ABSTRACT

• Strategic Planning for the Transfer of the Panama Canal from the United States to Panama.

By James McCarville

• The Carter-Torrijos Treaty of 1979 set the framework for the transfer of control over the Panama Canal from the United States to Panama for December 31, 1999. However,

diplomatic relations between the governments of Panama and the United States spiraled downward, culminating in 1989 in the US invasion of Panama and removal of its President.

After the invasion, communications were few, far between and flavored with suspicion.

• The first transfer, that of the unprofitable Panama Canal Railroad, shortly after the Treaty signing, was a financial disaster. Many Canal executives bragged about retiring before

the "big disaster". Others said they would stay "to turn the lights out. Mainstream US press and many international trade journals feared the worst. Many in the maritime industry

held their breath. Others knew better, but even in Panama support had to be rallied to prepare the nation for its opportunity.

• Against this backdrop, in 1993 the US Agency for International Development hired a team of consultants from Louis Berger, Inc. to prepare a strategic transition plan. As one of

two in-country consultants, from July to December 1993, I saw first-hand the problems, proposals and solutions provided to guide a more detailed transition to follow.

• The transfer was not a mere real estate deal. It required moving a huge enterprise from one set of legal, financial, environmental, labor relations and human relations laws and

customs to a completely new set of the same. The technical work was fascinating, but the hard part was getting people to talk with each other.

• This paper will explain that process.