone, it must reserve the right to operate in the Canal Zone as a common carrier without restrictions.

Mr. Pábreza inquired whether that reservation would be confined to transportation within the Canal Zone of passengers and cargo originating within the Canal Zone. Panama, he said, would want freight and other business originating in Panama to be handled by Panamanian common carriers. He said that that is why he asks whether the reservation which has been suggested would include the right to take cargo from Panamanian territory and transport it out of the zone.

Mr. Runnestrand replied that the reservation is intended to reserve the right to accept cargo and passengers from wherever they originate if they seek the services of the railroad as a common carrier. He said that the reservation is intended to protect the railroad's right to operate as a common carrier.
for passengers from Panama City who want to travel from Balboa to Mt. Hope, or whatever the new terminal might be after the withdrawal from Colon. This would also hold true of cargo brought into the Canal Zone from Panama City for delivery to Mt. Hope.

Mr. Saccio stated that Panama, of course, has the right to regulate within its own jurisdiction.

Dr. Fábrega said that conceivably there might exist the situation where Panama's regulations may require that business originating from Panama go through a Panamanian common carrier. He said that what he was trying to foresee was whether any such regulation by Panama would conflict with that reservation, but he added that it may be premature to discuss this point now. These points could be cleared up in the drafting of any agreement reached on this subject, he said.

Mr. Runnestrand said that he would want to reserve comment as to whether such regulations would be regarded as in conflict with this reservation.

Dr. Fábrega stated that the Panamanian delegation will be glad to convey these documents to its government. He declared that the disposition to return to Panama certain valuable lands now held by the United States is noted with gratification by Panama. He said he was glad, in view of the negative replies that they have been receiving, that one of the Panamanian papers seems to be receiving consideration which may lead to a favorable understanding. The conditions and arrangements upon which this return would be predicated must, of course, be studied by the Panamanian government.

Mr. Beurtematte
Mr. Huertmatrix said that it would be helpful to the Panamanian Delegation to know what procedure or norms were used to determine the value of those lands as reported in the United States comment.

Mr. Hunsenstrand replied that he did not have enough detail to answer at that time but that he thought it was done on the basis of a reasonably current appraisal.

Mr. Huertmatrix said that there are a considerable number of land values involved and evaluation of improvements. The improvements could be estimated at cost less depreciation or at replacement value or any number of norms might be used to establish the value. He said that they would like to be able to explain to the Panamanian Government the standards by which those values were arrived at.

Mr. Ruccio said that this could be done, and Mr. Huertmatrix suggested that this data might be transmitted to them informally, just by way of information.

Dr. Fábrega concurred that this information was desired and would be appreciated as a help in the study of these documents. He stated that it would also be helpful to know the source of the right claimed by the United States to certain aids to navigation, hydrographic stations and rock and sand sources listed in the United States document. Precise references to the source of these alleged rights, such as the right to extract sand from certain points, would save time and assist in the study of this paper, he said.

Mr. Hunsenstrand replied that a detailed recitation of all of these would involve a considerable searching of the files. He thought that the references with respect to the rock and gravel
Gravel sources might be readily available, but that it would take more than a few days to get all of the information requested, particularly on the aids to navigation and the hydrographic stations.

Mr. Macle suggested that some of the rights respecting aids to navigation probably date back to Colombian days. He also noted that the area involved in most of these is very small, sometimes just a rock with a light on it, although some are more substantial.

Mr. Fábregas requested as much information as might be practicable, and Mr. Runnestrånd indicated that it would be supplied.

Mr. Heurnematte remarked at this point that he noticed that a small area called Battery Morgan is to be retained by the United States. He inquired whether that area would be dedicated to some use, such as aids to navigation or as a shore battery station.

Mr. Runnestrånd replied that Battery Morgan, as distinguished from the other areas involved, is in the canal zone by the boundary convention. He said that this was not the sole reason for its retention certainly, but that he understood that it had been concluded by the military that it was to be retained for possible future use. He thought that at the present time it is not used as a shore battery station.

Mr. Heurnematte replied that it had been at one time.

Before adjourning, Mr. Fábregas adverted to the Panamanian delegation's expression at the last meeting of its grave concern over the negative replies that were being received to some of their fundamental petitions, particularly with respect to.

Document A
Document A that the United States is not disposed to enter into an agreement on that subject, although the intent is expressed to take some favorable measures along those lines. Dr. Fábrega again indicated his concern that the maintenance of this attitude might have a deplorable effect on the entire negotiation. The Panamanian Delegation has communicated with its Government and it, too, is extremely preoccupied over the matter, he said. Dr. Fábrega stated that the Panamanian Government also is surprised at this attitude of not wishing to enter into an agreement on the subject, in view of what Panama generally has been expecting on the basis of good relations with the United States and in the light of both the letter and the spirit of the joint statement by President hemón and President Eisenhower. In this very constructive statement, he maintained, specific mention was made of the facilities which would be given to Panama in connection with the market in the Canal Zone and specific mention was also made of the two Commissions meeting in Washington to reach agreements on the subject.

Mr. Luccio stated that he was pleased to have Dr. Fábrega's remarks on the United States position regarding Document B, which he felt reflected a real disposition on the part of the United States to meet Panamanian aspirations. He expressed the hope that similar solutions and practical arrangements that will meet basic requirements of the United States and Panamanian aspirations might be found in many other fields. He recalled that it had been agreed early in these talks that we would go ahead and explore all the Panamanian requests and not get bogged down in the question of final form. He stated that
that there was no question about the disposition of the United States. He mentioned that the United States has acceded in the question of form on taxes and as the talks continue he thought that practical arrangements might be arrived at in other fields.

Dr. Páez said that there were many different types of agreements—treaties, executive agreements, accessory notes, and so forth. He asserted that he has not said that the Panamanian Delegation thinks would be the ideal type of agreement on the problem involving Document A. The thing that has surprised them, he said, is the statement that there will be no agreement. He declared that no matter how much a liberal conception of form is stressed, the very meaning of form in an agreement is that there is an agreement from the standpoint of two negotiating commissions. They have failed in their purposes, he said, if they have reached no agreement. He noted that the United States Delegation at this meeting has submitted a draft of an agreement regarding Rio Hato. He could not say at this time, he said, how much of this proposed agreement Panama will be in a position to accept but at least a start is made with a proposition that an agreement is going to be discussed. The matter of Canal Zone sales and commissaries and the Canal Zone markets is one of the fundamental problems of these negotiations, he said, and that there should be no agreement on the subject he thought contrary to the spirit of the negotiations and to the understanding of the two Presidents. He added that, with respect to the example that the United States and Panama are supposed to set for other Latin American nations and for other countries of the world, if at this late date
date it is not possible to tell the world that an agreement has been reached on so vital a matter, it is the same as proclaiming that we have failed in our relations, that there isn't enough basis of good will and good disposition to enable us to reach agreement on that point.

When it comes to the agreement itself, Mr. Fabrega stated, there will be room for discussion of form. The form suggested by the Panamanian delegation may not be the logical or proper one, he said, but they are perfectly willing to study any other suggestion but always on the premise that an agreement will be reached.

Mr. Saccio stated that he knew of no specific statement as to final form any agreement reached would take, except regarding taxation. He said that the United States needed the agreement regarding Rio Hato because we wish to do certain things in territory under the jurisdiction of the Republic of Panama. This necessitates a formal agreement. If Panama wants to do something in its own territory, it doesn't need an agreement, he pointed out.

Mr. Fabrega remarked that this again raises the question of the extent of United States rights over the Canal Zone. He said that Panama had taken a very definite position on this. The Panamanian delegation has stated, he said, that in the equitable distribution of benefits from the Canal, Panama has submitted that one of the obvious benefits that should go to Panama is the advantage of the Canal zone market. He said that the two Presidents had agreed on the general principle that this market should be given to Panama and they also said that proper understandings would be reached. He said
said he did not see how any measure that is to be adopted will have any stability or solid basis unless it takes the form of an agreement. He reiterated at this point his Government's concern over this matter.

Mr. Nuccio expressed the hope that the presentation of replies to the Panamanian papers could be completed shortly and that, at that time, the position of the United States in its entirety be reviewed by Panama. He was certain, he said, that the Panamanians would find that a great advance has been made and that there is a real disposition on the part of the United States Government to find arrangements mutually beneficial to the two countries.

The meeting adjourned at 3:40 p.m. until the following Tuesday.
1. Panama proposes, in Document B, that the Panama Railroad Company cease activities in territory under the jurisdiction of Panama and that neither the United States Government nor any of its agencies shall continue any leasing, transport or commercial activity in said territory.

2. Panama further proposes that the properties, assets and other rights of the Panama Railroad Company, and those of the United States Government or any of its agencies situated in territory under the jurisdiction of Panama shall become the property of Panama, free of cost, with the exception of those rights granted by Panama in the Madden Dam area for so long as that area continues to be used for the purpose for which it was intended.

The United States is prepared to restrict the activities of the Panama Canal Company, in territory under the jurisdiction of the Republic of Panama, in the manner and to the extent hereinafter stated, and to take steps looking to the conveyance or transfer to the Republic of Panama of certain properties of the United States Government or its agencies on the Isthmus of Panama which may now not be considered essential for the maintenance, operation, sanitation and protection of the Canal, subject to authorization and direction by the Congress.
SECTION I

In detail the United States is prepared, subject to authorization and direction by the Congress, to take the following steps relating to the activities of the Panama Canal Company and with regard to properties owned by the United States Government or its agencies.

(A) The United States is prepared to terminate the railroad activities of the Panama Canal Company in the city of Panama and remove its terminal facilities to a site within the Canal Zone. It is to be understood, however, that such action is not intended to impair in any way the rights of the United States respecting the continued operation of the railroad as a common carrier of passengers and cargo. (This action will relieve the Panamanian Government of its obligation under Point 10 of the 1942 General Relations Agreement to make available without cost to the United States Government a suitable new site for the terminal facilities.)

The United States is prepared to take steps looking to the conveyance or transfer to the Government of the Republic of Panama of the lands known as the Panama Railroad Yard, and improvements involved, the estimated values of which are as follows:

Panama Railroad Yard land . . . . . . . . . $1,529,918
(58,843 sq. meters)

Panama Railroad Yard improvements . . . . . . 631,800

Total $2,161,118

These
These lands were originally acquired by the Panama Railroad Company by purchase from private owners; and the Company's title thereto, in the name of the Panama Railroad Company, is registered in the Panamanian public registry. Any undertaking to convey these lands should properly contemplate a conveyance subject to any lease which may be outstanding in the area, and contain provisions protecting the Government of the United States fully against any claim for damages or losses heretofore or hereafter incurred by any lessee of any of the lands covered by such conveyance. Seven lots on the border of Panama Yard are currently under lease to Panamanian concerns. Some of these leases are now on a month-to-month basis and should occasion no difficulty. The maximum lease term in any case was five years. There is also extant a lease to the Cerveceria Nacional, S.A., covering a right-of-way through the area for a pipeline for successive terms of five years. The current term will expire in 1958.

(B) The United States is prepared to take steps looking to the conveyance or transfer to the Government of the Republic of Panama of two other plots of land in Panama City, the J. H. Viallette and Huerta de San Deval tracts, and the Aspinwall tract on Taboga Island, which were acquired by the United States in the purchase from the New Panama Canal Company of France and which are now under the custodianship of the Canal Zone Government. These tracts cover 35,498 square meters and have an estimated value of $425,428.

(C) The area known as Paitilla Point which the United States acquired under the provisions of the 1903 Convention is an area which has great potential value in the defense of the
of the Panama Canal. This area is considered as an ideal base for defense weapons recently developed and under development, and the military authorities are reluctant to release it. However, in the interests of promoting amicable relations between the United States and the Republic of Panama, and recognizing the great value of this property in the expansion and development of the city of Panama, the United States is prepared to forego the important defense factors outlined above and to transfer to the Government of the Republic of Panama the area known as Faitilla Point.

It should be noted that the United States paid $160,000 to private owners in connection with the acquisition of these lands. According to present day real estate values it is estimated that the present value of the Faitilla Point area, 125.03 acres, is approximately $2,000,000.

(D) The United States is prepared to take steps looking to the conveyance or transfer to the Government of the Republic of Panama of the Las Isletas and Santa Catalina Military Reservations (30.46 acres) which are located on Taboga Island. Any such conveyance or transfer would include the twenty feet wide cable right-of-way between the Ancon Cove Military Reservation and the Santa Catalina Military Reservation, and between the El Vigia Military Reservation and the Las Isletas Military Reservation.

(E) The areas of the city of Colon known as de Lesseps, Colon Beach and New Cristobal lie within the jurisdiction of the Republic of Panama but are owned by the United States and/or its agencies.
At the present time, these areas are still required for the operation, maintenance and protection of the Canal as they include housing facilities, schools and hospitals for Canal Zone employees.

Subject to authorization and direction of the Congress, however, the Government of the United States would be agreeable to a gradual withdrawal from these areas and the conveyance or transfer to the Republic of Panama of all the right, title and interest of the United States and of its agency, the Panamá Canal Company, in the lands and improvement thereon. Under this process of gradual withdrawal the United States Government and/or its agencies would not be obliged to install any new structure therein, and as severable parts of the areas cease to be needed the lands and improvements involved would be conveyed or transferred.

The severability of parts of the areas depends upon a number of practical considerations including those having to do with the present obligations of the United States, with respect to the subject areas, concerning water and sewerage facilities, street cleaning and paving, water supply, etcetera, as stipulated in the Instrument of Transfer of Water and Sewerage Systems, executed between the Governor of the Canal Zone and the Foreign Minister of Panama on December 28, 1943.

The value of the lands included in the de Lesseps, Colon Beach and New Cristóbal areas (525,984 square meters) is estimated at $6,357,792. The value of the improvements is estimated at $7,381,700.

The Battery Morgan site, which is a part of the Canal Zone, would not be conveyed to Panama under this arrangement.
(F) The land and improvements of the Panama Railroad in the city of Colón consist of the trackage area and the railroad passenger station site and structure. Pending the evacuation of areas now used by the United States in the New Cristóbal and other areas in Colón, the retention of the passenger station in Colón is necessary. Upon completion of the evacuation of such areas, however, the United States will consider the discontinuance of the passenger station and the transfer of the station and site to Panama. However, the railroad tracks and trackage land are required for switching purposes serving the Cristóbal piers and will be retained for such purposes. The proposed ultimate discontinuance of the passenger station shall not, of course, impair in any way the rights of the United States respecting the continued operation of the railroad as a common carrier of passengers and cargo. As stated in our paper concerning Panamanian Document J, the United States is willing to consider the transfer to Panama of the Colón shore lands which lie between the Panama Railroad trackage area and Colón harbor. This area is described roughly as extending from the southerly boundary of the de Lesseps Area (4th Street extended) to the Colón-Canal Zone boundary and bounded on the east wall of the old freight house and, below that structure, by a line 25 feet west of the center line of the most westerly railroad track.

(G) Other lands acquired and held by the United States or its agencies outside of the zone contiguous to the Canal are as follows:
### Aids to Navigation

<table>
<thead>
<tr>
<th>Name</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bald Rock (Iona Light)</td>
<td>0.10</td>
</tr>
<tr>
<td>Farallon Suclo Island</td>
<td>5.80 (entire island)</td>
</tr>
<tr>
<td>Isla Grande</td>
<td>2.97</td>
</tr>
<tr>
<td>Jicarita Island</td>
<td>43.93</td>
</tr>
<tr>
<td>Morro Puerco</td>
<td>45.01</td>
</tr>
<tr>
<td>Pon Island (Taboguilla Light)</td>
<td>2.79 (entire island)</td>
</tr>
<tr>
<td>Panta Mala</td>
<td>58.64</td>
</tr>
<tr>
<td>San Jose Island</td>
<td>87.47</td>
</tr>
<tr>
<td>South Frailes Island</td>
<td>0.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>226.31</td>
</tr>
</tbody>
</table>

### Rock and Sand Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porto Belle Quarry</td>
<td>434.16</td>
</tr>
<tr>
<td>Nombre de Dios (Mining rights acquired for dredging of sand)</td>
<td></td>
</tr>
<tr>
<td>Chame Point (Right to dredge sand)</td>
<td></td>
</tr>
</tbody>
</table>

### Hydrographic Stations (On rivers tributary to Madden Lake)

<table>
<thead>
<tr>
<th>Name</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candelaria</td>
<td>5.74</td>
</tr>
<tr>
<td>Peloza</td>
<td>4.59</td>
</tr>
<tr>
<td>Indio</td>
<td>5.44</td>
</tr>
<tr>
<td>Chico</td>
<td>5.51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12.28</strong></td>
</tr>
</tbody>
</table>

The areas listed under the headings Aids to Navigation and Hydrographic Stations are all in use for the purposes indicated.

The area and rights listed under the heading Rock and Sand Sources are stand-by resources for use in connection with any large-scale construction or improvement program which may be embarked upon in the Canal Zone.

All these areas and rights are essential to the operation, maintenance and protection of the canal and will be retained by the United States Government and/or its agencies for those purposes.

(H) In addition to the above areas the United States Armed Forces operate the following military reservations:
<table>
<thead>
<tr>
<th>Location</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taboga Island</td>
<td></td>
</tr>
<tr>
<td>Playa Blanca Military Reservation</td>
<td>15.20</td>
</tr>
<tr>
<td>Cascajal Military Reservation</td>
<td></td>
</tr>
<tr>
<td>Corotu Military Reservation</td>
<td></td>
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<tr>
<td>Farallon de Tierra Island</td>
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<tr>
<td>Farallon de Tierra Military Reservation</td>
<td>7.14</td>
</tr>
<tr>
<td>Colon Province (400 Foot Hill)</td>
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<tr>
<td>Espigandi Military Reservation</td>
<td>6.79</td>
</tr>
<tr>
<td>Colon Province (200 Foot Hill)</td>
<td></td>
</tr>
<tr>
<td>Las Minas Military Reservation</td>
<td>4.28</td>
</tr>
<tr>
<td>Taboga Island</td>
<td></td>
</tr>
<tr>
<td>Ancon Cove Military Reservation</td>
<td></td>
</tr>
<tr>
<td>El Vigia Military Reservation</td>
<td>33.45</td>
</tr>
</tbody>
</table>

These areas are considered vital to the defense of the Canal and will be retained by the United States Government and/or its agencies for that purpose.
To turn to the proposal running to the benefit of the United States, the following explanation is set forth.

(A) In view of the opening of the Boyd-Roosevelt Highway in 1945; the United States disposition to terminate or waive, as requested by Panama in its Document N, the Trans-Isthmian Highway and railway monopoly held by the United States on the Isthmus of Panama; and the disposition of the United States to withdraw the Panama Railroad from Panama City, as requested by Panama in its Document E; it is a necessary corollary that the Government of the Republic of Panama terminate or waive the obligation undertaken by the United States under Article XIX of the 1903 Convention to provide free transportation on the Panama Railroad for persons in the service of the Republic of Panama.

(B) It is desired that the Government of the Republic of Panama make available to the United States Government:

1. A 99-year lease on land, designated as parcel 1 on the attached sketch, having an approximate area of 8,390 square meters which is contiguous to and south of the present United States embassy residence site. The United States Government has already spent considerable funds to prevent landslides on the area north of and contiguous to this parcel. Parcel 1 is currently used as a borrow pit and, if these operations continue, the results may become serious as the area treated may be subject to undermining and landslides. It is proposed to erect
erect a fence along Calle Martin Sosa to halt further removal of earth once the parcel is acquired; and

2. A 99-year lease on approximately 4518 square meters of land, designated on the attached sketch as parcel 2, north of the Embassy Residence site. This parcel is desired to give additional width to the Embassy property which would increase the width of the north terrace where Embassy functions are held. It would also make it possible to construct two residences for members of the Embassy staff as contemplated.

The United States Government also desires to receive written assurances from the Panamanian Government to supercede the present verbal understanding between the two governments that the property, containing approximately two acres of land, lying between the Bay of Panama and Avenida Balboa in front of the Embassy office building site will be preserved as a park and not developed for commercial or residential purposes.

(C) The holding of maneuvers or exercises by the United States Armed Forces in territory adjacent to the Canal Zone is governed under the exchange of notes of February 1, 1939, by the procedure set forth in the records of the proceedings of the negotiations of the General Treaty of March 2, 1936, which proceedings were held on March 2, 1936. The two governments have cooperated fully to facilitate such maneuvers, but in practice certain inconveniences and difficulties have developed mainly with respect to the use of private properties for these field exercises.

The United
The United States Government has given considerable thought to this matter in order to minimize these inconveniences and difficulties and arrived at the conclusion that they would be eliminated should the Panamanian Government provide an area of government-owned land at Rio Hato for the exclusive use of the United States Armed Forces for training, maneuver, and related purposes. It would be the intention of the United States that the majority of field exercises would be conducted in this area. This would not only avoid the use of private lands and, therefore, possible interference with or damage to agricultural production or properties, but would also reduce Armed Forces traffic on unpaved Panamanian roads. In addition, this procedure would eliminate the necessity for the frequent correspondence between the two governments on maneuver areas which is presently required under the above-mentioned exchange of notes in so far as the Rio Hato area would be concerned.

There is attached for consideration by the Panamanian Delegation a draft Agreement on the use of Rio Hato area by the United States Armed Forces.
AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE REPUBLIC OF PANAMA

Conscious of their joint obligation, as expressed in the provisions of the General Treaty of Friendship and Cooperation, concluded March 2, 1936, to take all measures required for the effective protection of the Panama Canal, in which they are jointly and vitally interested;

Reaffirming their pledges under the Inter-American Treaty of Reciprocal Assistance, effective 3 December 1942, and other international instruments to assist an American State subjected to an armed attack and to act together for the common defense and for the maintenance of the peace and security of the Western Hemisphere; have agreed as follows:

Art. I. a. The Republic of Panama will make available to the United States of America for its exclusive use, without cost, and free of all encumbrances, the lands situated in the Corregimiento of Rio Hato and the territorial waters adjacent thereto (delimited as set forth in the attached map, which forms an integral part hereof); the improvements and facilities thereon, as well as all rights of way which are necessary to the United States for the development and use of the Corregimiento of Rio Hato as a training and maneuver area.

b. The Republic of Panama will save the United States harmless from all claims arising incident to the acquisition of the land, the improvements and facilities thereon and the rights of way necessary for the full utilization of the Corregimiento of Rio Hato.

Art. II. Members of the United States forces and vessels, aircraft and vehicles (including armor) under the control of the United States shall enjoy the privilege of unrestricted access to, and movement within and from the Corregimiento of Rio Hato, its territorial waters and air space. Aircraft operating on behalf, or under the control of the United States may overfly, land, and take off in the Corregimiento of Rio Hato and its territorial waters. This privilege, including the right to utilize such roads and access ways as are necessary for unrestricted access to and movement from the Corregimiento of Rio Hato, shall not be subject to any fees, assessments, dues or other charges, except charges for services expressly requested and actually rendered.

Art. III. The United States of America may at its expense construct and improve roads, access ways, bridges and other transportation and communication facilities within the Corregimiento of Rio Hato as it deems necessary.

Art. IV. The United States of America may make arrange-ments for and carry out directly or through its contractors the installation, construction, and removal of facilities within the Corregimiento of Rio Hato, improve and adopt facilities within the Corregimiento of Rio Hato for military and related purposes and provide for the internal security thereof.

Art. V.
Art. V. a. All installations and facilities erected or constructed by or on behalf of the United States of America at its expense and all equipment, materials and supplies brought into the Corregimiento of Rio Hato by or on behalf of the Government of the United States of America in connection with the construction, development, operation and maintenance of facilities and installations within the Corregimiento of Rio Hato will remain the property of the United States of America and may be removed from the Republic of Panama free of any restrictions, after due notice to the Panamanian authorities, at any time before the termination of this Agreement or within a reasonable time thereafter. In addition the United States of America shall have the right at any time before the termination of this Agreement or within a reasonable time thereafter to dispose of all such installations and facilities and all such equipment, materials and supplies upon such conditions as may be agreed upon by the appropriate authorities of the two governments.

b. The United States of America will be compensated by the Republic of Panama for the residual value of the installations and facilities acquired, developed and constructed at United States expense under the present Agreement and not removed or otherwise disposed of in accordance with paragraph a. above, including those installations and facilities developed or constructed jointly by funds of the two governments, when such installations and facilities or any part thereof are no longer needed by the military forces of the United States of America. The manner and amount of compensation shall be in accordance with agreements to be made between the appropriate authorities of the two governments.

c. The United States of America shall be under no obligation to restore the Corregimiento of Rio Hato nor the facilities and installations thereof to their original condition upon the termination of this Agreement.

Art. VI. a. The government of the United States and its instrumentalities, the members of its forces stationed in the Corregimiento of Rio Hato and its contractors operating therein shall be exempt from all taxes, fees, assessments or other charges of any kind by the Republic of Panama and its political subdivisions and from the laws thereof concerning search and seizure.

b. The laws and regulations of Panama governing importation and exportation including the right to inspect and seize shall not apply to property of the United States and its instrumentalities or to the property of its contractors or members of its forces which arrive from or is destined for the Panama Canal Zone.

c. The United States shall not permit the importation of property into the Corregimiento of Rio Hato which may not be imported into the Canal Zone pursuant to the laws, orders and regulations which are applicable therein.

d. Property imported into the Corregimiento of Rio Hato under the provisions of subparagraph b of this article may not be disposed of therein to nationals by way of sale,
of sale, gift, or barter unless disposal thereof to such persons is authorized by the appropriate authorities of the Republic of Panama.

Art. VII. a. The military authorities of the United States of America shall exercise exclusive criminal jurisdiction over all offenses which may be committed by members of the United States forces present in the Corregimiento of Rio Hato. United States authorities may, however, waive such jurisdiction and will give full consideration to any request formulated by Panamanian authorities in particular cases, that the accused be tried by Panamanian tribunals.

b. Members of the United States forces shall respect the laws of the Republic of Panama and abstain from any activity inconsistent with the spirit of the present Agreement. The United States shall take appropriate measures to this end.

c. In all cases in which members of the United States forces are arrested or taken into custody by Panamanian authorities, the appropriate authorities of the United States shall be immediately informed of such action. Persons so arrested or taken into custody shall be delivered to the appropriate authorities of the United States upon request of those authorities.

d. The appropriate authorities of the Republic of Panama shall, upon request, assist in the collection of evidence and in the carrying out of all necessary investigations regarding cases subject to the exclusive jurisdiction of the United States of America. Necessary arrangements will be made by the appropriate authorities of the Republic of Panama to secure the presence of nationals of the Republic of Panama and other persons resident in territory under Panamanian jurisdiction (except members of the United States forces) as witnesses for official investigations and before military tribunals, and in proper cases, for the seizure and handing over of evidence, exhibits and objects connected with the offense.

e. The United States military authorities shall, in like manner, carry out the collection of evidence from members of the United States forces and assist Panamanian authorities, in cases subject to the jurisdiction of Panamanian criminal courts.

f. The United States shall have the right to police the area comprising the Corregimiento of Rio Hato and the facilities and installations thereon and may take all measures which it deems necessary to insure the maintenance of discipline, order and security. The Panamanian authorities shall, however, be responsible for the prosecution of persons not members of the United States forces who commit offenses within the Corregimiento of Rio Hato.

g. In all cases in which persons not members of the United States forces are arrested or taken into custody by United States authorities within the Corregimiento of Rio Hato, the appropriate authorities of Panama shall be informed thereof immediately. Such persons shall be delivered to the appropriate Panamanian authorities promptly upon request of those authorities.
he. Outside the Corregimiento of Rio Hato, members of the United States forces may be employed for police duties insofar as such employment is necessary to maintain discipline and order among the members of the United States forces.

1. Members of the United States forces may carry arms when on duty, as authorized by the United States military authorities.

2. Security offenses against the United States, committed by persons subject to Panamanian jurisdiction will be promptly investigated by Panamanian authorities and in appropriate cases punished. If necessary, Panama shall seek legislation making security offenses against the United States offenses punishable under Panamanian law.

Art. VIII. The Republic of Panama and the United States of America agree to waive all claims of one against the other for injury or death suffered by any member of the United States forces or by a member of the Panamanian armed forces or an employee of the Government of Panama, while such member is engaged in the performance of official duties within the Corregimiento of Rio Hato. In addition, the Government of the United States waives all of its claims against the Republic of Panama for damage to its property within the Corregimiento of Rio Hato, if such damage is caused by a member of the Panamanian armed forces or an employee of the Government of Panama while engaged in the performance of his official duties, or if such damage arises from the use of any vehicle, vessel or aircraft owned or controlled by the Government of Panama and operated by or under the control of its armed forces or an employee of the Government of Panama in the performance of his official duties. All other claims cognizable under United States foreign claims statutes made by citizens or persons normally resident in Panama and arising out of acts or omissions of members of the United States forces shall be processed and paid in accordance with the applicable laws and regulations of the United States. Any settlement made pursuant to such statutes shall operate as a complete release as to both the United States of America and the individual or individuals concerned from further liability arising out of such act or omission. In addition, military personnel and civilian employees of the United States forces present in the Corregimiento of Rio Hato shall be immune from civil jurisdiction of the Government of Panama for acts or omissions arising out of the performance of their official duties. A judgment obtained in a civil court of Panama shall be a bar to any administrative relief from the United States for a claim arising out of any act or omission of a member of the United States forces.

Art. IX. The United States Government may procure directly from sources of its own choosing the architectural, engineering, and construction services and the necessary equipment, materials, and supplies required to develop the area of the Corregimiento of Rio Hato for military and related purposes and to construct, develop, and improve facilities thereon. The United States Government may negotiate directly with contractors concerning the necessary contracts and shall provide for administration of the contracts and supervision of the work. Contractors with the United States Government
may effect all necessary subcontract with persons of their own choosing. The United States Government may also employ United States military construction units for the above purposes. The above principles shall also govern the maintenance, operation, alteration, and repair of installations and facilities.

b. The authorities of the two governments shall cooperate in making arrangements regarding direct purchase of goods and services desired by the United States forces for requirements arising within the Corregimiento of Rio Hato, as well as for the employment, remuneration and conditions of employment of nationals and residents of the Republic of Panama. The laws of Panama regarding the withholding and payment of income taxes, and of social security contributions, and, except as otherwise mutually agreed, the conditions of employment and work, such as those relating to wages and supplementary payments, the conditions for the protection of workers, and rights of workers concerning labor relations, will be observed in regard to all persons (except members of the United States forces and United States nationals who are not ordinarily resident in Panama) employed in the Corregimiento of Rio Hato.

Art. X. The United States of America and the Republic of Panama will cooperate in taking such steps as may be necessary to ensure the security of the United States forces and its members in the Corregimiento of Rio Hato as well as the security and protection of the facilities, equipment, and property situated thereon.

Art. XII a. The authorities of the United States may import, export, possess, and use non-Panamanian currency or instruments. In addition, scrip expressed in the currency of the United States of America may be used in the internal transactions of the United States forces.

b. The authorities of the United States may pay members of the United States forces in instruments expressed in the currency of the United States of America; scrip denominated in units of United States currency, Panamanian currency, or in United States currency, provided that payment in United States currency shall take place only after consultation between authorities of the two governments. The United States will take appropriate measures to assure that the use of scrip is restricted to internal transactions within installations in use by the United States Armed Forces in the Corregimiento of Rio Hato.

Art. XII. For the purposes of this Agreement, the term "members of the United States Forces" includes all persons serving with, employed by, or accompanying the United States Armed Forces who are not nationals of Panama, nor persons ordinarily resident in territory under Panamanian jurisdiction.

Art. XIII. The present Agreement shall come into force upon signature, and shall continue in force for a period of twenty (20) years and subject to extension thereafter as agreed by the two governments.

In testimony whereof, the respective plenipotentiaries of the two governments have placed their signature and affixed their seals to the present Agreement.

Done at __________, this ______ day of __________.
Nº 21  Acta de la 21ª reunión. 9 de marzo de 1954.

ANEXOS: 1. Comentario de los Estados Unidos al Documento "K" de Panamá.
2. Comentario de los Estados Unidos al Documento "L" de Panamá.
March 9, 1954
2:30 p.m.

TWENTY-FIRST MEETING OF THE REPRESENTATIVES OF PANAMA AND THE
UNITED STATES FOR A REVIEW OF CUMULUS BETWEEN BOTH COUNTRIES

PRESENT:

Dr. Octavio Pábreza
Dr. Carlos Sucre C.
Mr. Roberto Montezuma
Mr. Juan Manuel Méndez Mérida
Mr. Guillermo Jurado Veliz

Mr. John J. Muccio
Lt. Col. Maurice C. Helden
Mr. Charles R. Burrows
Mr. Paul W. Broome
Mr. Eldred G. Rapminer
Mr. William B. Sowash

Mr. Muccio submitted the comments of the United States with regard to Document K of Panama (see annex).

Dr. Pábreza explained that Document K was based on information supplied by persons engaged in the kind of activities discussed in the aforementioned document, and that the Delegation of Panama had carefully considered the sources of information in order to verify their correctness. He said that the Delegation of Panama would indicate its definitive position with regard to the matter after submitting the comments to consideration by the Government of Panama and reviewing the information submitted to it, in view of the apparent conflict between the facts set forth in the comments and the aforesaid information. However, he wished to make certain general comments regarding the documents submitted today by the Delegation of the United States. He observed that in the United States comments a detailed explanation is given in order to demonstrate that it would not be practicable to permit Panamanian carriers to have access to the docks and it is stated that the Panamanian position is perhaps based on an erroneous concept regarding the handling of cargo on the docks and that the only advisable practice would appear to be that the cargo be transported from the dock to the Freight House and removed from there by the persons concerned.
He observed that, naturally, many of the problems are of a practical nature for which a practical adjustment would have to be sought; however, the fundamental reason underlying the measures proposed by Panama should not be overlooked.

He explained that the question of free access to the docks is related to the second paragraph of Document X which deals with charges to be paid for the use of the docks. He said that according to information supplied to the Delegation of Panama—to which he referred without implying that the statements of the Delegation of the United States were not correct—in many instances the charges that are levied on shippers for the use of the dock are not related to the service rendered on it.

He expressed his satisfaction with the reference to the case of cement because he himself was going to refer to it. He explained that the Cement Company sometimes exports cement, which it sends to the dock in its own trucks and that it does not receive any service whatsoever on the dock, perhaps with the exception of stowing, which is specifically paid for. However, the Delegation of Panama has been informed that the Panama Canal Company has charged it $2.20 per ton because of the mere fact that the cement went across the dock.

He explained that Panama's position was that if it had been deprived of its ports owing to Bunuavarilla's hasty interpretation of the Treaty of 1903 and if, as a result, merchandise destined for Panama necessarily had to go over the Canal Zone docks—an activity that is not related to the operation, maintenance and functioning of the Canal—and if it is borne in mind that the relations between both countries are being reviewed on the basis of equity, the least that should be done is to grant to the Panamanians the privilege of free access to the aforementioned.
safesaid ports and only levy charges on them for services actually rendered.

He said that in the contracts of the United States it was stated that free access to the ports may cause congestion and difficulties of a practical nature. He said that he felt that this matter should be studied carefully in order to find some means whereby the interests of both parties could be reconciled. However, it is obvious that there should be some means of permitting a consignee to use his own vehicles in order to withdraw cargo from the dock without having to pay any charges whatsoever unless actual services are rendered to him.

Mr. Nuccio said that two questions were at issue: that of free access to the docks and that of the use of the docks free from charges. He stated that the Canal Zone authorities maintain that charges are levied only for services rendered. He said that if the Delegation of Panama considers that $1.40 per ton of cement is not a fair charge, the question is debatable. But certain facilities are provided for certain carriers, as indicated in the contracts of the United States.

Dr. Pobrgea inquired whether the charge of $1.40 per ton of cement constituted a special case, in view of the large volume involved.

Mr. Heurtematte explained that on one or two occasions when permission was requested for the company's trucks to enter the dock, the rate of $1.40 was applied. He said that the matter was complex and that in order to be able to discuss it intelligently it was necessary to study it; but he added that perhaps an explanation of the case of cement would give an idea of the difficulties encountered by Panamanians. He explained that the cement plant was established in Panama during the war for the purpose of orienting Panama's economy toward self-sufficiency, and with the understanding that it would bid not only for the Panama business but also for that of the Zone and part of the export business, which
which had to be maintained in order to be able to supply those markets at reasonable prices. He said that there is considerable competition in the cement market because exporters use it for the sale of their surpluses, and that in their efforts to maintain the cost somewhat lower than the production costs, Panamanian producers encounter the insuperable obstacle of the ten cents that they have to pay for each sack that crosses the dock. He stated that originally the Isthmian transfer charge was levied for a service rendered, which consisted of the transfer of the cargo from the slings to the place where it was received by the railroad, the truckers or by the consignees themselves, and for the use of certain equipment. He added that that charge was also levied on exports. However, in the case of exports, the charge levied bore no relationship to the costs; that is, the cement company had to pay four cents for stevedoring charges, for the transfer of each sack to the slings. He said that he understood that those four cents covered the Canal's estimate for stevedoring charges and cost plus a surcharge of 40% for administrative expenses.

Mr. Runnestrand stated that he did not know the breakdown of the costs.

Mr. Heurtematte stated that, in addition, Panamanians had to pay $1.40 per ton for the Isthmian transfer charge, which was equivalent to 10 cents per bag of cement, which made a total handling cost at the dock of 14 cents. He said that this obliged Panama to withdraw from the export market, and that it was then impossible to compete on the basis of prices in the markets that were available in the hemisphere. He explained that this did not mean that the cement company had ceased to engage in export activities, since it was able to compete on the basis of the quality of its product, as it did in the case of exports to El Salvador for the construction of the Río Lempa Dam. He said that
that he understood that in that specific instance there was no reduction whatsoever of the across-the-dock charges.

He recapitulated the breakdown of the 1.4 cents of charges as follows: 4 cents for stevedoring—which is rather high because it includes a surcharge of 40%, in addition to 10 cents which he understood are charged for the Isthmian transfer, which in the case of cement does not represent any service whatsoever except perhaps the normal deterioration of the docks. He said that the Panamanians felt, rightly or wrongly, that in the case of exports some concession should be made in view of the fact that the cement that crosses the docks does not cause any expenses whatsoever. He stated that, naturally, it was impossible to determine to what degree such cargo contributed to the deterioration of the docks, but that the charge was levied was considered onerous and unfair, although it is understood that the Canal Company levies it because it feels that it is fair. He said that as the Canal Company renders services relative to the receipt of freight on the basis of a monopoly, no possible competition is involved; Panamanians find themselves compelled to use the docks of the Canal Zone because they do not have access to other docks for shipping cargoes, and even in the case of reduced prices the charges are so onerous that they render the export business impossible. He observed that he had made his comments only with regard to one kind of product in the hope of synthesizing to a certain degree the general problem encountered by Panamanians with regard to cargo handling. He then referred to the problem of cargo received through the docks at Cristobal for shipment to Panama. He said that, in practice, the assertion of the Delegation of the United States that the consignee has the right to choose between transporting the cargo by railroad or receiving it in Colon and transporting it in trucks is not borne out. He explained that when a maritime carrier transports cargo by railroad
railroad as co-carrier it receives $17.75 per ton; otherwise, it charges $20.50 per ton. He said that these charges are sufficiently discriminatory to render impossible the operation of trucking companies, even aside from the fact that there is also a transfer charge of $2.40 per ton.

He stated that the through rate to Panama is $23.00, of which the maritime carrier pays the railroad 25%, that is, $5.75 and keeps $17.25. However, when the cargo is not transported by railroad and is delivered in Colon, the maritime carrier receives $20.50. He observed that this difference renders impossible Panama's aspirations to competition in the transportation business, and that for that reason the Delegation of Panama had brought up the matter. He offered to elaborate further regarding the matter in the event that his explanation had not been understood and concluded by stating that the rates are so constituted that no Panamanian trucking firm has been able to work out arrangements with the shipping companies similar to those existing with the Panama Canal Company, and that without such arrangements it is impossible for Panamanian trucking firms to render that service economically, because they have to pay higher rates for ocean freight.

Dr. Pabrega said that when information was being gathered for the purpose of formulating the Panamanian proposals, the Delegation of Panama had been very impressed with information supplied by reputable merchants to the effect that cargo arriving in Cristobal, unloaded on the dock, transported to the freight house and delivered there to the consignee by the Panama Canal Company pays the same rate as cargo delivered on the dock and transported in trucks belonging to the consignee—that is, $2.20 per ton. He observed that it was an absolute charge because in one instance service is rendered and the charge is $2.20 per ton, whereas in the other instance no service is rendered and yet the same amount is charged. Consequently, the obvious conclusion was that the charge is levied
levied for the use of the dock without any relation to the service rendered. He said that the Panamanians felt that the least that should be done in behalf of Panama, which contributed to the existence of the Zone's ports, was to levy charges for services actually rendered and not for the mere use of the ports.

He then referred to the statement in the second paragraph of the comments of the United States Delegation to the effect that "to charge Panama a lower rate will mean to discriminate in favor of Panama". He said that he objected to this statement for two reasons: first, because the so-called discrimination was fictitious, inasmuch as the only two communities involved were those of Panama and the Canal Zone; although it is alleged that the charges levied on the Government of the United States are the same as those levied on Panama and that to charge Panama less would be tantamount to discrimination against the United States Government, in such cases the United States is merely transferring money from one pocket to the other. And, secondly, because although the treatment that would be accorded to Panama would be special treatment, the Delegation of Panama considers that Panama deserves such treatment because of its contribution to the Canal enterprise. He contended that in this matter, as well as in others raised by Panama, the Delegation of the United States objects to the Panamanian proposals because it considers them discriminatory and tantamount to special treatment for Panama, and he stated that it should be borne in mind that Panama deserves special treatment because of its contributions toward the Canal enterprise and all the special rights which it granted to the United States in the Canal Zone.

Mr. Heurteloutte referred to the statement of the United States Delegation to the effect that the charge applies without exception to all cargo, including that of the Panama Canal Company and of other United States Government
Government agencies. He said that one of the reasons why exception is taken to this charge in Panama is that for some time it was felt that it was applied solely to Panama. He inquired whether it was true that in the last tariff issued by the Panama Canal there was a note stating that the Panama Canal Company would not accept or be responsible for the Isthmian transfer charge on any goods that it imports via carriers that are not its own property.

Mr. Rumensrand said that he was not familiar with this matter.

Mr. Bournevalette commented that it would be an interesting point to clear up, because Panamanians are under the impression that the tariff contains a note to the effect that the Panama Canal Company will not accept the Isthmian transfer charge on shipments for the Panama Canal Company or the Government of the Canal Zone that are not carried by the Panama Line; that is, when it is not just a bookkeeping transaction.

Mr. Rumensrand said that he was not familiar with the matter, but that it could easily be checked.

With regard to the comments of the United States Delegation relative to paragraph 3 of Document K of the Panamanian Delegation, Dr. Fabrega observed that as the aforesaid comments referred in detail to the question of through-billing, the Delegation of Panama would have to study it carefully in order to reply in the same detailed manner. However, he added that he wished to reiterate what he had said on another occasion, namely that the Panama Canal Company receives 25% of the through freight rate, regardless of whether the cargo reaching Panama originated in Hamburg or in Havana. The fact that it is a fixed percentage, regardless of the distance between the port of embarkation and the port where the cargo is unloaded, shows that the Panama Canal Company receives an absolute commission on cargo that passes through the Canal.