THE IMPlications OF THE TRANSFER OF AUTHORITY OF THE PANAMA CANAL ZONE ON US SOUTHERN COMMAND'S THEATER ENGAGEMENT PLANNING

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The contents of this paper reflect my own personal view and are not necessarily endorsed by the Naval War College or the Department of the Navy.

Signature  

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The Implications of the Transfer of Authority of the Panama Canal Zone on SOUTHCOM's Theater Engagement Planning (U)

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In December 1999 under the provisions of the 1977 Panama Canal Treaties, the US relinquished authority over the Panama Canal and ten American military installations throughout Panama. As a result of the provisions of these treaties, US Southern Command will need to compensate for the loss of forward basing in Panama in order to continue to perform its anti-drug regional mission. US Southern Command must also expand its mission to meet threats to the continued freedom of access of the canal. This paper explores these new challenges to US Southern Command and offers recommendations for future theater engagement planning.
ABSTRACT

In December 1999 under the provision of the 1977 Panama Canal Treaties, the US relinquished authority over the Panama Canal and ten American military installations throughout Panama. As a result of the provisions of these treaties, US Southern Command will need to compensate for the loss of forward basing in Panama in order to continue to perform its anti-drug regional mission. US Southern Command must also expand its mission to meet threats to the continued freedom of access of the canal. This paper explores these new challenges to US Southern Command and offers recommendations for further theater engagement planning.
"It will be necessary to completely reassess our security relationship with Panama as our forces depart."

- General Charles Wilhelm, CINCSO

In the Winter of 1978, the US Senate spent 38 days of contentious debate over the Panama Canal agreements. While enduring the second longest treaty debate in the history of the Senate, the issues surrounding US security interests in Panama and Central America took center stage. While few Senators could agree on what constituted those interests, the Resolution of Ratification was nevertheless adopted with a 68-32 vote. The path of history was set. The US agreed to turn over responsibility for the management, operation, and maintenance of the Panama Canal as well as all basing rights for US forces on Panamanian soil effective December 31, 1999. President Jimmy Carter’s vision embodied in the Panama Canal Treaties of 1977 became law.

Twenty-two years later, as we shut out the last lights and turn over the keys to over a century of American presence, we face many of the same enduring issues about American interest in the region. While it can be persuasively argued that turning over control of the Panama Canal poses no serious threat to vital US national interests, we should not overlook the impact of the Panama Canal Treaties on American influence and goals in the region. Specifically, for the Commander in Chief of US Southern Command (CINCSO), there is much that can and should be done to compensate for the loss of American presence in Panama in order to accomplish his regional mission.

This paper will explore the impact of the loss of American control and presence as measured in terms of operational concepts as they relate to two key US SOUTHCOM concerns: 1. protecting the freedom of access of the Panama Canal, and 2. anti-drug regional issues. The
paper will begin with a very brief examination of the SOUTHCOM mission. This will be followed by a brief discussion of the relative worth of the Panama Canal Zone in terms of its strategic value and thus its significance to the accomplishment of SOUTHCOM's mission. Strategic losses associated with the return of the Canal Zone will then be examined and evaluated using operational concepts. The paper will conclude with recommendations for SOUTHCOM's theater engagement planning to compensate for the repatriation of the Panama Canal Zone.

**US SOUTHERN COMMAND**

SOUTHCOM's area of responsibility extends from the Guatemala-Mexican border in the north to Cape Horn in the south, totaling 19 Latin American nations. As of 1999, SOUTHCOM responsibility has increased to include the Caribbean and its island nations formerly under the control of Atlantic Command.¹ JSCP Prioritized Regional Objectives for SOUTHCOM include the requirement to "maintain access to facilities and other resources needed to support the full range of US military operations with particular attention to Panama post-99."²

While like all other CINC's, CINCSO is responsible for responding to crises within his AOR, much of his mission is uniquely focused on the challenges of thwarting drug trafficking. CINCSO's mission includes:

"...conducting theater engagement and counterdrug activities in order to promote democracy, stability, and collective approaches to threats to regional security; when required responds unilaterally or multilaterally to crises that threaten regional stability or national interests, and prepares to meet future hemispheric challenges."³

To execute this mission CINCSO has adopted a strategy of "Cooperative Regional Peacetime Engagement." Its aims include, 1. combatting terrorism, 2. maintaining freedom of access to the
Panama Canal, and 3. assisting in reducing illicit source zone activities and the flow of illegal drugs. At a time when communist infiltration of individual states is no longer a viable threat within the region, SOUTHCOM is uniquely intended to provide a forward presence in the war on drugs. (Only one state within SOUTHCOM's AOR, Cuba, remains under communist control.) SOUTHCOM dedicates 80% of its military manpower to support counter-drug operations. The remaining 20% is consumed by humanitarian/civic action programs, search and rescue operations, logistics, and Military Airlift Command (MAC) flights. Given the extent of the anti-drug mission, one issue at hand, therefore, is whether or not the loss of the Panama Canal Zone hinders SOUTHCOM in the accomplishment of its anti-drug mission. As will be explained later in this paper, SOUTHCOM should make specific changes in its theater engagement planning to accommodate for the loss of US presence in Panama. In order to arrive at such recommendations, it is necessary to first evaluate what the US stands to lose by relinquishing control of the Canal Zone.

THE CANAL AND THE BASES: RELATIVE WORTHS

THE CANAL

This author's research indicates that there is no consensus on the economic worth of the Panama Canal itself. While it is clear that the economic impact of closure of the canal on US allies such as Japan, South Korea, Taiwan, New Zealand and the Caribbean basin nations would be severe, most argue that only 1% of the US gross national product would be affected by closing the canal. Estimates range from a 3 year recovery period to a period of 5 to 10 years for the US economy to adjust to any closure of the canal. One DLA study noted that if the canal closed, the
average American consumer would not be able to tell the difference in the price of goods. It reported, "[The canal's] existence is by no means vital or critical to the economy of the US and should not be considered as a vital, national interest." Others contend, however, that the US has a vital strategic interest in maintaining the freedom of the canal, since 4% of world trade transits its locks annually. States such as Ecuador, Chile, and Peru rely heavily on the canal for economic security. Ultimately, it is argued that any breakdown in global trade due to the canal's closure would negatively impact on the US economy. The extent of that impact, however, is not agreed upon.

Experts are more likely to agree on the canal's military worth, or lack thereof. One report noted,

"None of the major war plans include use of the Canal for planning purposes. In view of its vulnerabilities and limitations, the Canal cannot be considered critical or vital to US national security strategy." 

Research suggests that in a global war scenario, significant resupply which might otherwise have passed through the Panama Canal would be accommodated by air, saving about 5-7 days transit time. Modern aircraft carriers cannot transit the canal, the canal itself is difficult to secure during wartime, and the modern "two ocean Navy" has only limited use for the canal. This is not to suggest, of course, that the canal is of no military value. Naval vessels smaller than aircraft carriers and vessels transporting military freight can and do transit the canal regularly in order to avoid transit time and distance around Cape Horn.

Given this information, it is reasonable to conclude that while closure of the canal does not constitute a threat to vital national interest and does not directly impact on SOUTHCOM's main anti-drug mission, SOUTHCOM should make reasonable, albeit limited, provisions to protect the
canal from threat of closure.

THE BASES

Until the end of the last decade, approximately 11,000 American soldiers, sailors, and airmen were based in 10 military installations in Panama. 50,000 more US troops touched Panamanian soil each year in support of SOUTHCOM participation in exercises throughout Latin America. More than just a physical presence of firepower, the presence of US forces had a powerful symbolic role. One study noted:

"...the military value derived from Panama and the canal is in effect that of the stationing of American troops in the most strategically valuable geographic position in the western hemisphere. These bases provide a strong stabilizing influence in the area and strengthen the role of the United States in Latin American affairs."  

In 1995, the House Committee on International Relations reported that while the bases in Panama provided a great convenience for military exercises and the like within the region, they were not vital to the United States' post-Cold War defensive posture.  

Even if this is true, however, the bases must be valued simply for their role in supporting SOUTHCOM's anti-drug effort. As CINCSO explained in June 1999, the United States had hoped to maintain at least limited basing rights in Panama in order to monitor drug trafficking operations in South America. General Wilhelm explained, "[Since US forces have left] we have detected recent indications of an upsurge in drug trafficking in and around Panama." It appears, however, that while the loss of US bases has had a negative impact on SOUTHCOM's anti-drug effort, the situation may not be critical. In 1996 CINCSO reported, "Closing the bases also will not critically wound the ability of SOUTHCOM to conduct its mission in South and Central
America." He noted, however, that the forward bases provided "an important advantage that should not be dismissed lightly, especially because of their role in counterdrug activities." Given these considerations, it is reasonable to conclude that SOUTHCOM should make reasonable efforts to compensate for the loss of forward basing in support of its anti-drug regional mission.

EVALUATING THE LOSS: OPERATIONAL CONCEPTS AND THE SOUTHCOM MISSION

What shortcomings, as illustrated by key operational concepts, will CINCSO have to address given the return of the Canal Zone? In keeping with SOUTHCOM's plan for Cooperative Regional Peacetime Engagement, two of the three aforementioned SOUTHCOM missions will be evaluated, namely 1. protecting the freedom of access of the canal, and 2. anti-drug regional activities. (For the purposes of this paper, the SOUTHCOM mission of "combatting terrorism" is considered within the goal of protecting the freedom of access of the canal, since terrorism constitutes the majority of the external threat to the canal.)

PROTECTING THE CANAL

Freedom of access to the Panama Canal is threatened by sources both external and internal to Panama. SOUTHCOM's Theater Engagement Plan contends that the greatest threats within the region include organized crime, illegal drug activity, terrorism, illegal migration, and arms trafficking. Of all of these, CINCSO contends that terrorism remains the greatest external threat. Examples of possible terrorist activity are plentiful. For instance, without US troops on site, Gatun Lake, the most important source of water for the canal's locks, could be drained by
terrorists, rendering the canal unusable. Studies suggest that even a very limited attack on Gatun Lake could paralyze the canal for two years.\textsuperscript{22}

Many argue that US forces on station in Panama had a deterrent effect on terrorism. As forces relocated to stateside bases, the deterrent effect was lost and the canal became more vulnerable.\textsuperscript{23} In keeping with the operational factors of space, time and forces, US troops in a terrorist scenario under the status quo could not adequately respond to the threat. While the correct force mix could surely be provided by CONUS-based units, the distance necessary to travel and the time required to deploy from bases within the United States to ward off a terrorist attack on the canal would be significant, given the assumption that terrorists will strike quickly with little or no notice. In the absence of exceptional intelligence capability that allowed early warning, preparation, and reaction, time is clearly on the terrorists' side. Unfortunately, the loss of on-site intelligence gathering facilities within Panama impacts negatively on good operational intelligence for the CINC.

This problem is exacerbated by the inability of the Panamanians to adequately protect the canal as well. Panama's Interior Minister Winston Spadafora commented on the very day the canal was returned from American to Panamanian control that, "The canal cannot be defended. The withdrawal of the US military presence has left a void. We have to formulate a security plan for the canal based on preventive measures."\textsuperscript{24}

Some analysts argue that while the threat of terrorism must always be considered, the more credible threat to the freedom of access of the canal comes from internal sources, such as seizure of the canal by a future, hostile Panamanian government.\textsuperscript{25} Chinese communists pose a second possible internal threat to the canal, as the Chinese government continues to purchase land
around the canal, possibly in an attempt to gain control of one of the world's strategic choke points. The United States is permitted under international law to intervene militarily in any case of canal closure, as stipulated in the Panama Canal Treaties of 1977. The issue of internal sources, however, not only incorporates all of the space and time considerations of an external threat, but raises the ante on force structure as well. For this scenario, it is probable that the United States would have to commit an invasion force to seize the Panama Canal. The size and mix of that force could be considerable, and CINCSO would need the assistance of other CINCs to create the correct force package for the mission. The US commitment would probably be long term, and the need for public support would be paramount. This scenario also clearly raises the prospect of coalition warfare, since the impact of canal closure would, in theory, be worldwide.

ANTI-DRUG REGIONAL ACTIVITIES

For CINCSO, the loss of forward US basing in Panama means loss of a mature theater of operations for anti-drug activities in his AOR. In keeping with key operational functions, CINCSO must now deal with the loss of operational intelligence once provided by on-site intelligence-gathering facilities operated by US forces. Without Howard Air Force Base, the US will find it extremely difficult to conduct intelligence operations. This facility housed 30 helicopters and 55 aircraft including Aerial Warning and Control System (AWACS) planes used to detect and monitor illegal drug flights. Howard Air Force Base was also the home of the Joint Air Operation Center, a counter-drug center used for detecting, monitoring, and other anti-drug operations.

CINCSO also faces shortcomings in operational C2 as he moves his own headquarters to
Miami and moves 10,000 troops from within his grasp to stateside and other locations. He must compensate as well for the valuable forward base of operational logistics once provided by 10 permanent installations in and around Panama. Congressman Robert Torricelli expressed these concerns in his report to the House Committee on International Relations:

"The bases of operation [in] Panama are irreplaceable. I know of no other facility or no other means by which we could have the same radar capabilities in the air, the same presence in the region to deal with narcotics trafficking as we do with our presence in Panama."²⁹

CINCSO must also consider new challenges for operational movement and maneuver as he continues to plan and support activities and exercises with allies throughout his AOR. Movement requirements for the 50,000 external troops deployed annually to the region were once enhanced by the availability of Panamanian bases as a platform for anti-drug activities and key exercises. Furthermore, loss of training facilities as well as the simple physical space made available by extensive US facilities throughout the Canal Zone imposes constraints on maneuver for troops supporting activities within the AOR. As ASECDEF Frederick Smith reported to Congress, "The primary impact of not having a base in Panama will be on our ability to stage aircraft for counterdrug operations. Arrangements will have to be made so that operations are not hindered."³⁰ Moving air operations to the United States will increase flight distance and flying time to the Andean countries within SOUTHCOM by approximately 2,000 miles and 8 hours per sortie.³¹ Clearly, loss of forward basing in Panama results in an increase in the length of operational lines. For CINCSO, the new challenge will be learning to work from exterior lines.
THEATER ENGAGEMENT PLANNING: WHAT NEXT?

As we have explored in earlier sections of this paper, SOUTHCOM must compensate for the loss of American presence in Panama in order to accomplish its regional mission. Specifically:

1. SOUTHCOM should make reasonable, albeit limited, provisions to protect the canal from threat of closure.

2. SOUTHCOM should make reasonable efforts to compensate for the loss of forward basing in support of anti-drug regional missions.

Given these considerations as well as CINCSO's limitations and capabilities within his AOR, this author proposes that four goals be pursued.

First, SOUTHCOM should attempt to increase military to military contacts within the region and, even without the convenience of forward basing, should not be tempted to decrease its exercise and training program wherever possible. The success of SOUTHCOM's exercise and training program is its ability to expand regional engagement by bringing together numerous states, enhancing confidence measures between the US and other key partners in the region. As explained in CINCSO's Theater Engagement Plan, "...there has been a notable increase in the willingness of Caribbean and Central American nations to participate in multinational interdiction operations." SOUTHCOM should capitalize on this new willingness, especially as it applies to new partners in the Caribbean never before associated with SOUTHCOM. CINCSO should support and seek to expand DOD sponsored talks and conferences including the annual Defense Ministerial of the Americas which began in 1995. This conference is designed specifically for Latin American countries to discuss and promote common security. In the absence of forward basing, military to military understanding becomes increasingly important to the SOUTHCOM
mission.

Second, *SOUTHCOM and the US government should pursue obtaining basing rights elsewhere in the AOR*. An obvious choice is Soto Cano Air Base in Honduras. The head of the President's national drug control policy, General Barry McCaffrey, recommended numerous alternatives for reestablishing bases including Aruba, Curacao, Ecuador and Honduras. (Before the Ecuadorian coup of two weeks prior to this writing, the Ecuadorean government proposed that the United States use the port of Manta on the Pacific Ocean as a base to combat drugs. The administration of Jamil Mahuad had favorably considered a 10-year bilateral accord that would have allowed for a 200-strong US force including narcotics agents, Coast Guard, and military units. This possibility should not be ruled out, but the destiny of Ecuadorian/US relations has yet to be played out.)

Roosevelt Roads in Puerto Rico offers an additional basing opportunity and can assuage some of the loss associated with the closure of Howard Air Force Base. While flight distances to South America make this choice less than optimal, this location has the increased advantage of mature communications, intelligence and logistics facilities.

Third, *the role of the US Coast Guard should be expanded within SOUTHCOM to promote security of the Panama Canal*. In times of emergency, the Coast Guard should be employed to maintain the security and operation of the canal. Many of the regular missions of the Coast Guard, in keeping with the basic missions of Maritime Law Enforcement, Maritime Safety, and Defense Readiness, could provide much-needed expertise. For instance, in the event of a known terrorist threat to the canal, the Coast Guard could employ its knowledge of Marine Inspection to examine ships prepared to transit the canal. As US Coast Guard Commander Bruce
Dickey noted, "A preset charge that could sink a ship in an area such as the Gaillard Cut could close the canal for months." Furthermore, Coast Guard personnel are uniquely trained to augment or replace the Canal Commission work force for everything from ship line handlers to canal pilots in the event of a general uprising or a large insurgency.

Finally, within legal limits for training foreign security forces, *SOUTHCOM should assist the Panamanian government in measures designed to protect the security of the Panama Canal*. This requirement is two fold. First, since the Panamanians have no credible internal security force to protect the canal from external threats, SOUTHCOM should assist and advise the Panamanian government on training and associated security measures for the canal. It is apparent, given statements by Panama's Interior Minister, that such assistance offered with a clear understanding of a limited American role would not be rejected. SOUTHCOM's commitment to this assistance must be long term and must be the anchor for all other measures designed to protect the canal. Second, the United States and SOUTHCOM must take the lead in promoting the economic well-being of Panama in order to expand both economic and democratic growth. As Dr. Robert Sheina notes,

"...economic threats pose the greatest risk to Panama and the future operation of the canal... Security of Panama and the Canal in the long term will depend most directly on the economic, political and social conditions of the country, not on traditional military strategies of the past.... So then, what Panama provides is a point of departure for our foreign policy with Latin America, a point from which we can effectively promote democracy, economic prosperity and security. The United States must therefore pursue policies that can achieve those broad objectives."

For the United States, this commitment means increasing economic investment in Panama and promoting nation-building in a country within which democracy has no historical hold.
FINAL NOTES

In the coming months, SOUTHCOM will face its first critical tests of its ability to operate its anti-drug regional mission in the absence of US control over the Panama Canal. CINCSO will need to take measures to compensate for the loss of the strategic basing that once served as a platform for American anti-drug activities in the region.

SOUTHCOM's ability to protect the Canal from illegal seizure by terrorists or hostile governments may never be tested. While the jury is still out over the true economic and military worth of the Canal, it is evident that US interests continue to be served through freedom of access to the Canal. SOUTHCOM would surely be called upon to respond to any credible threat to safe transit.

One might assume a report such as this author's might have been completed ten years ago. After all, December 31, 1999 has passed. Any action to compensate for the Panama Canal Treaties of 1977 at this late date seems reactive rather than proactive. It is fascinating to this author that as late as Autumn 1999, US officials were still engaged in lively debate over whether or not American troops should remain billeted in Panama, even as the last American soldiers, sailors, and airmen departed. Throughout the last decade, the Executive Branch could not reach agreement among themselves on what US interests would be served by keeping US forces in Panama.38 The result of this lack of consensus is clear. Even though many officials including key leaders in the DOD agreed, in part, that an extension to the basing rights agreement in Panama was an idea worthy of consideration, their inability to articulate US vital interests in Panama in terms of America's anti-drug mission blocked the way to a viable plan. As the smoke of this debate clears, SOUTHCOM must react.
ENDNOTES


5. U.S. Southern Command. Strategic Concept Theater Engagement Plan, FY00-05 Unclassified Sections Only p.44.

6. Ibid. p.20.

7. Ibid. p.21.


30. Ibid. p.49.
31. Ibid. p.59.
32. U.S. Southern Command, p.15.

36. Ibid. p.27.

37. Hughes, p.28-29.

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