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Memorandum From C. Fred Bergsten of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

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Chile—Bethlehem Steel Negotiations

State (Tab A) and Brad Mills, President of OPIC (Tab B) report the successful conclusion of negotiations between Bethlehem Steel and the Chilean-owned steel company CAP.

CAP has agreed to purchase Bethlehem's iron mining properties in Chile based on its depreciated book value. The price, between $20 and $23 million (to be determined by an auditor), will be paid in fifteen annual installments beginning in June 1973 at 5¾ percent interest. OPIC has guaranteed Bethlehem that it will pay at least $18 million of that sum if CAP fails to live up to the agreement. The settlement should help the forthcoming copper negotiations because its terms were far better than those proposed in the constitutional amendment for copper nationalization.

Brad Mills and State agree that Ambassador Korry played a skill-ful and effective behind-the-scenes role in these negotiations, and that his judgment and effort contributed substantially to the attainment of agreement. Mills also feels that by assuring Bethlehem that its assets would be paid for, in one way or another, OPIC permitted Bethlehem to take a more diplomatic position vis-à-vis CAP which facilitated the negotiating process and avoided a potential confrontation with Chile.