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Report On Survey Of
U.S. Government Programs And
Activities In Panama

B-714839

Department of State
Department of Defense

*UNITED STATES
GENERAL ACCOUNTING OFFICE*

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MAY 22, 1974



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

B-114839

- 1 To the Secretary of State and the 32
2 Secretary of Defense 5

The General Accounting Office recently surveyed U.S. programs and activities in Panama as part of its continuing surveillance of U.S. Government international activities. The survey objectives are to provide information and observations on the status and future direction of U.S. programs and to identify problems or issues affecting them.

This report contains our observations on the effect the Panama Canal Treaty negotiations may have on the rationale and justification for some U.S. programs in Panama, discusses the U.S. Government organizational structure in Panama and its effect on United States-Panama relations, and includes information on U.S. Southern Command headquarters and other U.S. activities in Panama.

The activities of the major U.S. bilateral programs in Panama are closely tied to successful negotiation of the new canal treaty. The canal issue tends to override other considerations that could affect the direction, magnitude, or scope of such activities as the economic assistance program administered by the Agency for International Development. Because of Panama's continued economic growth and development, serious doubts exist as to whether U.S. economic assistance programs in Panama should continue at present levels. U.S. officials agreed that the Agency for International Development's program levels in Panama were justified on other than purely economic grounds.

Discussions we had in Washington, D.C., indicated that the existence of the Canal Zone and its tenant, the U.S. Southern Command, a unified military command, somewhat lessened the normal role of the Ambassador as the personal representative of the President and the official in charge of all U.S. programs. Each organization receives its

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- direction and authority from different sources--namely, the Department of State, the Secretary of the Army, and the Joint Chiefs of Staff. In Panama we saw no evidence that this triumvirate organizational structure caused adverse effects at the operational level, although the Ambassador said it had created problems at the political level. The size and sensitivity of U.S. programs in the Canal Zone will necessitate skillful management to coordinate all U.S. activities affecting Panama.

We have nothing new to add at this point to the continuing dialog on the question of the U.S. Southern Command's location in Panama. Our report does contain some current data on the command and the commander's views on this question.

We are sending copies of this report to the Director, Office of Management and Budget; the agencies mentioned in the report; and interested congressional committees. We wish to express our appreciation for the cooperation extended to our staff during this survey.



J. K. Fasick
Director

REPORT ON SURVEY

OF U.S. GOVERNMENT

PROGRAMS AND ACTIVITIES IN PANAMA

INTRODUCTION

We surveyed U.S. Government programs and activities in Panama as part of our continuing surveillance of U.S. Government international activities. The objectives of this work are to provide information and observations on the status and future direction of U.S. programs and to identify problems or issues affecting them. We made the survey in Washington, D.C., and at the U.S. Embassy and other field locations in Panama during November 1973.

BACKGROUND

One stated goal of the U.S. Government is to negotiate a new canal treaty with Panama which would provide the basis for a stable and harmonious relationship and enable the United States to operate, maintain, and defend the canal for an extended period. The 1903 treaty granted the United States in perpetuity the use of a 10-mile-wide zone across Panama for constructing, maintaining, operating, and protecting a canal. The treaty also granted the United States all rights, power, and authority within the zone that it would possess and exercise if it were the sovereign. Over the years the Government of Panama has sought the return of the Canal Zone to its control. Representatives of both governments resumed discussions on this issue in November 1973.

The U.S. Government employs about 31,000 personnel in Panama. Its largest operation is the Panama Canal Company, followed by the U.S. Southern Command (a unified command) with its Army, Navy, and Air Force components. Other major U.S. programs include the Embassy operations; Agency for International Development; Military Assistance Program; United States Information Service; Federal Highway, Drug Enforcement, and Federal Aviation Administrations; and Smithsonian Institution. The U.S. Government also provides funds to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc., a private nonprofit corporation doing research in Panama.

Appendix I summarizes pertinent information concerning the programs of these agencies, and appendix II contains financial data on U.S. bilateral programs and international organizations.

ISSUES

Treaty negotiations--effect on U.S. interests and programs

The 1903 Panama Canal Treaty still governs the basic relationship between the United States and Panama concerning the canal. Although treaty revisions made in 1936 and 1955 granted increased rights and economic benefits to its government, in recent years Panama has increasingly pressed for more favorable terms.

After destructive riots in Panama in 1964, both countries agreed to begin negotiations for a new treaty. By 1967 negotiators had prepared three draft treaties which provided for (1) operating the existing canal under joint authority, (2) constructing and operating a sea level canal under similar authority, and (3) defending by the United States of the old and new canals for the duration of each treaty. The draft treaties were negotiated under the Robles Government which did not ratify them. The Torrijos Government assumed power in Panama in 1968 and formally rejected them.

In October 1970 Panama requested and the United States agreed to renew negotiations. These negotiations occurred between June and December 1971 and resulted in a comprehensive treaty offer on the part of the United States. In December 1972 Panama made a counteroffer which the United States considered unacceptable and answered in February 1973 by commenting on the issues and encouraging Panama to continue negotiations.

The canal issue continued to be a source of contention between the two governments. In a United Nations Security Council meeting in Panama in March 1973, Panama criticized U.S. policy and proposed a resolution concerning the canal. The United States vetoed this resolution on the grounds that it did not present U.S. views on the issue and that it was inappropriate for the Security Council to adopt a resolution concerning bilateral matters under negotiation.

Major substantive issues which the two countries have been unable to agree on concern (1) duration of U.S. control over the canal, (2) the nature and extent of jurisdictional rights the United States would retain during the life of a new treaty, (3) expansion of capacity--construction of a sea level canal, (4) definition of Canal Zone land and water

areas needed to operate the canal, (5) maintenance of civil order and defense of the canal from internal and external threat, and (6) amount and form of U.S. annual compensation to Panama.

Late in November 1973, U.S. Ambassador at Large Ellsworth Bunker reopened canal discussions with the Government of Panama. On February 7, 1974, Secretary of State Henry A. Kissinger and Panamanian Minister of Foreign Affairs Juan A. Tack signed an agreement on eight principles which are to serve as a basis for future treaty negotiations. Our survey shows that the activities of major U.S. Government bilateral programs in Panama, such as those in the economic and military assistance and the information areas, are closely tied to successful negotiation of a new Panama Canal Treaty. Up to the present time, program objectives have been developed and resources expended in an attempt to create an atmosphere of progress, mutual cooperation, and tranquility between the two governments. Since these efforts are directed toward the eventual negotiation of a mutually acceptable treaty, the status of the negotiations tends to override other considerations which could affect the direction, magnitude, or scope of specific programs.

An example of this type programing involves economic assistance administered by the Agency for International Development (AID). Panama has received an average of \$16 million in assistance from AID annually between 1965 and 1973 and about \$13 million¹ is projected for 1974. AID staff in 1973 totaled about 105 personnel. Although Panama has had balance-of-trade deficits, and debt problems which have been eased with refinancing in recent years, its economic indicators reflect a growing economy. The per capita gross national product in 1972 was \$804, which ranked third among the 19 Latin American countries. Between 1960 and 1972 the average annual percentage increase in gross national product amounted to 4.8, the highest in Latin America. Gross investment as a percentage of gross national product in 1971 was 27.5, the second highest in Latin America. This growth rate averaged 13.2 percent over the last decade, ranking first in the Latin American countries. Because of these strong indications of growth and development in Panama, serious doubts exist as to whether U.S. economic assistance programs in Panama should continue at present levels. U.S. officials in Panama agreed that AID's program levels were justified on other than purely economic grounds.

¹While this report was being processed, the AID program for FY 1974 was reestimated at \$6.5 million and about \$21 million is projected for FY 1975.

AID's program philosophy seems to focus on the concept that fiscal pressures on Panama's Government should not become so great that the Government would abandon a substantial portion of its public sector spending. Implicit within this concept is the theory that major financial pressures could disturb domestic tranquility and increase tensions surrounding treaty negotiations. To avoid this, a level of economic growth is fostered and maintained which will avoid a major increase in urban unemployment or a serious depression. Also AID officials told us that program emphasis in recent years focused on rural areas and population segments that least benefit from development and growth.

U.S. Government organizational structure
in Panama--effect on relations

The U.S. Government components in Panama having the greatest impact on United States-Panama relations are the U.S. Embassy, the Panama Canal Company, and the U.S. Southern Command. Each organization receives its direction and authority from different sources--namely, the Department of State, the Secretary of the Army, and the Joint Chiefs of Staff.

Officials in Washington indicated to us that this triumvirate organizational structure could complicate, and perhaps harm, the management of U.S. interests in Panama. The normal role of the Ambassador, as the personal representative of the President and the official in charge of all U.S. programs, is lessened somewhat by the existence of the Canal Zone, which is managed by the Panama Canal Company and the Canal Zone Government and has as a tenant the U.S. Southern Command, a unified military command. The allocation and management of Company and Command resources (personnel, funds, and programs) affect Panama's economy more directly than any activities under the direction of the U.S. Embassy.

A coordinating mechanism does exist in Panama for U.S. Government activities. It is known as the Panama Review Committee and consists of the U.S. Ambassador as the Chairman, the Governor of the Panama Canal Zone, and the commander in chief, U.S. Southern Command. The latter two officials were of the opinion that coordination was not a problem and that the Committee meetings were useful and worked well in solving operational and management problems. They said that occasionally there were some areas of disagreement and that their individual organizational views in such cases are sent to their Washington headquarters for resolution.

The Ambassador indicated that no major operational problems existed between the U.S. Embassy, the Panama Canal Company, and the Southern Command nor with the Government of Panama. He maintained that the organizational structure created problems at the political level because, historically, the Government of Panama had dealt directly with the Governor of the Panama Canal Zone without going through the U.S. Embassy. However, the present government has refused to recognize and to deal with the Governor and has insisted on dealing through the U.S. Ambassador on policy matters concerning the canal. Thus at present the U.S. Embassy is the primary point of contact between other U.S. agencies and the Republic of Panama.

During our short survey in Panama we saw no evidence of adverse effects at the operational level of the program due to the separate organizational structures. However, the size and sensitivity of U.S. programs in the Canal Zone will necessitate skillful management to coordinate all U.S. activities affecting Panama.

Location of Southern Command Headquarters

A July 1970 report to the President and the Secretary of Defense by the Blue Ribbon Defense Panel recommended, among other things, abolishing the U.S. Southern Command and reassigning its functions to the merged Atlantic and Strike Commands. The President did not approve this recommendation.

In Panama we discussed the question of the mission and location of the Southern Command Headquarters and the impact the current canal negotiations would have on this issue. The commander in chief told us that the Command has done staff work on the issue for the Joint Chiefs of Staff and State and Defense Departments; but the Command is not in the main stream of the negotiations. He said that his headquarters staff of about 200 was relatively small and the Command could move to Florida. The commander added, however, that the defense of the canal, which is the Southern Command's prime responsibility, demands close proximity to the Canal Zone. He emphasized that bases, roads, and logistics systems are already in place in the Canal Zone and that the headquarters should be located here.

The commander commented that studies are still going on concerning alternative locations for the Southern Command. In this regard, the Secretary of Defense announced on February 7, 1974, the phaseout of the U.S. Army Command in Panama which is a component of the U.S. Southern Command.

SUMMARY OF ACTIVITIESOF U.S. AGENCIES IN PANAMAState Department

The U.S. Embassy is in Panama City and as of November 1973 had a staff of 54 American and 43 local employees to perform its political, economic, commercial, consular, security, and administrative activities.

As head of the U.S. Country Team, the Ambassador has overall control of the programs of AID, the United States Information Service, U.S. Military Group, and Federal Highway and Drug Enforcement Administrations. Early in 1971 the Peace Corps program was phased out because Panama wanted to supply its own volunteer needs through its own agency with help from a multilateral team established under the auspices of the International Secretariat of Volunteer Service from Geneva.

The Ambassador does not have any authority or control over the Panama Canal Company or the U.S. Southern Command, nor does he exercise control over the activities of the Federal Aviation Administration and the Smithsonian Institution.

The U.S. Embassy's program and administrative costs for fiscal year 1973 were estimated to be \$1.4 million. The State Department also paid about \$2 million in 1973 for the annual Panama Canal annuity payment, of which the Panama Canal Company reimbursed the U.S. Treasury about \$467,000.

The trade and commerce area is handled by the commercial attache in the U.S. Embassy and data shows that Panama has had significant balance-of-trade deficits with the United States in recent years. These deficits are offset, however, by the sale of services by Panama to U.S. Government organizations in the Canal Zone and by payment of salaries to Panamanians working in the Zone. For example, in 1972 this trade deficit amounted to about \$161 million while the funds derived by Panama from U.S. operations in the Canal Zone amounted to about \$174 million. Although the United States has had a substantial trade surplus with Panama, its relative share of Panama's total commodity

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imports decreased from 39 percent to 35 percent between 1970 and 1972, apparently due to increasing sharp competition from European and Japanese producers of consumer items.

The commercial attache said that no specific plans or strategies exist at the present time to increase the U.S. share of Panamanian imports. In the past a document entitled "Country Trade and Investment Program" was prepared, but it addressed general trade plans and strategies. The commercial attache added that the Department of State's new emphasis on promoting U.S. exports will require the development of a Country Commercial Program which will address the issue of the need for specific trade plans and strategies.

AID

AID or its predecessor agencies has been operating in Panama since 1946. From 1946 to 1973 it has administered \$195.6 million in grants and loans to Panama's Government. Currently AID has a staff of 105 (slightly down from previous years), including 39 American and 66 local employees, administering programs totaling \$7.1 million for fiscal year 1973 (plus a housing guaranty program). Generally, these programs are in the areas of food production and nutrition, low-income housing, tourism, population planning, health, and education. According to AID, rural area problems are being emphasized.

The Mission Director indicated that the economic assistance program has been related over the years to the new interest in Latin America brought about by the Alliance for Progress and heightened U.S. Government attention to Panama following the 1964 and 1966 riots. Between 1962 and 1964 AID assistance amounted to about \$30 million, and from 1965 to the present about \$148 million. The uncompleted project (undisbursed) pipeline of AID loans in Panama as of December 31, 1973, amounted to about \$36 million.

AID assistance for fiscal year 1974 has been projected to be about \$13 million, but whether this fund projection will be retained remains to be seen.

U.S. Military Group

The U.S. Military Group in Panama is staffed by 6 officers, 3 enlisted men, 1 U.S. civilian employee, and 1 local employee. The organization is commanded by a U.S. Army Colonel and each one of his chief advisors represents the U.S. Army, Navy, and Air Force. These officials are primarily responsible for working with their counterparts in the Guardia Nacional (Panamanian Armed Forces). The security assistance program administered by the Group for fiscal years 1973 and 1974 amounted to \$480,764 and \$500,000, respectively, and programmed costs for 1975 total \$1,200,000. This significant increase over the 2 prior years is due to anticipated creation of an engineering battalion in Guardia Nacional and increased funding to be used for purchasing roadbuilding equipment and for training. The creation of this roadbuilding capacity within Guardia Nacional has the approval of both the U.S. Ambassador and the Commander, U.S. Southern Command, because it will allow increased access to Panama land area on the Atlantic Coast which has been largely inaccessible.

In performing its mission, the Group provides technical and training advice and equipment to the Guardia Nacional. It also provides planning and information to the U.S. Ambassador on military matters, represents the Secretary of Defense and the U.S. Ambassador on official matters with the Government of Panama, and, in general, maintains rapport with General Torrijos, the Commander of the Guardia Nacional and head of the Panama Government.

United States Information Service

The U.S. Information Service maintains offices and a staff of 26, including 5 American and 21 local employees, in Panama.

The primary objective of its activities in Panama is to achieve a better understanding and acceptance of U.S. policies affecting Panama and the canal. Secondary objectives are to achieve greater understanding of political and socio-economic conditions in American society and respect for U.S. achievement in art, science, technology, and education. Program implementation activities include the use of news releases to the public newspapers, radio, and television

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networks; magazine publications; motion pictures; binational centers; seminars; lectures; and cultural exchange programs.

The Service has identified primary and secondary target audiences in an effort to maximize the impact of its programs. Limited efforts are being directed at evaluating the effectiveness of these programs, but a comprehensive survey has not been made in Panama.

The cost of activities for fiscal year 1973 was \$503,647, and 1974 costs are estimated to be \$513,018.

Federal Highway Administration

Activities of this program center on planning and constructing the Pan American Highway. Commencing just east of Panama City near Tocumen, this section will extend southeast 320 kilometers through Darien Province to the Colombia border. The U.S. share of costs is estimated at \$121 million when completed in 1980. In fiscal years 1972 and 1973, \$9.8 million and \$7.7 million, respectively, were obligated for this project, which is staffed with 20 American and 3 local employees.

Federal Aviation Administration

The Federal Aviation Administration operates in the Panama Canal Zone under agreements between both governments. It is responsible for air traffic control for commercial flights in and out of Panama and provides air traffic control for all U.S. military aircraft flying in Panama. Ground control is provided by the Government of Panama. The administration also cooperates with the Government of Panama by providing advice on air navigation aids and civil aviation technical matters. It had 131 employees in fiscal year 1973, 120 American and 11 local employees. Program costs were estimated at \$3.5 million for fiscal year 1973 and \$3.6 million for 1974.

Drug Enforcement Administration

Drug Enforcement Administration efforts and those of its predecessor, the Bureau of Narcotics and Dangerous Drugs, have been directed at suppressing the transshipment of illicit drugs through Panama to the United States. The

Administration (which replaced the Bureau as of July 1973) has (1) assigned agents to work in close liaison with Panama law enforcement agencies to develop investigational cases against traffickers and to accumulate related intelligence, (2) conducted training courses for Panamanian and Canal Zone officers to increase their enforcement capabilities, and (3) worked to stimulate the Government of Panama to augment its efforts to eliminate the use of Panama as a narcotics transshipment point.

The Bureau of Narcotics and Dangerous Drugs had established a district office in Panama City in October 1969. This office is now part of the Drug Enforcement Administration's Buenos Aires regional office.

In February 1972 the Panama Government requested the removal of the Bureau's agents as a result of American criticism of Panama's position on narcotics trafficking. The district office was subsequently reopened in September 1972. As of June 1973 the Administration had three agents in Panama and one American secretary. The cost of this program amounted to about \$103,000 for fiscal year 1973 and is estimated at \$138,000 for 1974.

Panama Canal Company

The Panama Canal Company is a wholly owned U.S. Government corporation created in 1948 with the Secretary of the Army as sole stockholder. It has the management responsibility for the canal waterway and its supporting business activities. As a parallel to this activity the Canal Zone Government was created as an independent agency of the United States to develop, manage, and review civil government activities, such as education, health, sanitation, and protection. A U.S. Army major general is both President of the Company and Governor of the Canal Zone Government.

These two activities (referred to as the canal organization) are designed to be financially self-sustaining, and all operating and capital expenditures are financed with revenues from transit tolls and support service operations.

At the end of fiscal year 1973 the canal organization employed 14,970 civilian personnel, including 3,998 U.S. citizens and 10,972 local employees. In addition, 33 U.S.

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military personnel were assigned to the canal organization. For this same period, operating revenues totaled \$199.8 million and operating expenses \$201.1 million--resulting in a net loss of \$1.3 million.

As mentioned earlier, goods and services purchased from Panama by U.S. organizations in the Canal Zone are substantial. The impact of these transactions on Panama's economy is shown by comparing them to the country's gross domestic product. In 1972 supplies purchased and wages paid to Panamanians by U.S. organizations in the Canal Zone amounted to about \$174 million and represented about 16 percent of Panama's gross domestic product at 1960 constant prices.

U.S. Southern Command

U.S. Southern Command, established in 1963, is a Department of Defense unified command responsible for U.S. military activities in Central and South America. Its principal missions are to (1) defend the Panama Canal, (2) plan and conduct security assistance programs in Latin America (grant aid in material and training and foreign military sales in 16 countries), (3) represent the U.S. military in Latin America, and (4) perform disaster relief, search and rescue operations, civic action, and humanitarian activities.

Early in 1973 State Department officials reported in congressional testimony that the United States has 10,500 military personnel in Panama. In addition, the United States had about 1,300 direct-hire U.S. civilian and 3,300 local employees working for the U.S. military in Panama, most of whom were in the Army, Navy, and Air Force components of the Southern Command.

As a part of the training objective, the three U.S. military components plus the Defense Mapping Agency's Inter-American Geodetic Survey operate schools in the Canal Zone from which about 59,000 Latin American students have graduated through fiscal year 1973.

The U.S. Southern Command's program and operating costs were estimated at about \$136 million in fiscal year 1973.

Other smaller military tenant organizations are located in the Canal Zone, including the Inter-American Geodetic Survey mentioned above. As of June 1973 this organization,

with headquarters in the Canal Zone, had 111 U.S. civilian, 19 U.S. military, and 39 local employees, and its operation and maintenance costs amounted to \$3.4 million. The organization is responsible for coordinating, promoting, and encouraging cartographic studies in Latin America. It operates in all Latin American countries except Uruguay, Argentina, and British Honduras and provides logistics and various equipment, including vehicles, to host country mapping organizations to carry out their mapping activities.

The other military tenant organizations are involved in such activities as communications, research, and meteorology.

Smithsonian Tropical Research Institute

The Smithsonian Tropical Research Institute, part of the Smithsonian Institution, operates in the Canal Zone under U.S. congressional authorization. No agreement exists between the U.S. Government and the Government of Panama for this program. The Institute operates and maintains a custodial game reserve for research purposes on Barro Colorado, an island on a lake in the Canal Zone. It also performs tropical research activities outside the Canal Zone in Panama and in other countries. The total staff of the Institute is 14 U.S. Government employees, 10 scientists funded by private grants, and 46 local employees. The Institute is funded, in part, by a congressional appropriation of \$900,000 and has private grant funds amounting to \$1,100,000.

Gorgas Memorial Institute

This organization is a private nonprofit corporation.

The Gorgas Memorial Laboratory does research in tropical diseases and preventive medicine in Panama. Public Law 350, as amended, authorizes a permanent annual appropriation to be paid to the Institute for maintaining and operating this laboratory. The U.S. Government funds for the Institute are included in the appropriations of the National Institutes of Health which provided the laboratory with \$500,000 during fiscal year 1973. The laboratory has a professional staff of 17 plus 5 visiting or research associate members.

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Export-Import Bank

Between 1949-73 Export-Import Bank loan authorizations amounted to \$110 million. In fiscal year 1973 the Bank authorized about \$45 million primarily for loans for ships and marine equipment and industrial and oil drilling equipment.

APPENDIX II

U.S. OVERSEAS LOANS AND GRANTS - OBLIGATIONS AND LOAN AUTHORIZATIONS

Economic programs	Fiscal years				Total FAA period 1962-73	Total loans and grants 1946-73 (note a)
	1970	1971	1972	1973		
	(millions)					
Official development assistance:						
AID and predecessor agencies:						
Loans	\$ 8.5	\$ 7.0	\$19.1	\$ 3.8	\$129.8	\$136.4
Grants	3.3	4.1	3.7	3.3	48.4	59.2
Supporting Assistance (note b)	-	-	-	-	(28.2)	(27.0)
Total	<u>11.8</u>	<u>11.1</u>	<u>22.8</u>	<u>7.1</u>	<u>178.2</u>	<u>195.6</u>
Food for Peace	1.0	0.6	1.2	0.5	7.8	13.4
Title II:						
Emergency relief, economic development, and world food	-	-	-	-	-	-
Voluntary relief agencies	1.0	0.6	1.2	0.5	7.8	13.4
Total	<u>1.0</u>	<u>0.6</u>	<u>1.2</u>	<u>0.5</u>	<u>7.8</u>	<u>13.4</u>
Other official development assistance:						
Peace Corps	0.7	0.5	-	(d)	6.9	6.9
Other (note c)	-	4.7	9.8	20.0	59.5	82.8
Total	<u>0.7</u>	<u>5.2</u>	<u>9.8</u>	<u>20.0</u>	<u>66.4</u>	<u>89.7</u>
Official development assistance:						
Loans	8.5	7.0	19.1	3.8	142.7	149.3
Grants	5.0	9.9	14.7	23.8	109.7	149.4
Total	<u>13.5</u>	<u>16.9</u>	<u>33.8</u>	<u>27.6</u>	<u>252.4</u>	<u>298.7</u>
Other official economic programs:						
Export-Import Bank loans	2.5	2.7	^e 30.1	45.6	93.7	110.7
Other loans	-	-	-	-	-	-
Total	<u>2.5</u>	<u>2.7</u>	<u>30.1</u>	<u>45.6</u>	<u>93.7</u>	<u>110.7</u>
Economic programs:						
Loans	11.0	9.7	49.2	49.4	236.4	260.0
Grants	5.0	9.9	14.7	23.8	109.7	149.4
Total	<u>16.0</u>	<u>19.6</u>	<u>63.9</u>	<u>73.2</u>	<u>346.1</u>	<u>409.4</u>
<u>Military programs</u>						
Military assistance (Charged to Foreign Assistance Act) appropriation:						
Credit Sales (Foreign Military Sales)	-	-	-	-	-	-
Grants	0.8	1.0	0.5	0.5	5.8	6.0
Total	<u>0.8</u>	<u>1.0</u>	<u>0.5</u>	<u>0.5</u>	<u>5.8</u>	<u>6.0</u>
Military assistance service funded grants	-	-	-	-	-	-
Transfers from excess stocks	0.1	0.2	(d)	0.1	0.4	0.4
Other grants	-	-	-	-	-	-
Export-Import Bank Military loans	-	-	-	-	-	-
Total	<u>0.9</u>	<u>1.2</u>	<u>0.5</u>	<u>0.6</u>	<u>6.2</u>	<u>6.4</u>
Economic and military programs:						
Loans	11.0	9.7	49.2	49.4	236.4	260.0
Grants	<u>5.9</u>	<u>11.1</u>	<u>15.2</u>	<u>24.4</u>	<u>115.9</u>	<u>155.8</u>
Total	<u>\$16.9</u>	<u>\$20.8</u>	<u>\$64.4</u>	<u>\$73.8</u>	<u>\$352.3</u>	<u>\$415.8</u>

^aThe annual obligations and totals for 1962-73 are on a gross basis and cumulative totals 1946-73 are on a net basis, reflecting total deobligations.

^bAmount included to show portion of program funded from supporting assistance appropriations.

^cIncludes \$48.9 million for Inter-American highways.

^dLess than \$50,000.

^eIncludes \$21.8 million in loans for offshore projects of Panama corporations.

APPENDIX II

ASSISTANCE FROM INTERNATIONAL ORGANIZATIONS

<u>Organization</u>	<u>Fiscal years</u>			<u>Total</u>
	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1962-72</u>
	_____ (millions) _____			
International Bank for Recon- struction and Development	\$42.0	\$ -	\$23.4	\$ 69.4
International Finance Corportation	-	1.5	-	1.5
Inter-American Development Bank	9.8	19.1	(a)	53.0
United Nations, special fund	0.8	2.6	1.6	10.8
United Nations, technical assistance	0.2	0.2	0.3	2.3
United Nations, other	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>3.1</u>
Total	<u>\$53.0</u>	<u>\$23.7</u>	<u>\$25.6</u>	<u>\$140.1</u>

^aLess than \$50,000.

PRINCIPAL U.S. OFFICIALS

CONTACTED IN PANAMA

Robert M. Sayre, U.S. Ambassador

General William B. Rosson, USA, Commander in Chief, U.S.
Southern Command

Maj. Gen. David S. Parker, USA, Governor of the Canal Zone

Alexander Firfer, Director, USAID Mission

Melvin C. Niswander, Director, United States Information Service

Col. Thomas A. Austin, III, USA, Commander, U.S. Military
Group