CANAL RIGHTS (TAFT AGREEMENT)

Exchange of notes at Panama December 3, 1904; Executive orders signed at Panama and Washington December 3, 6, and 28, 1904, January 7, 1905, and January 5, 1911
Entered into force December 12, 1904
Terminated June 1, 1924 [1]

III Redmond 2756

The American Secretary of War to the President of Panama

PANAMA, *December 3, 1904*

YOUR EXCELLENCY:

After very full conferences with you and your advisers, I have drafted an Executive Order, which I have the authority of the President of the United States to sign and put in force, and which in its operation and conditions, if complied with, seems to me to offer a solution, honorable and satisfactory to both nations of the differences between the United States and the Republic of Panama. I inclose a draft of the order. I understand that you and your advisers concur in the wisdom of this solution, but I should be glad to have an expression of your approval of it before formally signing the order and giving it effect. Your Excellency will observe that the order is drawn to take effect on the 12th of December. This delay is for the purpose of giving full publicity to all concerned.

I have the honor to be, with the assurances of my most distinguished consideration,

Your obedient servant,

WM. H. TAFT
Secretary of War

Dr. MANUEL AMADOR GUERRERO,
President of the Republic of Panama,
Panama.

[1] Pursuant to notice of termination given by the United States Nov. 5, 1923. A Joint Resolution of Congress authorizing termination was approved Feb. 12, 1923. A Presidential proclamation issued May 28, 1924, fixed the date of termination.

The President of Panama to the American Secretary of War

REPUBLICA DE PANAMA
PODER EJECUTIVO NACIONAL PRESIDENCIA
Panama, December 3, 1904

Hon. WILLIAM H. TAFT,
Secretary of War of the United States, at Panama.

SIR:

As the embodiment of the conclusions reached by our respective Governments, after the full and satisfactory conferences which have been had between you, myself, and advisers, I have the pleasure to express the concurrence of the Republic in the executive order of the Secretary of War made by direction of the President of the United States under date of this the 3d day of December, 1904.

Aside from the wisdom and justice evidenced by this happy solution of the differences between the United States and the Republic of Panama, permit me to express, in behalf of the Republic and of myself and advisers, our gratitude for your gracious visit to Panama and your patient, judicial, and statesmanlike considerations of the subjects involved.

I have the honor to be, my dear Mr. Secretary, and with assurances of my highest esteem, sincerely yours,

M. AMADOR GUERRERO
President of the Republic of Panama

SANTIAGO DE LA GUARDIA
Secretary of Government and Foreign Affairs

PANAMA, *December 3, 1904*

By direction of the President, it is ordered that, subject to the action of the Fifty-eighth Congress as contemplated by the act of Congress, approved April 28, 1904: [2]

SECTION 1. No importation of goods, wares, and merchandise shall be entered at Ancon or Cristobal, the terminal ports of the canal, except such goods, wares, and merchandise as are described in Article XIII of the treaty between the Republic of Panama and the United States, the ratifications of which were exchanged on the 26th day of February, 1904,[3] and except goods, wares, and merchandise in transit across the isthmus for a destination without the limits of said isthmus, and except coal and crude mineral oil for fuel purposes to be sold at Ancon or Cristobal to sea-going

[2] 33 Stat. 429.
[3] TS 431, *ante*, p. 668.

vessels; said coal and oil to be admitted to those ports free of duties for said purposes:

Provided, however, That this order shall be inoperative, first, unless the Republic of Panama shall reduce the ad valorem duty on imported articles described in class 2 of the act of the National Convention of Panama passed July 5, 1904, and taking effect October 12, 1904, from fifteen per centum to ten per centum and shall not increase the rates of duty on the imported articles described in the other schedules of said act except on all forms of imported wines, liquors, alcohol, and opium on which the Republic may fix higher rates; second, unless article 38 of the Constitution of the Republic of Panama as modified by article 146 thereof shall remain in full force and unchanged so far as the importation and sale of all kinds of merchandise are concerned; third, unless the consular fees and charges of the Republic of Panama in respect to entry of all vessels and importations into said ports of Panama and Colon shall be reduced to sixty per cent of the rates now in force; and, fourth, unless goods imported into the ports of Panama and Colon assigned to or destined for any part of the Canal Zone shall not be subjected in the Republic of Panama to any other direct or indirect impost or tax whatever.[4]

SEC. 2. In view of the proximity of the port of Ancon to the port of Panama, and the port of Cristobal to the port of Colon, the proper customs or port official of the Canal Zone shall, when not inconsistent with the interests of the United States, at the instance of the proper authority of the Republic of Panama, permit any vessel, entered at or cleared from the ports of Panama and Colon, together with its cargo and passengers, under suitable regulations for the transit of the imported merchandise and passengers to and from the territory of the Republic of Panama, to use and enjoy the dockage and other facilities of the ports of Ancon and Cristobal respectively upon payment of proper dockage dues to the owners of said docks:

Provided, however, That reciprocal privileges as to dockage and other facilities at Panama and Colon, together with suitable arrangement for transit of imported merchandise and passengers to and from the territory of the Canal Zone, shall be granted by the authorities of the Republic of Panama, when not inconsistent with its interests, to any vessel, together with its cargo and passengers entered at or cleared from the ports of Ancon and Cristobal: *Provided, however,* That nothing herein contained shall affect the complete administrative, police, and judicial jurisdiction of the two Governments over their respective ports and harbors, except as hereinafter provided in section 6.

Provided, also, That vessels entering or clearing at the port of Panama shall have the absolute right freely to anchor and lade and discharge their cargoes

[4] Amended by sec. 1 of Executive order of Jan. 5, 1911, p. 696.

by lighterage from and to Panama at the usual anchorage in the neighborhood of the islands of Perico, Flamenco, Naos, and Culebra, though included in the harbor of Ancon under the provisional delimitation as amended under section 5 hereafter, and to use the said waters of said harbor for all lawful commercial purposes.

SEC. 3. All manifests and invoices and other documents in respect to vessels or cargoes cleared or consigned for or from the ports of Panama and Colon shall, as heretofore, be made by the officials of the Republic of Panama. All manifests, invoices, and other documents in respect to the vessels and cargoes cleared or consigned for or from the ports of Ancon or Cristobal shall be made by officials of the United States.

SEC. 4. No import duties, tolls, or charges of any kind whatsoever shall be imposed by the authorities of the Canal Zone upon goods, wares, and merchandise imported or upon persons passing from the territory of the Republic of Panama into the Canal Zone, and section 5 of the Executive order of June 24, 1904,[5] providing that duties on importations into the Canal Zone are to be levied in conformity with such duties as Congress has imposed upon foreign merchandise imported into ports of the United States is hereby revoked, but this order shall be inoperative unless the authorities of the Republic of Panama shall grant by proper order reciprocal free importation of goods, wares, and merchandise and free passage of persons from the territory of the Canal Zone into that of the Republic of Panama.

SEC. 5. The provisions of this order also shall not be operative except upon the condition that the delimitation of the cities and harbors of Colon and Panama, signed on the 15th day of June, 1904,[6] by the proper representatives of the Governments of the Republic of Panama and of the Canal Zone, shall be provisionally enforced, and while the same shall remain in force with the consent of both parties thereto, the provisional delimitation shall include not only the terms set forth in the writing thereof, but also the following, viz.: That the harbor of Panama shall include the maritime waters in front of said city to the south and east thereof, extending three maritime miles from mean low-water mark, except the maritime waters lying westerly of a line drawn from a stake or post set on Punta Mala through the middle island of the three islands known as Las Tres Hermanas, and extending three marine miles from mean low-water mark on Punta Mala, which waters shall be considered in the harbor of Ancon.

SEC. 6. This order also shall be inoperative unless the proper governmental authorities of the Republic of Panama shall grant power to the authorities of the Canal Zone to exercise immediate and complete jurisdiction in matters of sanitation and quarantine in the maritime waters of the ports of Panama and Colon.

---

[5] Appendix I, p. 690.
[6] *Ante*, p. 678.

SEC. 7. The Executive Order of June 24, 1904,[7] concerning the establishment of post-offices and postal service in the Canal Zone is modified and supplemented by the following provisions:

All mail matter carried in the territory of the Canal Zone to or through the Republic of Panama to the United States and to foreign countries shall bear the stamps of the Republic of Panama properly crossed by a printed mark of the Canal Zone Government, and at rates the same as those imposed by the Government of the United States upon its domestic and foreign mail matter, exactly as if the United States and the Republic of Panama for this purpose were common territory. The authorities of the Canal Zone shall purchase from the Republic of Panama such stamps as the authorities of the Canal Zone desire to use in the Canal Zone at forty per centum of their face value; but this order shall be inoperative unless the proper authorities of the Republic of Panama shall by suitable arrangement with the postal authorities of the United States provide for the transportation of mail matter between post-offices on the Isthmus of Panama and post-offices in the United States at the same rates as are now charged for domestic postage in the United States, except all mail matter lawfully franked and inclosed in the so-called penalty envelopes of the United States Government concerning the public business of the United States, which shall be carried free, both by the governments of Panama and of the Canal Zone: *Provided, however,* That the zone authorities may for the purpose of facilitating the transportation of through mail between the zone and the United States in either direction inclose such through mail properly stamped or lawfully franked in sealed mail pouches, which shall not be opened by the authorities of the Republic of Panama in transit, on condition that the cost of transportation of such mail pouches shall be paid by the Zone Government.

SEC. 8. This order also shall not be operative unless the currency agreement made at Washington June 20, 1904,[8] by the representatives of the Republic of Panama and the Secretary of War of the United States, acting with the approval of the President of the United States, for the establishment of a gold standard of value in the Republic of Panama, and proper coinage shall be approved and put into execution by the President of the Republic of Panama pursuant to the authority conferred upon him by law of the Republic of Panama No. 84, approved June 20, 1904, and unless the President of the Republic of Panama, in order that the operation of the said currency agreement in securing and maintaining a gold standard of value in the Republic of Panama may not be obstructed thereby, shall, by virtue of his authority conferred by law No. 65, enacted by the National Assembly of Panama on

[7] Appendix II, p. 692.
[8] *Ante,* p. 681.

June 6, 1904, abolish the tax of 1 per cent on gold coin exported from the Republic of Panama.

SEC. 9. Citizens of the Republic of Panama at any time residing in the Canal Zone shall have, so far as concerns the United States, entire freedom of voting at elections held in the Republic of Panama and its Provinces or municipalities at such places outside of the Canal Zone as may be fixed by the Republic and under such conditions as the Republic may determine; but nothing herein is to be construed as intending to limit the power of the Republic to exclude or restrict the right of such citizens to vote as it may be deemed judicious.

SEC. 10. The highway extending from the eastern limits of the city of Panama, as fixed in the above-mentioned provisional delimitation agreement of June 15, 1904, to the point still farther to the eastward where the road to the "Savannas" crosses the zone line—which is 5 miles to eastward of the center axis of the canal—shall be repaired and maintained in a serviceable condition at the cost and expense of the authorities of the Canal Zone, and also in like manner the said road from the said eastern limits of the city of Panama to the railroad bridge in the city of Panama shall be repaired at the cost of the authorities of the Canal Zone; but this order shall not be operative unless the Republic of Panama shall waive its claim for compensation for the use in perpetuity of the municipal buildings located in the Canal Zone.

SEC. 11. The United States will construct, maintain, and conduct a hospital or hospitals either in the Canal Zone or in the territory of the Republic, at its option, for the treatment of persons insane or afflicted with the disease of leprosy, and indigent sick, and the United States will accept for treatment therein such persons of said classes as the Republic may request; but this order shall not be operative, unless, first, the Republic of Panama shall furnish without cost the requisite lands for said purposes if the United States shall locate such hospital or hospitals in the territory of the Republic; and, second, unless the Republic shall contribute and pay to the United States a reasonable daily per capita charge in respect of each patient entering, upon the request of the Republic, to be fixed by the Secretary of War of the United States.

SEC. 12. The operation of this Executive order and its enforcement by officials of the United States on the one hand, or a compliance with and performance of the conditions of its operation by the Republic of Panama and its officials on the other, shall not be taken as a delimitation, definition, restriction, or restrictive construction of the rights of either party under the treaty between the United States and the Republic of Panama.

This order is to take effect on the 12th day of December, 1904.

WM. H. TAFT
Secretary of War

APPENDIX I [9]

WAR DEPARTMENT
Washington, June 24, 1904

To the
CHAIRMAN OF THE ISTHMIAN CANAL COMMISSION:

By direction of the President it is ordered:

SECTION 1. The territory of the Canal Zone of the Isthmus of Panama is hereby declared open to the commerce of all friendly nations. All articles, goods and wares, not included in the prohibited list, entering at the established customs ports, will be admitted upon payment of such customs duties and other charges as are in force at the time and place of their importation.

SECTION 2. For the purposes of customs administration in said Canal Zone, there are hereby established two collection districts as follows:

First: The District of Ancon, comprising the southern half of said Canal Zone more particularly described as follows:

The port of entry in said district shall be Ancon.

Second: The District of Crystobal, comprising the northern half of said Canal Zone more particularly described as follows:

The port of entry in said district shall be Crystobal.

SECTION 3. There is hereby created and shall be maintained in the government of the Canal Zone a subdivision of the executive branch to be known as the Customs Service: the general duties, powers and jurisdiction of the Customs Service shall be to administer the customs laws and tariff regulations in force in said Zone. The Governor of the Canal Zone shall be the head of the Customs Service. There shall be a Collector of Customs for each Collection District, who shall receive an annual salary of two thousand five hundred dollars in gold, payable in monthly installments. It shall be the duty of the Collector to collect all revenues derived from the enforcement of the customs laws and tariff regulations in the District subject to his jurisdiction, and to perform such other service in the administration of such laws as is ordinarily performed by a Collector of Customs or as he may be required to perform by the Governor of the Canal Zone. The Collector of Customs shall be appointed by the Governor, with the advice and consent of the Isthmian Commission. The Governor of the Canal Zone is hereby authorized to appoint and fix the compensation of Deputy Collectors, Surveyors of Customs and such other

[9] This Executive order was revoked on Dec. 16, 1904, and an Executive order of Dec. 28, 1904, was substituted for it prior to the promulgation of the Executive order of Dec. 3, which promulgation occurred on Dec. 30, 1904.

subordinates and employees as may be necessary for the efficient administration of the Customs laws and Service.

SECTION 4. The Governor of the Canal Zone is hereby authorized and empowered to prescribe and enforce rules and regulations for the administration of the Customs laws and Service of said Zone, and report the same to the Chairman of the Commission and said rules and regulations shall have the force and effect of law until annulled or modified by legislative act of the Isthmian Canal Commission or other competent authority.

SECTION 5. Until otherwise provided by competent authority, duties on importation into the Canal Zone are to be levied in conformity with such duties as Congress has imposed upon foreign merchandise imported into other ports of the United States.

SECTION 6. Goods or merchandise entering the Canal Zone from ports of the United States or Insular possessions of the United States shall be admitted on the same terms as at the ports of the States of this Union.

SECTION 7. All goods or merchandise, whether free or dutiable, entering the Canal Zone by water, by rail or otherwise, for transportation across said Zone must be entered at the Customs House of the Collection District wherein the point of entrance is situated. Violation of this requirement shall subject the goods to seizure and forfeiture by the Customs officials.

SECTION 8. The Governor of the Canal Zone is authorized to enter and carry out an agreement with the President of the Republic of Panama for cooperation between the Customs Service of the Canal Zone and that of the Republic of Panama to protect the customs revenues of both governments and to prevent frauds and smuggling.

SECTION 9. The Governor of the Canal Zone is hereby authorized to enter upon negotiations and make a tentative agreement with the President of the Republic of Panama respecting reciprocal trade relations between the territory and inhabitants of the Canal Zone and appurtenant territory and the Republic of Panama; also a readjustment of customs duties and tariff regulations so as to secure uniformity of rates and privileges and avoid the disadvantages resulting from different schedules, duties, and administrative measures in limited territory subject to the same conditions and not separated by natural obstacles. The Governor shall report as to such negotiations and proposed agreement to the Chairman of the Isthmian Canal Commission, for submission and consideration by the Commission and such action by competent authority as may be necessary to render said agreement effective in the Canal Zone.

This order will be proclaimed and enforced in the Canal Zone at Panama.

WM. H. TAFT
Secretary of War

APPENDIX II

WAR DEPARTMENT
Washington, June 24, 1904

To the

CHAIRMAN OF THE ISTHMIAN CANAL COMMISSION.

SIR:

The necessities of the inhabitants and the due administration of the affairs of government in the Canal Zone at Panama require the establishment of post offices and postal service in that territory.

It is therefore ordered: That a post office be established in each of the following-named towns of the Canal Zone, to wit: Cristobal, Gatun, Boheo, Gorgona, Bas Obispo, Empire, Culebra, La Boca, and Ancon.

The post offices at Cristobal and Ancon shall be money-order offices.

The Governor of the Canal Zone is hereby authorized to appoint postmasters for the post offices herein established and fix the compensation therefor, subject to the approval of the Isthmian Canal Commission.

The Governor of the Canal Zone is directed to formulate a plan for a practical and efficient postal service in said Canal Zone and including such measures and provisions of the Postal Service of the United States as are not inapplicable to the conditions of law and fact existing in the Canal Zone, and to report said plan to the chairman of the Isthmian Canal Commission for such action as the discretion of the commission shall approve.

Pending the establishment of the postal service by act of the commission or other competent authority, the Governor of the Canal Zone is hereby authorized to establish post offices at such additional places in the Canal Zone as in his judgment the interests of the public require, and to appoint postmasters therefor and fix their compensation, subject to the approval or other action thereon by the Isthmian Canal Commission.

The Governor of the Canal Zone is also authorized to adopt and enforce such temporary rules, regulations, provisions, and requirements as may be necessary to secure a practical and efficient postal service in said Canal Zone, and to employ such temporary assistants and employees as the exigencies of the service require.

By direction of the President:

WM. H. TAFT
Secretary of War

PANAMA, *December 6, 1904*

SECTION 1. Consignments of goods, wares, and merchandise which by virtue of section 1 of the above mentioned order of December 3, 1904, cannot be entered for importation at the ports of Ancon or Cristobal may never-

theless, at the option of the consignor, if accompanied by the proper consular invoices of the consul of the Republic of Panama at the port of consignment, be landed at Ancon or Cristobal, respectively, in transit to any part of the Canal Zone or the republic upon payment of the proper duties to the Republic of Panama, under suitable arrangements similar to those provided for by section 2 of said order of December 3, 1904.

But such goods, wares, and merchandise not accompanied by consular invoice of the consul of the republic shall not be permitted to land at Ancon or Cristobal.

SEC. 2. The order of December 3, 1904, shall be construed to permit free exportation and consignment of goods, wares, and merchandise and free transit of persons and vehicles from the republic through the Canal Zone and from the terminal ports thereof.

By direction of the President:

WM. H. TAFT
Secretary of War

WAR DEPARTMENT
December 28, 1904

SIR:

By direction of the President, it is ordered that there shall be substituted for the order of June 25, 1904, relating to the establishment and administration of the customs service in the Canal Zone of the Isthmus of Panama, which was revoked by the order of December 16, 1904, the following:

"SECTION 1. For the purpose of customs administration in the Canal Zone there is hereby established a customs district, which comprises all the lands and waters within the control and jurisdiction of the United States on the Isthmus of Panama and the maritime waters contiguous to the shores of the said Canal Zone extending to the distance of three marine miles from mean low-water mark, but not including any maritime waters that pertain to the harbors of the cities of Panama and Colon in the Republic of Panama, the harbors of which are sufficiently defined under the provisional agreement of delimitation signed by the proper representatives of the governments of Panama and of the Canal Zone on the 15th day of June, as modified by the consent of the parties in accordance with the description contained in section 5 of the Executive Order of December 3, 1904.

"SEC. 2. There shall be two ports of entry in the Canal Zone, to wit: Ancon, at the Pacific terminus of the canal, and Cristobal, at the Atlantic terminus, at which goods, wares, and merchandise may be imported or exported and vessels may be entered or cleared in accordance with the Executive Orders of December 3, 1904, and December 6, 1904.

"SEC. 3. The subdivision of the executive branch of the Government of the Canal Zone, known as the Department of Revenues, shall include the

administration of the customs laws and tariff regulations in force in the said zone. The collector of revenues, who by act of the Isthmian Canal Commission is ex-officio the collector of customs, shall receive the salary which may be allowed by law, and shall perform the duties of collector of customs as required by the laws now in force in the Canal Zone or that may hereafter be enacted.

"SEC. 4. The deputy collectors and inspectors of customs, the health officers, and port captains at the ports of Ancon and Cristobal shall receive such compensation as may be allowed by law, and will perform their duties at said ports as required by the laws and regulations in force in the zone.

"SEC. 5. The order of December 16, 1904, revoking the order of June 24, 1904, together with this order, shall be proclaimed in the Canal Zone, Isthmus of Panama, and shall be in force from the date of the promulgation."

Very respectfully,

WM. H. TAFT
Secretary of War

THE CHAIRMAN OF THE ISTHMIAN CANAL COMMISSION,
Washington, D.C.

WAR DEPARTMENT
Washington, D.C., January 7, 1905

By direction of the President, it is hereby ordered that—

1. To entitle goods, wares, and merchandise to entry at Ancon and Cristobal, the terminal ports of the Isthmian Canal, Canal Zone, Isthmus of Panama, it is necessary that it be established by the certificate of a member of the Isthmian Canal Commission, or of the chief engineer of the Isthmian Canal Commission, or of the chief of the Department of Material and Supplies, that said goods, wares, and merchandise are necessary and convenient for the construction of the Isthmian Canal or for the use and consumption of certain officers and employees in the service of the United States and of the Government of the Canal Zone and their families, stationed on the Isthmus of Panama, and are to be devoted to that purpose exclusively.

2. The certificates above required shall be granted only when the goods, wares, and merchandise to be certified are (1) the property, including live stock and forage, of or under contract of purchase by the United States and intended for use in the work of constructing the canal or the sanitation of the Isthmus; or for the service of the Government of the Canal Zone; (2) the property, including live stock and forage, of or under contract of purchase by a contractor with the United States or the Government of the Canal Zone for work on the construction of the Isthmian Canal, the sanitation of the Isthmus of Panama, provided that any goods, wares, or merchandise that

are to be offered for sale by any contractor to his employees or otherwise shall not be entitled to such entry; (3) the property of the Government of the Canal Zone or of any municipality of said zone; (4) property and provisions intended for sale in commissaries established and operated by the Isthmian Canal Commission to officers, employees, and contractors of the Isthmian Canal Commission, of the Panama Railroad Company, or of any contractor with the Isthmian Canal Commission for work on the Isthmus (together with the families of such persons), who are citizens of the United States or who received compensation on what is known as the gold pay roll of the Commission, of the railroad company, or such contractor; (5) household furniture of such officers and employees of the Isthmian Canal Commission stationed in the Canal Zone, or Republic of Panama, including such articles, effects, and furnishings as pictures, books, musical instruments, chinaware, bed and table linen, and kitchen utensils; also wearing apparel, toilet objects, and articles for personal use; books, portable tools, and instruments; jewelry and table services, in quantities and of the class suitable to the rank and position of such officers and employees and intended for their own use and benefit and not for barter or sale, imported from the United States.

3. This order contemplates the exclusion from benefits of the commissaries established and maintained by the Commission of all employees and workmen who are natives of tropical countries wherein prevail climatic conditions similar to those prevailing on the Isthmus of Panama, and who therefore may be presumed to be able to secure the articles of food, clothing, household goods and furnishings, of the kind and character to which they are accustomed, from the merchants of Panama, Colon, and the towns of the Canal Zone, and whose ordinary needs may be supplied without recourse to the Government commissaries. Should it develop hereafter that said merchants charge prices in excess of legitimate profit, or practice other extortion, the United States, for the protection and assistance of all its employees, whether from the tropical or temperate zone, will supply its commissaries with such staple articles as are required and desired by the inhabitants of tropical countries, and permit all its employees and workmen and those of its contractors to avail themselves of the benefits and privileges afforded by said Government commissaries.[10]

This order is to take effect on the 7th day of January, 1905,

WM. H. TAFT
Secretary of War

THE CHAIRMAN OF THE ISTHMIAN CANAL COMMISSION
Washington, D.C.

[10] Revoked by sec. 2 of Executive order of Jan. 5, 1911, p. 696.

WAR DEPARTMENT
Washington, January 5, 1911

Orders:

1. By direction of the President, it is ordered that the first proviso of section 1 of the Order issued by the Secretary of War, by direction of the President, on December 3, 1904, which was promulgated in Circular No. 4, Isthmian Canal Commission, December 30, 1904, be amended to read as follows:

"*Provided, however,* That this order shall cease to be operative—

"First. If the Republic of Panama should at any time increase the rate of duty on imported articles described in class 2 of the Act of the National Convention of Panama passed July 5, 1904, and effective October 12, 1904, above 15 per centum ad valorem, provided for in said Act; or if the said Republic should increase at any time the rates of duty on the imported articles described in the other schedules of said Act, except on all forms of imported wines, liquors, alcohols and opium, upon which the Republic may fix higher rates.

"Second. If Article thirty-eight of the Constitution of the Republic of Panama, as modified by Article one hundred and forty-six thereof, is repealed or modified at any time in so far as the importation and sale of all kinds of merchandise are concerned.

"Third. If the consular fees and charges of the Republic of Panama, in respect to the entry of all vessels and importations into the said ports of Colon and Panama, are increased beyond the rates now in force—which rates are understood to be sixty per centum of the rates in force prior to the promulgation of said order of December 3, 1904; or,

"Fourth. If goods imported into the ports of Colon and Panama, cosigned to or designated for any port in the Canal Zone, are at any time subjected in the Republic of Panama to any other direct or indirect impost or tax whatever."

2. Paragraph 3 of the Order issued by the Secretary of War, by direction of the President, on January 7, 1905, which contemplates the exclusion from the benefits of the commissaries established and maintained by the Canal Commission of all employees and workmen who are natives of tropical countries is hereby revoked.

J. M. DICKINSON
Secretary of War