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Paper Prepared in the Department of Defense

Identificador Archival:	frus:frus1969-76ve16/d55
Agencia Emisora:	NSC / Casa Blanca
Fecha del Documento:	1971-02-16
Colección / Serie:	FRUS 1969–1976, vol. E-16: Documentos sobre Chile, 1969–1973

Nota de Archivo: *Summary: This paper recommended that the Senior Review Group approve sending tanks to Chile that it had already purchased. Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–52, SRG Meeting, Chile 2/17/71. Secret; Noforn.*

M–41 TANKS FOR CHILE

Forty M–41 tanks, funded under FMS credit, were purchased by Chile in FY 1969. Twenty of these tanks have been delivered. The remaining twenty were scheduled for delivery by 15 January 1971.

The SRG, on 19 November 1970, decided to hold in abeyance the delivery of the 20 tanks scheduled for January; this decision to be reviewed at a later date.

The tanks are presently being held in storage in the U.S. and are incurring storage charges. In the meantime, the Chileans are promptly meeting the FMS credit semi-annual repayment schedule, the last payment made in January 1971.

Both USCINCSO and Ambassador Korry have now recommended release of the remaining tanks to Chile. While the modest delay to date in delivering the tanks has not yet aroused an adverse reaction, prolongation would soon provide ammunition for charges of U.S. bad faith and unreliability at a critical time when continued association with the U.S. is likely to be under consideration within the Chilean military.

While delivery of the tanks to Chile might give some of our friends in Latin America (particularly Argentina) reason for concern, our Ambassadors should be able to assuage such concern by explaining the reasons for our decision, i.e.: 1) to strengthen our influence with the Chilean military services and thus attempt to harden resistance to Communist domination of Chile; 2) increase Chilean dependence on U.S. sources of supply for spares; and 3) preempt Communist suppliers of equipment from an association with the Chilean military services.

Recommend that the SRG approve delivery of the 20 remaining M–41 tanks to Chile.