

11-7-1990

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## Recommended Citation

Tyroler, Deborah. "Panama Refuses To Sign Mutual Legal Assistance Treaty." (1990). <https://digitalrepository.unm.edu/noticen/4664>

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## **Panama Refuses To Sign Mutual Legal Assistance Treaty**

*by Deborah Tyroler*

*Category/Department: General*

*Published: Wednesday, November 7, 1990*

On Nov. 2, three days of talks between US and Panamanian officials on the Mutual Legal Assistance Treaty ended in stalemate. Foreign Minister Julio Linares said that his government will not sign any agreement which threatens the viability of Panama's international banking center, comprised of over 110 domestic and foreign financial institutions. A US proposal to install US Coast Guard patrol ships in Panamanian territorial waters, he said, was also unacceptable. The legal assistance treaty would permit US authorities access to the bank accounts, financial transaction records, and other documents of companies incorporated in Panama. The proposed treaty is aimed at investigations of money laundering and tax evasion. On Nov. 4, Jose Alvarez, president of the Panamanian Lawyers Academy, accused Washington of attempting to pressure the Panamanian government into rewriting banking and incorporation legislation. The proposed treaty, he said, "would give the US indiscriminate access..., a clear violation of legal sovereignty, banking secretary and corporate confidentiality" under Panamanian law. Alvarez said that Panamanians are not opposed to drug money laundering and tax evasion, but rather indiscriminate access to bank accounts and corporate transactions. The latter, he added, would put Panama at a disadvantage vis-a-vis the Bahamas, the Grand Cayman Islands and Switzerland. On Nov. 15, Washington is to decide on Panama's "certification" in anti-drug trafficking efforts. Certification is required for regaining status as a beneficiary of the Caribbean Basin Initiative (CBI). In 1989, the US government removed Panama from its list of CBI beneficiaries. Alvarez said Panama will not regain CBI beneficiary status until the government agreed to sign the Mutual Legal Assistance Treaty. (Basic data from AFP, 11/02/90, 11/04/90)

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