

106TH CONGRESS  
1ST SESSION

# H. R. 3452

To establish conditions on the payment of certain balances under the Panama Canal Act of 1979.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 1999

Mr. BAKER (for himself, Mr. HUNTER, Mr. STUMP, Mr. TRAFICANT, Mr. HEFLEY, Mr. COOKSEY, Mr. WAMP, Mrs. BONO, Mrs. CHENOWETH-HAGE, Mr. BACHUS, Mrs. JOHNSON of Connecticut, Mr. SAM JOHNSON of Texas, Mr. CUNNINGHAM, Mr. TAUZIN, and Mr. TANCREDO) introduced the following bill; which was referred to the Committee on Armed Services

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## A BILL

To establish conditions on the payment of certain balances under the Panama Canal Act of 1979.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Panama Canal Secu-  
5 rity Act of 1999”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress makes the following findings:

1           (1) The common interests of Panama and the  
2           United States have produced close relations between  
3           the two nations and a shared interest in protecting  
4           the Canal and its operations.

5           (2) The United States helped secure the inde-  
6           pendence of the Republic of Panama, built the Pan-  
7           ama Canal at considerable cost in blood and treas-  
8           ure, and has provided for its management, oper-  
9           ations, maintenance, improvement, and defense  
10          throughout the 20th century, providing a vital serv-  
11          ice to the peaceful commerce of all nations as well  
12          as substantial returns to the national interests of  
13          both the United States and Panama.

14          (3) The United States purchased the Panama  
15          Canal property for \$40,000,000 (approximately  
16          equal to \$736,000,000 in 1999 dollars) and after 11  
17          years of construction at a cost estimated to exceed  
18          \$387,000,000 (approximately equal to  
19          \$6,500,000,000 in 1999 dollars), the Panama Canal  
20          was opened to the seafaring world. Since the open-  
21          ing of the first gate in 1914 the United States has  
22          invested well over an additional \$3,000,000,000 in  
23          Canal facilities and infrastructure.

24          (4) The Panama Canal continues to play a vital  
25          role both in international trade and in the national

1 security of the United States, reducing the distance  
2 by sea between New York and San Francisco by  
3 some 8,000 miles, contributing critical strategic mo-  
4 bility to naval forces of the United States and sub-  
5 stantial savings to maritime commerce.

6 (5) The 50-mile long Panama Canal, connecting  
7 the Atlantic and Pacific Oceans, is a key strategic  
8 choke point in the Western Hemisphere and is vital  
9 to the United States and international economies  
10 and remains a strategic passage for naval and com-  
11 mercial vessels.

12 (6) Approximately one-third of the world's econ-  
13 omy is said to pass through the Canal each year-in-  
14 cluding 15 percent of all United States trade. The  
15 United States Navy makes over 200 passages  
16 through the Canal annually. More than 15 percent  
17 of goods entering or leaving the United States pass  
18 through the canal, including 40 percent of United  
19 States grain exports. Oil and oil products account  
20 for as much as 17 percent of canal shipments. Ap-  
21 proximately 670,000 barrels per day of oil and oil  
22 products passed through the canal annually.

23 (7) Occupation, damage or destruction of this  
24 crucial waterway by a hostile power could be calami-  
25 tous to the United States in time of war or armed

1 conflict and could be devastating to the economy of  
2 the United States during times of peace.

3 (8) A continued United States military presence  
4 is critical to the future stability in this region as well  
5 as the long-term economic and security interests of  
6 the United States.

7 (9) Absent any new base-rights agreement be-  
8 tween the United States Government and the Gov-  
9 ernment of the Republic of Panama allowing for a  
10 post-2000 United States military presence, United  
11 States forces in Panama will be reduced to zero by  
12 December 31, 1999, calling into question the ability  
13 of the United States to continue to protect its inter-  
14 ests in the region.

15 (10) In addition, article V of the Treaty Con-  
16 cerning the Permanent Neutrality and Operation of  
17 the Panama Canal, states that only the Republic of  
18 Panama shall maintain military forces, defense sites,  
19 and military installations in its national territory  
20 after December 31, 1999. However, Panama does  
21 not have an army, navy or air force, and the coun-  
22 try's national police units lack adequate training,  
23 manpower, and equipment to deter heavily armed,  
24 hostile narco-terrorist forces or to adequately defend

1 the Canal against sabotage or terrorism from inter-  
2 nal or external threats.

3 (11) Panama and the United States are both  
4 confronting growing problems with illegal drug traf-  
5 ficking, money laundering, and narco-terrorism in  
6 the Western Hemisphere, and those problems threat-  
7 en peace and security in the region. As such, facili-  
8 ties now utilized by the United States Armed Forces  
9 in Panama are essential to the coordination of any  
10 counter-narcotic efforts in the region.

11 (12) The United States and its military forces  
12 have become forced to conduct aerial reconnaissance  
13 missions and counter-narcotics training and oper-  
14 ations from as far away as Oklahoma City, since  
15 Howard Air Force Base was transferred to the Gov-  
16 ernment of Panama on November 1, 1999. It pre-  
17 viously served as the primary and vital United  
18 States military infrastructure supporting assistance  
19 to Latin American nations combating drug traf-  
20 ficking through detection, monitoring, and intel-  
21 ligence collecting assets.

22 (13) At the same time that the United States  
23 is withdrawing from the region, the communist Peo-  
24 ple's Republic of China is making major political,  
25 economic, and intelligence inroads into Latin Amer-

1       ica and the Caribbean, posing a long-term threat to  
2       American security interests.

3           (14) Maintaining a regional presence in the  
4       Panama region is a national security priority for the  
5       United States.

6           (15) The funds controlled by the Panama Canal  
7       Commission in excess of current commitments are  
8       the property of the United States.

9       **SEC. 3. CONDITIONS ON PAYMENT OF CERTAIN BALANCES**

10                   **UNDER PANAMA CANAL ACT OF 1979.**

11       Any accumulated unpaid balance referred to in sec-  
12       tion 1341(d) of the Panama Canal Act of 1979 (22 U.S.C.  
13       3751(d)) shall be payable only upon completion of an  
14       agreement that—

15           (1) leases to the United States not less than 50  
16       percent of Howard Air Force Base in Panama, in-  
17       cluding a contiguous area containing all runways, air  
18       traffic control facilities, and adjacent hangars; and

19           (2) grants to the United States the continuing  
20       authority to ensure the proper disbursement and use  
21       of the balance paid.

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