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CHILE: CHILE HAS INFORMED US OFFICIALS THAT IT WILL NO LONGER

SEEK NEW US AID. IN A RECENT SPEECH, PRESIDENT PINOCHET SAID THAT 1.50

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 \$15-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 AD
MIT THE GROUP'S ON-SITE INVESTIGATION TEAM.

ENCOURAGED BY IMPROVED EXPORT EARNINGS THIS YEAR, CHILEAN ECONOMIC MANAGERS APPARENTLY ARE NOW GAMBLING THAT CHILE'S ANTERNATIONAL FINANCIAL OBLIGATIONS CAN BE MET WITHOUT FURTHER DEBT RESCHEDULING AND WITH MINIMAL FELIANCE ON FOREIGN ECONOMIC AID.

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OUTGOING MESSAGE INFO 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 CHÎLE'S FOREIGN RESERVE POSITION--GROSS RESERVES TRIPLED TO \$445 MILLION DURING THE FIRST EIGHT MONTHS OF 1976. 1.5C E 2