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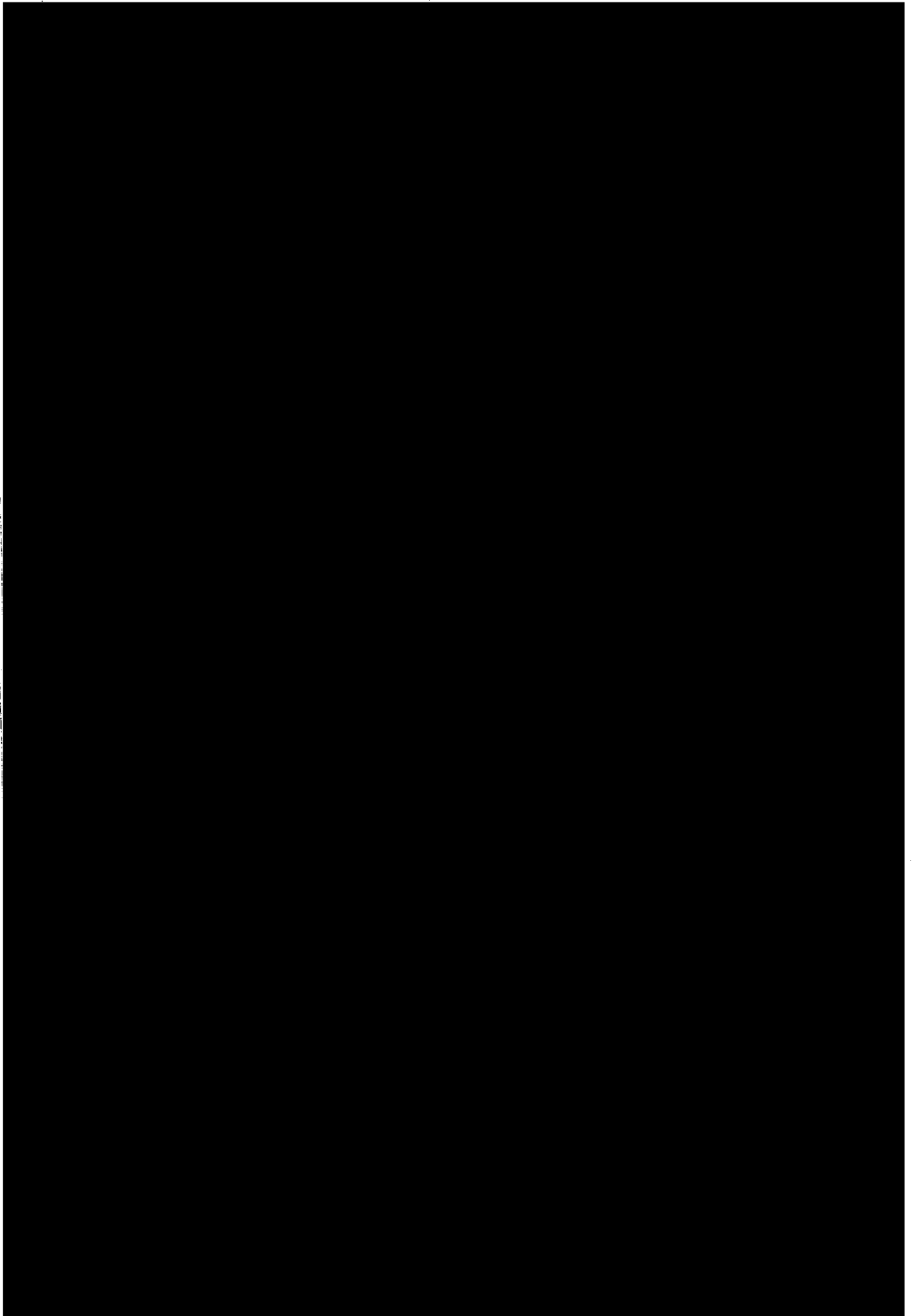
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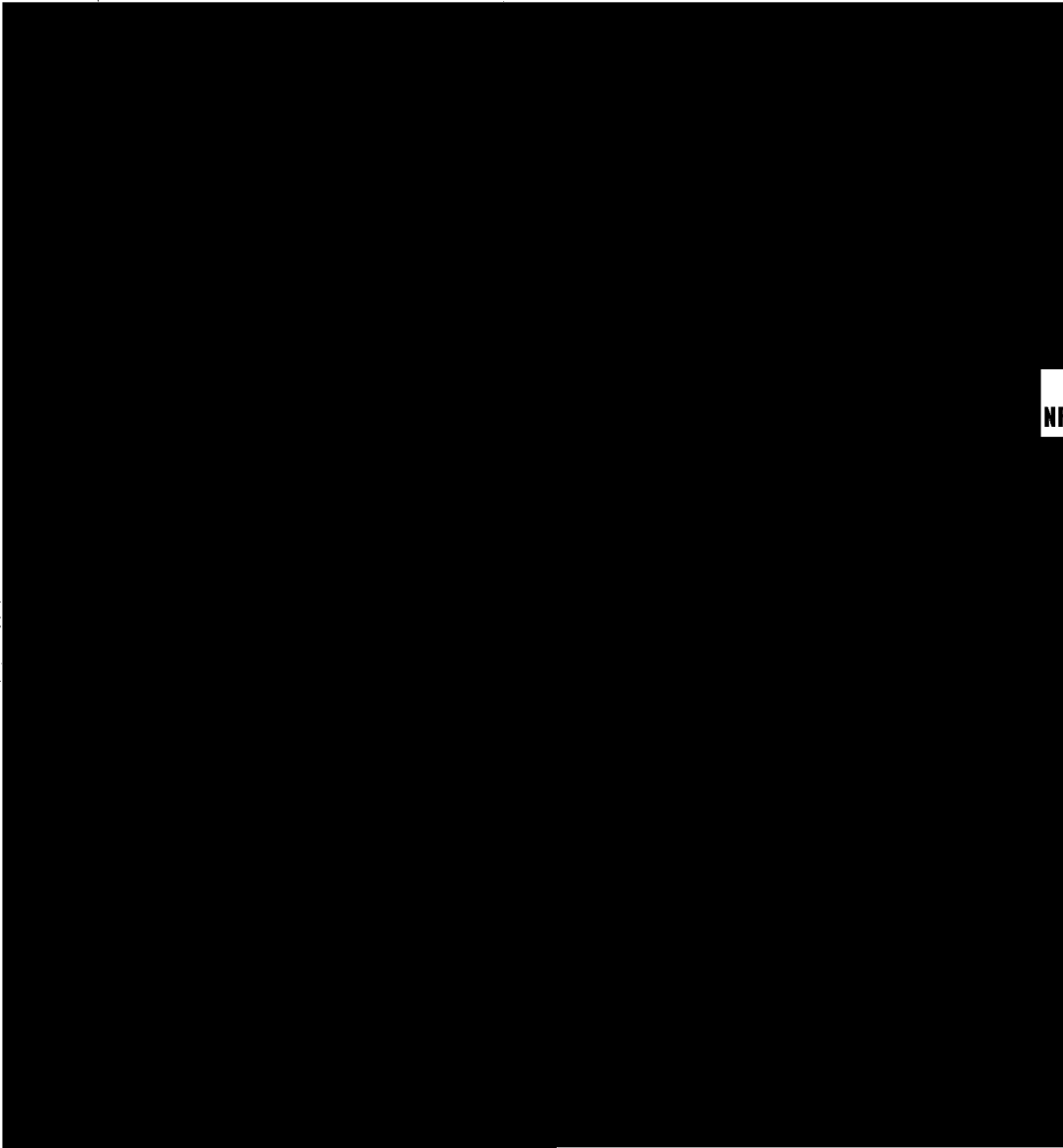
2 FRIDAY OCTOBER 22, 1976

THE NATIONAL INTELLIGENCE DAILY



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Chile: Aid Rejection

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Chile has informed US officials that it will no longer seek new US aid. In a recent speech, President Pinochet said that Chile had rejected a US loan that he described as "linked to political conditions." Although Santiago claims to be rejecting new aid, it is, nonetheless, seeking a \$12-million loan, under PL 480 Title I, to bolster wheat supplies in view of another projected poor harvest.

The object of criticism for human rights abuses, Chile sees itself as increasingly isolated from its traditional allies outside South America. Last week, in its report to the UN General Assembly, the Ad Hoc Group on Human Rights recommended that member nations restrict trade and aid with Chile after Santiago's refusal to admit the Group's on-site investigation team.

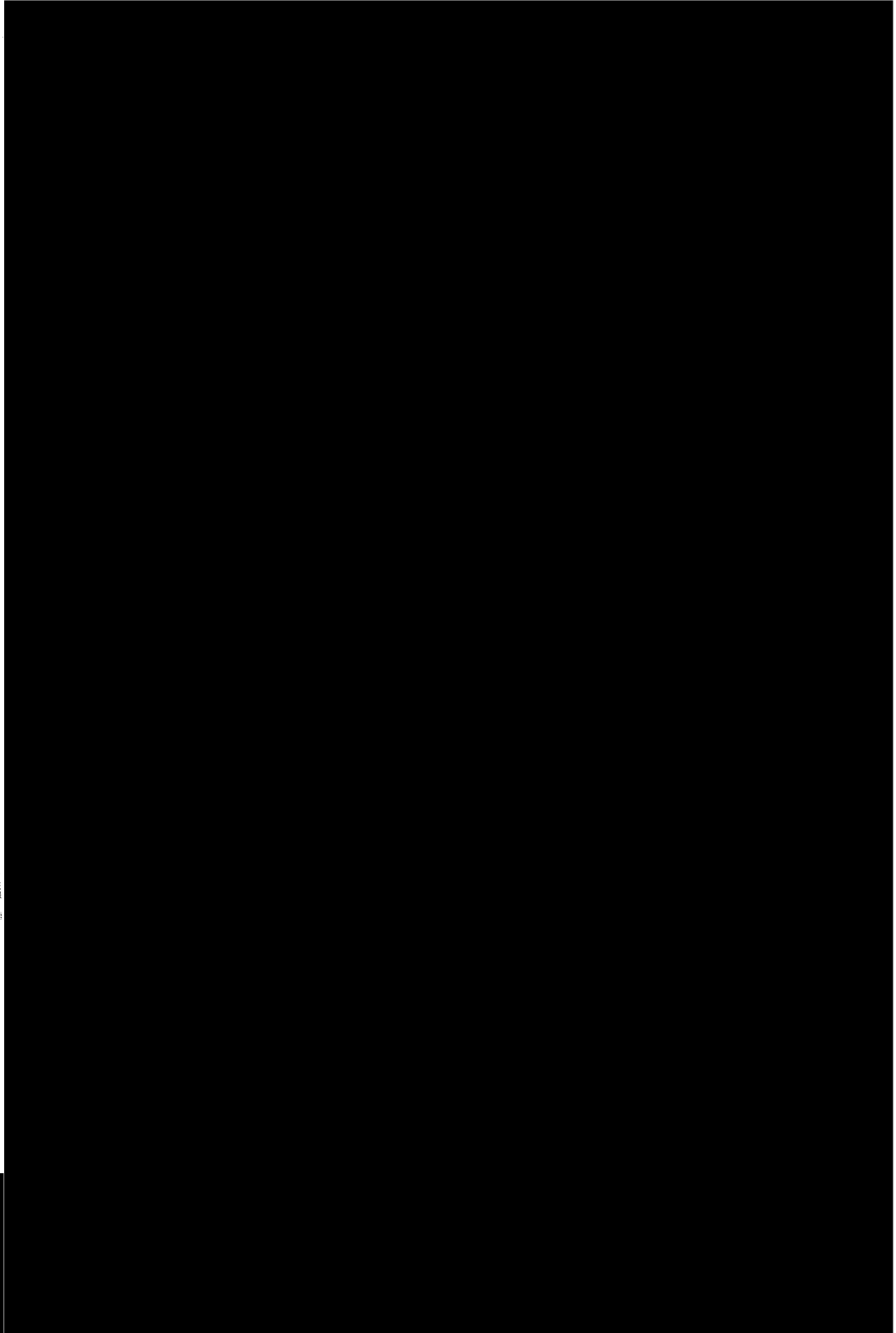
Encouraged by improved export earnings this year, Chilean economic managers apparently are now gambling that Chile's international financial obligations can be met without further debt rescheduling and with minimal reliance on foreign economic aid. This year, for the first time since 1971, Chile managed to forego debt renegotiations.

A 33-percent increase in overall export earnings and renewed foreign private loans have led to a dramatic improvement in Chile's foreign reserve position—gross reserves tripled to \$445 million during the first eight months of 1976.

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4 FRIDAY OCTOBER 22, 1976

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