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

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Chile—Debt Rescheduling

State (Tab A) has written to inform you that, consistent with the unanimous views of the interested USG agencies, it wishes to inform Chile and the other creditor nations that we will participate in a negotiation for the rescheduling of Chilean debts. The French, Germans, and other Europeans are prepared to participate but have told the Chileans they would do so only in a multilateral framework which includes the U.S.

In the discussions, the U.S. will pursue several objectives:

—To deny Allende a pretext for rallying an increasingly divided Chile against the U.S. as a foreign scapegoat;

—To insure that the Chilean Government receives the minimum possible relief from its economic problems;

—To protect the large exposure of the Export-Import Bank and the Overseas Private Investment Corporation, and to use maximum feasible leverage on behalf of the expropriated U.S. copper companies.

There are additional remaining issues to be resolved before the U.S. position in these negotiations is determined, and an options paper on these issues will be submitted to the SRG next week. For the moment, however, we believe that informing Chile and the other creditors that we will participate in a multilateral rescheduling exercise, while committing us to nothing, avoids the possibility of Chile singling us out as being the only country opposed to participation in such an exercise. State, accordingly, wishes to inform Chile as soon as possible, but is anxious to have your approval before doing so.

Recommendations

That you approve USG participation in a multilateral negotiation for the rescheduling of Chilean debts.