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Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

Identificador Archival:	frus:frus1969-76v21/d199
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1971-01-26
Colección / Serie:	FRUS 1969–1976, vol. XXI: Chile, 1969–1973

Nota de Archivo: *Washington. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 774, Country Files, Latin America, Chile, Vol. III. Secret; Nodis. Sent for information.*

Export-Import Bank Operations in Chile

Attached at Tab A is an information memorandum to the Senior Review Group from the Acting Chairman of the Ad Hoc Inter-Agency Working Group on Chile, concerning our policy with respect to Export-Import Bank operations in Chile. A specific case will come up at the end of January when the Pacific Steel Company (CAP) is expected to approach the Ex-Im Bank for new loans totalling $90 million for further development of iron ore resources and productive facilities in Chile. At the same time, CAP is expected to seek the drawdown of the $18.5 million balance of an existing $25 million bank loan to the CAP.

The Bank will discourage CAP from applying for new loans and, should it do so, will hold in abeyance and take no action on any applications the CAP might make. The Bank does not perceive any legal way to avoid letting CAP drawdown the $18.5 million balance of the present loan and will concur in this request.

I believe this decision is consistent with our overall policy of not making any new EX–IM loans, but meeting our commitments under existing agreements if non-overt delays are not possible.