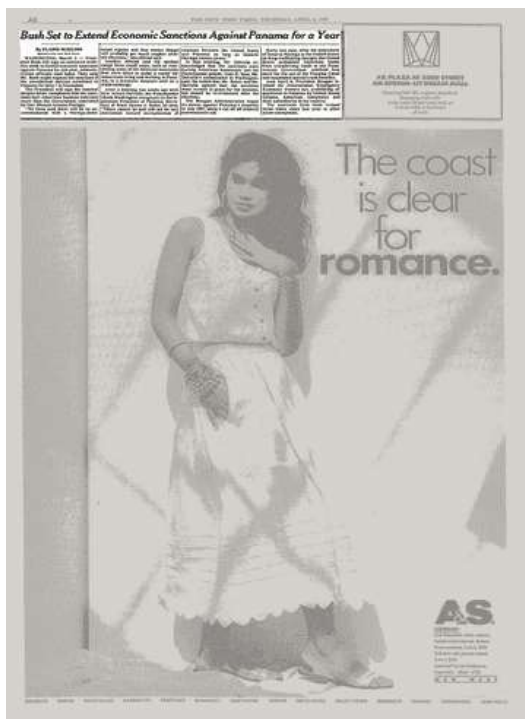


# *Bush Set to Extend Economic Sanctions Against Panama for a Year*

By Elaine Sciolino, Special To the New York Times

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President Bush will sign an executive order this week to extend economic sanctions against Panama for one year, Administration officials said today. They said Mr. Bush might expand the sanctions if the presidential election scheduled in Panama for May 7 is fraudulent.

The President will sign the renewal despite bitter complaints that the sanctions hurt American business interests more than the Government controlled by Gen. Manuel Antonio Noriega.

"We have said there will be no accommodation with a Noriega-dominated regime and that means things will probably get much tougher after the elections," one official said.

Another official said the options range from small steps, such as reinstating some of the financial measures that were lifted to make it easier for Americans living and working in Panama, to a dramatic measure such as a trade embargo.

After a meeting two weeks ago with Eric Arturo Delvalle, the Panamanian whom Washington recognizes as the legitimate President of Panama, Secretary of State James A. Baker 3d said, "There cannot be and will not be any movement toward normalization of relations between the United States and Panama as long as General Noriega retains power."

In that meeting, Mr. Delvalle acknowledged that the sanctions were hurting American businesses and the Panamanian people, Juan B. Sosa, Mr. Delvalle's ambassador in Washington, said. He added that Mr. Baker and Mr. Delvalle agreed that the sanctions must remain in place for the moment, but should be re-evaluated after the elections.

The Reagan Administration began its moves against Panama's economy in July 1987, when it cut off all military and economic aid.

Early last year, after the indictment of General Noriega in the United States on drug-trafficking charges, the United States prohibited American banks from transferring funds to the Panamanian Government, withheld fees owed for the use of the Panama Canal and suspended special trade benefits.

Last April 8, President Reagan invoked the International Emergency Economic Powers Act, prohibiting all payments to Panama by United States citizens, American companies and their subsidiaries in the country.

The sanctions have been revised three times since last year to allow some exemptions.

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