

Sticky Panama Canal Issue Coming Up Again

By HOWARD CRISWELL JR.
Of the Associated Press

PANAMA — Within a few weeks the United States will face the sticky task of renegotiating the treaty governing the Panama Canal.

Panamanian negotiators, led by President Roberto F. Chiari, are expected to press for more revenue and Panamanian sovereignty over the canal which cuts through Panama.

The original treaty signed in 1903 gave the United States perpetual rights to the Canal, a 50-mile stretch from Colon to Panama City, and a five-mile zone on either side.

Panamanian officials believe that the perpetual rights clause is unique in treaties and unfair.

"The canal is an economic and natural resource for us," said Fabian Velarde, press secretary to Chiari. "It is the only thing with which we have to bargain."

Panamanians want their flag to fly over the zone, or at least to be flown jointly with the U.S. flag. They believe that ships transiting the canal should fly the Panamanian flag.

The United States pays Panama a flat yearly sum.

The original annuity of \$250,000 in effect for many years has risen progressively. Last year it was \$1.9 million, which Pana-

manian officials say is too small.

In the treaty negotiations, Panama will ask for a percentage of the gross revenues. The exact figure has not been announced.

Velarde says the United States can increase its tonnage fee on ships passing through the canal to offset the cost.

The present canal cannot accommodate the largest ships. The alternate to a sea-level canal is to increase the capacity of the present canal, an expensive and complicated process.

The United States has made exhaustive studies of a sea-level canal possibly to be built across Nicaragua.

For Panama, which has geared its economy to a U.S.-operated canal, a sea-level canal could prove financially disastrous.

The Panama Canal Co., a U.S. government corporation which operates the canal and all of its related activities from housing to commissaries, employs 14,500 persons, 11,000 of them Panamanians. Within the entire Canal Zone are 41,000 persons, including personnel at several Army installations. They provide yearly about \$60 million in business.

Panama intends to bring up other issues in the treaty negotiations. For one thing, the na-

tion wants access to the five-mile strip on either side of the canal.

Another issue is that of Canal Co. pay differentials, caused by a system of job classifications which Panamanians contend is discriminatory. Canal Co. officials say these differentials have all but been eliminated.

Commissaries with low price merchandise in the zone for U.S. citizens also are a sore point.

There is no feeling by Panama to take over canal operation. "We don't want to cut the partnership, but we want it to be an equal partnership," Velarde said.

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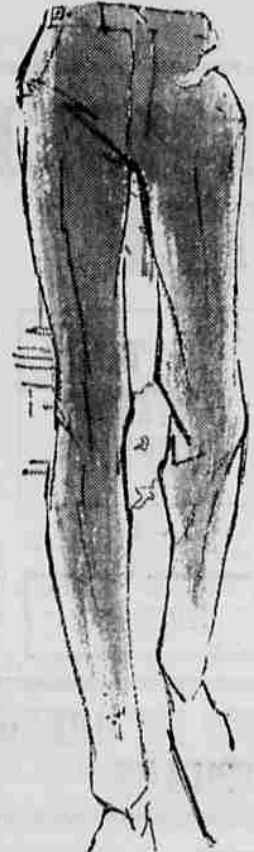
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