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Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)

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Nota de Archivo: *Summary: Eliot discussed the fallout from the Kennecott Copper Company's decision to withdraw from using the Chilean legal system to obtain redress for expropriated property. Instead, Kennecott officials were attempting to gain redress by using other nations' legal systems. Source: National Archives, RG 59, Central Files 1970–73, INCO–COPPER CHILE. Secret; Exdis. Drafted by Girdler; cleared by Feldman, Weintraub, Fisher, and Crimmins. Miller signed for Eliot above Eliot's typed signature.*

Kennecott Suit in Paris Against Chilean Copper Shipment

Following the September 11 ruling of the Chilean Special Copper Tribunal that it had no jurisdiction over the excess profits findings against the U.S. companies, Kennecott announced that it was withdrawing from further legal proceedings in Chile and would "pursue in other nations its remedies for the confiscated assets". The Chilean Government reacted angrily and threatened to reconsider its previous recognition of its (OPIC-insured) debt to Kennecott.

Subsequently, a Paris court issued an attachment relating to a shipment of Chilean copper at Kennecott's request. The shipment, valued at over $1 million, is destined for a consortium which handles French copper imports. The court order (dated September 30) specifies that the consortium may take delivery of the copper but that payment may not be made to the Chilean exporter (CODELCO, the Chilean Government copper agency) until the proceeding initiated by Kennecott has been completed.

If Kennecott is able to press its case in other countries as well, Chilean foreign exchange earnings, 75–80% of which come from copper exports, could be appreciably damaged. The GOC's sharp reaction reveals its fears in this respect.

Virtually all Chilean sectors have joined in condemning the Kennecott action. Additionally, the bitter language used by GOC supporters tends to link the U.S. Government with Kennecott's move. We are pointing out at suitable opportunities that the action is a private suit by a private company. Kennecott in fact did not advise us of this action, nor is it likely to do so in the future. The Allende government will probably obtain considerable acceptance for its thesis that the suit is "further proof" of an "international embargo" being orchestrated against Chile by the U.S. in collusion with multinational corporations.

In sum, for the short term at least, the Kennecott action appears to have touched Allende on a tender spot but at the same time provided him some part of what we have carefully sought to deny him: a useful pretext for shifting blame for Chile's economic problems, and a basis for rallying sympathy and support.