

106TH CONGRESS  
1ST SESSION

# H. R. 2244

To prohibit United States assistance to the Republic of Panama if a defense site or military installation built or formerly operated by the United States has been conveyed by the Government of the Republic of Panama to any foreign government-owned entity, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1999

Mr. HUNTER introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committees on Banking and Financial Services, Armed Services, and Intelligence (Permanent Select), for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To prohibit United States assistance to the Republic of Panama if a defense site or military installation built or formerly operated by the United States has been conveyed by the Government of the Republic of Panama to any foreign government-owned entity, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “United States-Panama  
3 Security Act of 1999”.

4 **SEC. 2. FINDINGS.**

5       The Congress finds the following:

6           (1) The United States secured the independence  
7 of the Republic of Panama, built the Panama Canal  
8 at considerable cost in blood and treasure, and has  
9 provided for its management, operations, maintenance,  
10 nance, improvement, and defense throughout the  
11 20th century, providing a vital service to the peaceful  
12 commerce of all nations as well as substantial returns  
13 to the national interests of both the United  
14 States and Panama.

15           (2) The Panama Canal continues to play a vital  
16 role both in international trade and in the national  
17 security of the United States, reducing the distance  
18 by sea between New York and San Francisco by  
19 some 8,000 miles, contributing critical strategic mobility  
20 to naval forces of the United States and substantial  
21 savings to maritime commerce.

22           (3) Absent any new base-rights agreement between  
23 the United States Government and the Government of the  
24 Republic of Panama allowing for a post-2000 United States  
25 military presence, United  
26 States forces in Panama will be reduced to zero by

1 December 31, 1999, calling into question the ability  
2 of the United States to continue to protect its inter-  
3 ests in the area.

4 (4) The Roosevelt Corollary to the Monroe Doc-  
5 trine proclaimed in 1904 that it was a national secu-  
6 rity concern of the United States when foreign pow-  
7 ers attempted to use public or private investment as  
8 a vehicle for the expansion of political and military  
9 influence in the Western Hemisphere.

10 (5) The recent grant to Hutchison Whampoa, a  
11 Chinese firm with ties to the Government of the  
12 People's Republic of China, of management control  
13 of the Panamanian ports of Balboa and San Cris-  
14 tobal, located at either end of the Panama Canal,  
15 has raised the specter of the expansion of Chinese  
16 political influence in Panama—a situation aggra-  
17 vated by unanswered questions concerning the meth-  
18 ods used by the Chinese firm to win its bids.

19 (6) In addition, Article V of the Treaty Con-  
20 cerning the Permanent Neutrality and Operation of  
21 the Panama Canal, states that only the Republic of  
22 Panama shall maintain military forces, defense sites,  
23 and military installations in its national territory  
24 after December 31, 1999.

1 **SEC. 3. LIMITATION ON ASSISTANCE TO THE REPUBLIC OF**  
2 **PANAMA IF FORMER UNITED STATES MILI-**  
3 **TARY FACILITIES IN THE REPUBLIC OF PAN-**  
4 **AMA ARE CONVEYED TO ANY FOREIGN GOV-**  
5 **ERNMENT-OWNED ENTITY.**

6 (a) LIMITATION ON UNITED STATES ASSISTANCE.—  
7 United States assistance may not be provided to the Re-  
8 public of Panama for any period of time beginning after  
9 the date of the enactment of this Act during which a de-  
10 fense site or military installation, that is located within  
11 the territory of the Republic of Panama and that was at  
12 any time part of a defense site or military installation built  
13 or formerly operated by the United States, has been con-  
14 veyed by the Government of the Republic of Panama to  
15 any foreign government-owned entity.

16 (b) OPPOSITION TO ASSISTANCE FROM INTER-  
17 NATIONAL FINANCIAL INSTITUTIONS.—The President  
18 shall instruct the United States representative to each  
19 international financial institution to which the United  
20 States is a member to use the voice and vote of the United  
21 States to oppose any loans or other forms of assistance  
22 from that institution to the Republic of Panama for any  
23 period of time during which the Government of the Repub-  
24 lic of Panama is in violation of the requirements of sub-  
25 section (a).

1 **SEC. 4. REPORTING REQUIREMENTS.**

2 (a) REPORT BY THE PRESIDENT.—Not later than 60  
3 days after the date of the enactment of this Act, the Presi-  
4 dent shall prepare and transmit to the Congress a report  
5 containing a description of how Hutchison Whampoa, a  
6 Chinese firm with ties to the Government of the People’s  
7 Republic of China, was selected to receive a grant for man-  
8 agement control of the Panamanian ports of Balboa and  
9 San Cristobal, located at either end of the Panama Canal,  
10 including whether or not the United States Government—

11 (1) had any information concerning the bid by  
12 Hutchison Whampoa to receive such grant;

13 (2) provided adequate support to bids by  
14 United States firms for such grant; and

15 (3) had any knowledge of ties that exist be-  
16 tween Hutchison Whampoa and the Government of  
17 the People’s Republic of China.

18 (b) REPORT BY THE SECRETARY OF DEFENSE.—Not  
19 later than 60 days after the date of the enactment of this  
20 Act, the Secretary of Defense shall prepare and submit  
21 to the Congress a report containing—

22 (1) a description of the extent to which the con-  
23 trol of the ports San Cristobal and Balboa in the  
24 Republic of Panama by Hutchison Whampoa, a Chi-  
25 nese firm with ties to the Government of the Peo-

1        ple's Republic of China, poses a threat to the secu-  
2        rity of the United States; and

3            (2) a description of how the strategic interests  
4        of the United States with respect to the Panama  
5        Canal will continue to be protected after the Govern-  
6        ment of the Republic of Panama assumes sole re-  
7        sponsibility for the defense of the Canal and be-  
8        comes the only entity entitled to have military  
9        forces, defense sites, or military installations in Pan-  
10       ama after December 31, 1999.

11        (c) REPORTS BY THE DIRECTOR OF CENTRAL INTEL-  
12       LIGENCE.—Not later than March 31 of each year, the Di-  
13       rector of Central Intelligence, in cooperation with the  
14       heads of other appropriate Federal agencies, including the  
15       Director of the National Security Agency, the Director of  
16       the Federal Bureau of Investigation, the Secretary of De-  
17       fense, the Secretary of the Treasury, the Secretary of  
18       Commerce and the Secretary of State, shall prepare and  
19       submit to the Congress a report, in both classified and  
20       unclassified form, on the intelligence activities of the Peo-  
21       ple's Republic of China against or affecting United States  
22       interests in the Republic of Panama, including a descrip-  
23       tion of—

24            (1) the extent of political, military, and eco-  
25        nomic espionage by the People's Republic of China;

1           (2) the extent of intelligence activities by the  
2       People's Republic of China designed to gain political  
3       influence;

4           (3) efforts by the People's Republic of China to  
5       gain direct or indirect influence through commercial  
6       or noncommercial intermediaries subject to control  
7       by the People's Republic of China, including enter-  
8       prises controlled by the People's Liberation Army;  
9       and

10          (4) disinformation or press manipulation di-  
11       rected against the United States.

12       (d) REPORT BY THE DIRECTOR OF THE OFFICE OF  
13       NATIONAL DRUG CONTROL POLICY.—Not later than 60  
14       days after the date of the enactment of this Act, the Direc-  
15       tor of the Office of National Drug Control Policy shall  
16       prepare and submit to the Congress a report on the utility  
17       of maintaining a military presence in the Republic of Pan-  
18       ama for interdicting illegal drugs.

19       **SEC. 5. RENEGOTIATION OF THE PANAMA CANAL TREATY.**

20       (a) RENEGOTIATION OF EXISTING TREATIES; NEGO-  
21       TIATION OF NEW TREATY.—The President is authorized  
22       and directed to confer with the Government of the Repub-  
23       lic of Panama to renegotiate the terms of the Panama  
24       Canal Treaty and the Treaty Concerning the Neutrality  
25       and Operation of the Panama Canal, or to negotiate a new

1 agreement to supersede the such Treaties, for the purpose  
2 of providing for the security of the Canal into the 21st  
3 Century.

4 (b) SENSE OF THE CONGRESS.—It is the sense of  
5 the Congress that any negotiations conducted under sub-  
6 section (a) should include the following:

7 (1) A ban on foreign government investment in,  
8 or management of, the Panama Canal and related  
9 projects or other infrastructure projects related to  
10 transit across the isthmus of Panama or through  
11 Panamanian territory.

12 (2) The right to a continuing United States  
13 military presence in Panama to actively cooperate  
14 with Panama in the defense of the Panama Canal.

15 (3) A continuing United States presence in  
16 Panama to actively cooperate with Panama in the  
17 interdiction and eradication of illegal drug traf-  
18 ficking through the territory of Panama or adjacent  
19 areas.

20 (4) The right to control or prohibit the use of  
21 the Panama Canal by hostile powers, terrorist  
22 states, or criminal groups, by redefining the terms  
23 of the 1977 Treaty Concerning the Neutrality and  
24 Operation of the Panama Canal to apply only to its



1 peaceful, non-belligerent use by states or entities  
2 other than the United States and Panama.

3 **SEC. 6. DEFINITIONS.**

4 As used in this Act:

5 (1) PANAMA CANAL TREATY.—The term “Pan-  
6 ama Canal Treaty” means the Panama Canal Trea-  
7 ty between the United States and the Republic of  
8 Panama, signed at Washington on September 7,  
9 1977 (33 UST 39).

10 (2) TREATY CONCERNING THE PERMANENT  
11 NEUTRALITY AND OPERATION OF THE PANAMA  
12 CANAL.—The term “Treaty Concerning the Perma-  
13 nent Neutrality and Operation of the Panama  
14 Canal” means the Treaty Concerning the Permanent  
15 Neutrality and Operation of the Panama Canal be-  
16 tween the United States and the Republic of Pan-  
17 ama, signed at Washington on September 7, 1977  
18 (33 UST 1).

19 (3) UNITED STATES ASSISTANCE.—The term  
20 “United States assistance” means—

21 (A) assistance under part I of the Foreign  
22 Assistance Act of 1961 (22 U.S.C. 2151 et  
23 seq.) (including programs under title IV of  
24 chapter 2 of such part; relating to the Overseas  
25 Private Investment Corporation), except that

1 such term does not include humanitarian assist-  
2 ance;

3 (B) assistance under chapter 2 of part II  
4 of the Foreign Assistance Act of 1961 (22  
5 U.S.C. 2311 et seq.; relating to military assist-  
6 ance), including the transfer of excess defense  
7 articles under section 516 of such Act;

8 (C) assistance under chapter 5 of part II  
9 of the Foreign Assistance Act of 1961 (22  
10 U.S.C. 2347 et seq.; relating to international  
11 military education and training);

12 (D) assistance under the “Foreign Military  
13 Financing Program” under section 23 of the  
14 Arms Export Control Act (22 U.S.C. 2763);

15 (E) the transfer of defense articles, defense  
16 services, or defense and construction services  
17 under Arms Export Control Act (22 U.S.C.  
18 2751 et seq.), including defense articles and de-  
19 fense services licensed or approved for export  
20 under section 38 of such Act; or

21 (F) financing under the Export-Import  
22 Bank Act of 1945.

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