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

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Nota de Archivo: *Summary: This memorandum forwarded for Kissinger's signature a memorandum to the Senior Review Group and Secretary of the Treasury Connally informing them of the President's decision to approve the FMS ceiling for Chile (see Foreign Relations, 1969–1976, vol. XXI, Chile, 1969–1973, Document 235) and to defer a decision on the Export-Import Bank loan for Boeing aircraft. Nachmanoff commented that postponing the Boeing decision would damage U.S.-Chilean relations and noted that the copper companies would, most likely, not approve of it either. Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–56, SRG Meeting, Chile 6/3/71. Secret; Nodis. Sent for action. Tabs I and II are attached but not published.*

Chile

Attached for your signature at Tab I is a memo to the members of the NSC Senior Review Group and the Assistant Secretary of Treasury informing them of the President's decision to (1) approve the $5 million FMS ceiling for Chile, and (2) defer a decision on the Boeing loan. The memo does not state why the President has decided to defer the Boeing decision.

I just want to be sure that it is clearly understood that a deferral of the Boeing decision for more than a few more days probably will be viewed as a negative decision by the Chileans and will have all the adverse consequences cited in the SRG papers—i.e., damage the prospects for fair compensation for the copper companies and other U.S. investors, and increase the risk that OPIC will have to pay off $400 million in investment guarantees; give Allende an issue with which to challenge the credibility of the President's public posture toward Chile; and gain support and sympathy in Chile and in the U.S. I think we can assume that the press will play this up as a political decision inconsistent with the more liberal trade policies we are now pursuing vis-à-vis China and the Soviet bloc.

Incidentally, I seriously doubt that the copper companies would agree with Connally's thesis that a tough line on the Boeing loan might improve their chances of getting compensation. It should also be noted that there are no clear cases of expropriation without compensation in Chile at this time; the GOC has either negotiated compensation settlements with U.S. companies that have been nationalized or is in the process of doing so.

Recommendation

That you sign the memo at Tab I to the members of the SRG.