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Paper Prepared for the Senior Review Group

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Chile—Status Report on Implementation of NSDM 93

A. Multilateral

1. OAS and Cuba. The Department of State is urging Latin American governments to make unilateral public statements along the lines of the U.S. statement of November 13, reaffirming adherence to the OAS resolution on Cuba sanctions, and is taking careful soundings on prospects for constructive statements within the OAS forum. Circular telegram sent November 15 is at Tab A.

2. Concern over Chile. The Department of State is preparing to provide to selected Latin American governments overt, and to the extent feasible, covert information on Chile's links with subversion in other countries, to document the reasons for our concern over Chile and to encourage other governments to understand the U.S. posture and to adopt a similar one.

3. Consultation with key governments, particularly Brazil and Argentina, to coordinate efforts on Chile. The Department of State is preparing an instruction to selected posts for such consultation and the Ad Hoc Interagency Working Group on Chile will meet promptly to consider how to increase efforts to establish and maintain close relations with friendly military leaders in the hemisphere.

4. IDB Lending to Chile. The Department of State is exploring with the U.S. Director of IDB and the Department of the Treasury the procedural possibilities for delay or veto of FSO loans to Chile, and will prepare a recommendation for action. See Tab B for discussion.

B. Bilateral

1. Public Position. Recommendation: that approval be given to the statement at Tab C, to be drawn upon on a contingency basis by senior USG officials in responding to questions on Chile. The Department of State has meanwhile given (on November 12) an off-the-record briefing on Chile to Mr. George Meany and other leaders of the AFL–CIO, and will give on November 17 in New York similar off-the-record briefings to the staff of the Council for the Americas and to senior officers of Anaconda and other companies interested in Chile.

2. Consultations with the Congress. Recommendation: that consideration be given to having high level briefings of key Congressional leaders on our Chile policy, to insure understanding of our posture, and with a view to easing present

legislative restrictions in economic and military matters of special interest to Latin American governments, with which we will be consulting closely on Chile; e.g., soluble coffee for Brazil; meat for Argentina, and reductions in MAP and FMS availabilities in general. The Department of State will prepare proposals for carrying out the consultations with the Congress.

3. Military Assistance to Chile. Recommendation: that approval be given to the proposed telegram to Embassy Santiago at Tab D, instructing the Ambassador to begin moves which will have the effect of forcing a decision from the GOC on continued U.S. military presence. Discussion of existing and potential requests by the Chilean military services for the purchase of arms and equipment in the United States is at Tab E. Note that the Chilean desire to buy three C–130's and eleven F–5's would not involve USG decisions on financing. Decision would be required on export licensing and on accommodating any FMS part of the sale (i.e. government furnished equipment such as weapons) within the $75 million area limitation on FMS and grant matériel articles for Latin America.

4. Economic Assistance to Chile. The Department of State has issued classified instructions to withhold until further notice any new commitments of U.S. bilateral assistance to Chile, including AID loans, AID Investment Guarantees, and Eximbank loans and export guarantees. The Department of State has in preparation recommendations on courses of action on handling Investment Guarantee problems which may arise when the GOC begins to nationalize U.S. property.

5. Peace Corps. Recommendation: that the 17 PCV's scheduled to go to Chile following completion of training on December 12 be held back until the Allende government has given some authoritative confirmation of the request for them made by the previous government. We would make clear at the working level that we would not be prepared to go ahead without such reaffirmation. See Tab F for discussion.

C. Organizational

1. The Ad Hoc Interagency Working Group on Chile has been organized and has begun its work under the chairmanship of Assistant Secretary of State for Inter-American Affairs, Charles A. Meyer.

2. The Department of State Country Director for Andean and Pacific Affairs has been permanently assigned full time to Chilean affairs, and has been provided an additional Associate Director exclusively for Chile, and has been designated as the central working-level point of coordination for Chilean matters.