

STATEMENT OF BROCK ADAMS, SECRETARY OF TRANSPORTATION,
BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE,
CONCERNING THE RATIFICATION OF THE PANAMA CANAL TREATIES,
ON FRIDAY, SEPTEMBER 30, 1977.

Mr. Chairman and Members of the Committee:

I am pleased to be here to discuss with you the Panama Canal treaties. I strongly support the ratification of these treaties.

As the Secretary of Transportation, I am concerned about whether the Panama Canal will serve this Nation's short term and long term transportation needs. In the short run, the treaty serves those needs, by settling long standing disputes which could have resulted in conflict hampering Canal traffic and by assuring that the U.S. will continue to manage the Canal for the next 25 years. In the long run the treaty provides a series of mechanisms whereby we can both study needed changes in the Canal to meet increased demands and then build any needed improvements together with Panama.

Decisions concerning the future role of the Canal will depend to a great extent on the demands of the market place. A shipper's decision to use the Canal will depend on the competitiveness of alternative routes and modes of transportation. These alternatives include shipments around the Horn in supertankers, new oil or slurry pipelines, railroad transport or future "land bridge" or

"minibridge" developments.

These market place decisions should be made in a climate of "certainty" regarding that waterway. If potential users of the canal are assured that the canal will continue to be operated efficiently and that its capacity will be increased if economically justified, then the canal has the potential to become an increasingly important transportation link. If not then usage will be uncertain. Ratification of the treaties will provide this assurance.

You have heard testimony from Secretaries Vance and Brown, Ambassadors Linowitz and Bunker, and others on the diplomatic and national defense aspects of these treaties. Today, I would like to speak to the transportation consequences of the treaties before you and in this regard I would like to present to you factual data concerning the use of the existing Canal for commercial shipping. That data is contained in the charts appended to my prepared statement, and I would like now to have that data presented to you by Mr. Edward Scott, Assistant Secretary for Administration, who has been involved in Canal matters affecting the Department.

The treaties permit the United States to retain effective control over Canal operations until the year 2000, when as was highlighted in Mr. Scott's presentation, according to the estimates of most informed observers, traffic through the present lock Canal will be approaching the Canal's capacity.

I think that the time has come to reappraise the future of the Canal and to plan for that future. As Mr. Scott has pointed out, one of the problems of the existing Canal is that supertankers and other large specialty ships are too large to transit the Canal. The treaties give us the capability to address this problem. They commit both the United States and Panama to study the feasibility of a sea-level canal. A sea-level canal could be used by these very large ships. Further, the treaties contemplate the building of any such canal in Panama where our studies suggest it could be most economically constructed.

B The treaties further grant the United States the right to construct a third lane of locks beside the present Canal. While there is much debate about the technical wisdom of such an undertaking, a third lane of locks could increase the capacity and extend the useful life of the present Canal. In any event, it is clear that the next 25 years are critical and during that time

the United States and Panama must jointly make some very important decisions regarding the future of the Canal.

I believe these treaties create a climate for a technological review that will permit these decisions to be made in an orderly manner. We must take the Canal and its operation out of the political arena and undertake these next 25 years of redirection in a context of mutual respect and cooperation.

So, in summary, it is not solely a question of whether the treaties are good foreign policy or defense initiatives, which I believe they are, but I submit that they are important to the transportation vitality of the present Canal and of any future Canals.

The Department of Transportation will have an important role to play in the examination and evaluation of options for the future development of the Panama Canal. We welcome that challenge and I believe it is one which we will be able to carry out effectively in the context of the treaties which you have before you for ratification. I therefore urge, without qualification, your prompt ratification of the treaties which I believe are consistent with a framework for strengthening the overall fabric of our national transportation system.

I will be pleased to answer any questions you may have.