



DEPARTMENT OF STATE

Washington, D.C. 20520

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October 22, 1980

**MEMORANDUM FOR MR. A. DENIS CLIFT
THE WHITE HOUSE****Subject: U.S. Policy Toward Chile**

Per your request, following is a description of U.S. Policy Towards Chile:

U.S. Policy Toward Chile

Official relations between the United States and Chile were strained in the mid-1970's by the human rights issue and, more recently, by the Chilean Government's failure to investigate seriously or prosecute three Chilean ex-intelligence officials who were implicated in the assassination in September 1976 in Washington, D.C., of Orlando Letelier, Chilean Ambassador to the United States during the Allende period, and Ronni Moffitt, a U.S. citizen and co-worker of Mr. Letelier. In November 1979 the U.S. Government announced a series of measures responding to the Government of Chile's failure to make a serious effort to investigate or prosecute those believed to be responsible for the assassination. These measures included (1) reducing the size of our mission in Chile by about one-fourth, (2) terminating the Foreign Military Sales "pipeline" to Chile and thereby terminating all deliveries of military equipment to the Government of Chile by the U.S. Government, (3) eliminating our Military Group stationed at the Embassy in Santiago, (4) suspending all Export-Import Bank financing for Chile, and (5) not approving any new OPIC guarantees or activities in Chile

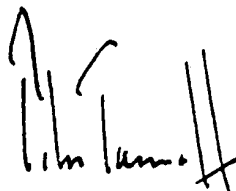
There is one remaining development loan which is scheduled for termination in 1981. It has an undisbursed balance of \$0.3 million out of an original \$5 million and is for nutritional development.

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Expenditure of \$6.9 million is planned for P.L. 480 Title II programs through U.S. voluntary agencies in FY 1981. As these are humanitarian programs aimed at helping low income groups, they will be maintained.

A handwritten signature in black ink, appearing to read "Peter Tarnoff", with a stylized flourish at the end.

Peter Tarnoff
Executive Secretary

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