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WITHDRAWAL SHEET

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Withdrawer

DLB 1/31/2005

File Folder CHILE-1987 (10/22/1987-12/22/1987) [ACTION ITEMS]

FOIA

F95-028/5

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42

| ID | Doc Type | Document Description | No of Pages | Doc Date | Restrictions |
|------|----------|---|-------------|------------|--------------|
| 3635 | MEMO | FRANK CARLUCCI TO REAGAN, RE: CHILE PAR 9/23/2016 S7580/1 | 5 | ND | B1 |
| 3636 | PAPER | PINOCHET'S ROLE.... D 7/15/2008 F95-028/5; PAR S7580 9/23/2016 | 6 | 5/1/1987 | B1 B3 |
| 3637 | MEMO | GEORGE SHULTZ TO REAGAN, RE: PINOCHET... R 9/23/2016 S7580/1 | 2 | 10/15/1987 | B1 |
| 3638 | MEMO | JOSE SORZANO TO COLIN POWELL, RE: CHILE WORLD BANK LOAN | 1 | 11/19/1987 | B1 |
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| 3641 | MEMO | DUPLICATE OF #3640 | 1 | 12/8/1987 | B1 |
| 3642 | MEMO | JOSE SORZANO TO COLIN POWELL, JOHN NEGROPONTE, RE: STATE SPEAKS FOR THE PRESIDENT ON CHILE WITHOUT AUTHORIZATION | 1 | 12/21/1987 | B1 |

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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ACTION

October 22, 1987

DECLASSIFIED
White House Guidelines, August 28, 1997
By 6707 NARA, Date 9/11/03

MEMORANDUM FOR FRANK C. CARLUCCI

Natl Sec Advisor
has seen

FROM: JOSE SORZANO

SUBJECT: Chile

The attached memo to the President summarizes our concerns about the situation in Chile. I recognize that the memo is long, but the circumstances are quite complex. Perhaps an oral briefing of the President would be a more efficient way of conveying to him the essential information he will need for a discussion with Secretary Shultz.

Recommendation

That you sign the memo at Tab I to the President.

Approve _____ Disapprove _____

Attachments

Tab I Memorandum for the President
Tab A Report from CIA on the Letelier Assassination
Tab B Memorandum for the President from SecState

1
Prepared by:
Kim Flower

FRANK,
SUGGEST JOSE or
KIM BRIEF THIS
AT AN NSD.

Done.
CT

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Declassify on: OADR

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THE WHITE HOUSE
WASHINGTON

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK C. CARLUCCI

SUBJECT: Chile

Secretary Shultz has written to you in regard to Chile. His memo is attached at Tab B.

Shultz believes that our relationship with Chile will be "extremely difficult" over the next 12-18 months. He points to two negative developments:

- (1) The Secretary expects that Pinochet will succeed himself as President by manipulating Chile's constitutional system, continuing in power until 1997; and
- (2) A recent CIA report concludes that Pinochet personally ordered the assassination of Orlando Letelier in Washington in 1976 which also resulted in the coincidental death of American citizen Ronni Moffitt. The CIA report is attached at Tab A.

These two factors, Shultz says, necessarily affect our policy toward Chile as well as impact the framework within which our decisions are made. The Secretary does not specify further what he has in mind; he proposes to talk to you personally about the situation.

The situation in regard to Chile is as complicated as we face anywhere. For your information and background, you may wish to familiarize yourself with the issues that Secretary Shultz raises in his memo to you.

Letelier Assassination

In September 1976, former Chilean Foreign Minister in the Allende government, Orlando Letelier, was killed in Washington, D.C. by a bomb hidden under the seat of his car. The bomb also killed his research assistant Ronni Moffitt, an American citizen. Both Letelier and Moffett were associated with the Washington-based, leftist Institute for Policy Studies.

The USG investigation into the events surrounding this case began immediately after the bombing. As a result of the investigation, and at the request of the United States government, Michael Vernon

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Authority R. SONDERS, NSC 4/26/00

BY NET NARA DATE 9/23/16

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Townley, a U.S. citizen who was an employee of the Chilean National Intelligence Agency (DINA), was expelled from Chile by the Chilean government in April 1978 and taken into custody. He later pleaded guilty to conspiracy to murder and was sentenced to up to ten years in prison. He also agreed to cooperate with law enforcement officials to bring other culpable individuals to justice.

On August 1, 1978, a federal grand jury in Washington, D.C. indicted three Chilean army officers, all DINA employees, including the Agency's Director. The U.S. formally requested their extradition. In October 1979, however, the Chilean authorities denied the U.S. request on the basis that information acquired as a result of plea-bargaining is not admissible in Chilean courts.

After five years of quiescence, this case was re-opened by the defection to the U.S. (at our instigation) of one of the indicted Chilean army officers--Major Armando Fernandez Larios. He offered no new evidence about the assassination itself, but revealed that Pinochet had tried to cover up the extent of GOC involvement in the case.

EO 13526
3.3(b)(1)
Renewed interest in the case prompted State to ask CIA for a review [REDACTED] on the subject. Agency analysts concluded that there was sufficient information, [REDACTED] to conclude that Pinochet personally ordered the murders and covered up the true facts of the crime. [REDACTED]

Pinochet Succession

According to the provisions of a 1980 constitution, a single-candidate plebiscite will occur sometime in the next eighteen months, to be followed a year later by a Congressional election. The electorate will have a choice of voting to support the candidate chosen by the governing junta, or to cast a "No" vote. If the negative votes constitute a majority, an election for President will be added to the multi-party election of a Congress a year later.

The three most likely scenarios are:

1. Pinochet will be nominated by the Governing Junta and elected to an eight-year term of office as a civilian president.
2. A compromise candidate acceptable to both the Armed Forces and the civilian opposition will be nominated and overwhelmingly elected.

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3. The Junta's candidate (either Pinochet or somebody else) will be defeated and a competitive election will be scheduled for no later than a year from the date of the plebiscite.

Two basic schools of thought are emerging in the U.S. foreign policy establishment with regard to what will happen in Chile; its significance for the U.S.; and what, if anything, we should do about it. Both points of view recognize that a continuation of Pinochet in power beyond 1989 is not desirable. The essential difference between the two is one of tactics and timing: one argues that the U.S. must adopt, now, an assertive policy aimed at thwarting Pinochet's intentions, while the other says that it is not at all certain that Pinochet will prevail. The two approaches are summarized below.

The Assertive Option

Proponents of this view argue that a Pinochet victory is inevitable because he will manipulate or even defraud the process. Another eight years of Pinochet and his heavy-handedness will polarize the population, leading to violence and instability and creating conditions favorable to Chile's large, well organized Communist Party. Therefore, the U.S. should take measures now to inhibit Pinochet from continuing in power. Practically, the only instrument we have is to signal to the Chilean military and business community who support Pinochet that the U.S. will no longer acquiesce in Pinochet's permanence. Specifically, we could lend our active support to U.N. human rights resolutions condemning violations in Chile and vote against (and persuade others to do the same) GOC loan applications in international financial institutions. We could also withdraw access to GSP and OPIC/EXIM cover and discourage direct, private U.S. investment. Some would go so far as to prohibit copper imports from Chile and abrogate civil aviation agreements. It is argued that, if the Executive Branch does not take some or all of these actions, the Congress will legislatively mandate them.

The Cautious Option

Proponents of this alternative point to ongoing democratic reforms and human rights improvement, and argue that the situation in Chile is moving in the right direction. It questions the inevitability of Pinochet's nomination and argues that he may even lose the plebiscite leading to a free, competitive election. Authoritative public opinion polls show that Pinochet retains a core support of only 20 percent, and a clear majority of Chileans want a return to civilian democracy.

Therefore, for Pinochet to gain a majority vote will be difficult. The opposition merely has to unite--as they would surely do--to the extent that it opposes Pinochet and votes "No." In any case, there is not much the U.S. can do to prevent a Pinochet candidacy. In fact, because we are anxious that Pinochet not succeed himself, our policy should be careful not to help him by taking positions he can turn to advantage. To associate ourselves with hypocritical UNGA human rights resolutions would provide Pinochet with a popular nationalist rallying cry, as similarly would our opposition to Chile's loans in the World Bank. Additionally, economic sanctions would undermine Chile's exemplary free-market economic success, the very model we need to promote to serve a democratic transition. Importantly, we need to keep in mind the potential downsides of destabilizing Pinochet's regime. Chile's Communist Party is the second largest (after Italy) outside the Bloc countries. A most dangerous adversary, it is well organized, armed and fully supported by the Soviet Union and Cuba.

Other Issues

As we wrestle with the overall policy problem, two immediate issues will demand our attention:

UNGA Human Rights Resolution. The Latin American and Human Rights Bureaus of State want to work with selected European countries to table a reasonable balanced human rights resolution on Chile. Our purpose would be to keep the faith with the Chilean democratic opposition and to send a signal to Pinochet. But State's Bureau of International Organizations and our Mission to the United Nations believe that to achieve a balanced resolution in the General Assembly is an unrealistic goal. For domestic political reasons, the Europeans will not be able to agree on an objective draft resolution, and even if they could, it would ultimately be disfigured by amendments from the floor, or a competing resolution would be introduced under Mexican/Cuban sponsorship.

Structural Readjustment Loan in the World Bank. This is the third and final phase of a long-term adjustment program with the World Bank. Chile's economic policies meet with our wholehearted approval and, therefore, there is no reason to oppose this loan on grounds of economic conditionality. A World Bank compliance report will give Chile very high marks, perhaps singling the country out as the only developing country in Latin America to have achieved sustained economic growth as a result of

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sound economic policies. Our opposition will clearly be perceived as "political," not "technical," undermining our own Baker Plan as the appropriate solution to the Latin American debt question, an issue Chile has been more successful in grappling with than any other country.

Comment

Clearly, Chile poses a real policy dilemma for us. And credible allegations of Pinochet's direct, personal involvement in the Letelier assassination deepen our anxiety about the nature of our relationship with the Government of Chile. While all elements of the USG are unanimous in believing that a return to democracy is highly desirable, there is no agreement as to what we can or should do to bring that about. The stakes in Chile are very high. Our actions and influence at the margin will be important in shaping Chile's future. We cannot afford to guess wrong. An effective interagency process, chaired by the NSC, is in place and will develop policy options for your consideration.

Attachments

Tab A CIA report on Letelier Affair
Tab B Shultz memorandum for the President

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Prepared by:
Kim Flower

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A

EO 13526
3.3(b)(1); 3.5(c)

Central Intelligence Agency



Washington, D.C. 20505
DIRECTORATE OF INTELLIGENCE

1 May 1987

Pinochet's Role in the Letelier Assassination and Subsequent Coverup

Summary

A review of our files on the Letelier assassination has provided what we regard as convincing evidence that President Pinochet personally ordered his intelligence chief to carry out the murder. These files also make clear that when the subsequent investigation by US authorities established that senior Chilean military and intelligence officers were responsible, Pinochet decided to stonewall on the case to hide his involvement and, ultimately, to protect his hold on the presidency. As the result of the recently revived US interest in the case, Pinochet is now seeking new ways to contain the potential threat to his political survival in the face of armed forces pressure to clear up the Letelier affair. In our view, however, none of the several options he apparently has considered--ordering a Chilean court trial for the culprits in the murder, blaming another Army officer for the coverup, or even the elimination of his former intelligence chief--is likely to protect Pinochet from any further embarrassing revelations that ensue. Moreover, they will be unable to satisfy the military's concern that Pinochet take effective steps to repair the damage already done to the armed forces' reputation.

* * *

This typescript was prepared by [REDACTED] South American Division, Office of African and Latin American Analysis. It was coordinated with the Directorate of Operations. This typescript was requested by Mr. Robert Gelbard, Deputy Assistant Secretary, Department of State. Comments and queries are welcome and may be directed to the Chief, South America Division, ALA, on [REDACTED]

ALA M 87-20024X

Copy 3 of 9

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DRV FM: COL 4-82 OADR

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Auth: 57580 # 3636

BY LIT NARADATE 9/23/16

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Recent revelations by Army Major Armando Fernandez Larios that senior Chilean military officers planned the assassination of former Foreign Minister Orlando Letelier in Washington in September 1976 have caused an uproar in Chile and revived speculation that President Pinochet himself ordered the killing. In his formal statement to a US court in February 1987, Fernandez Larios claimed that Pinochet tried to cover up the extent of Chilean government involvement in the assassination during an investigation conducted by the Chilean military in the mid-1970s and personally forbade him to leave the country. Fernandez Larios admitted, however, that he did not know if Pinochet was involved in planning the killing.

To our knowledge, no credible reporting concerning Pinochet's role in the Letelier affair became available before mid-1978, when the US investigation was nearing completion and Chilean officials realized that Washington would indict three active duty officers and request their extradition to the US. In June 1978, the senior US intelligence officer in Santiago submitted a special appraisal of the Chilean government's strategy on the Letelier case. He reported that Pinochet moved quickly to limit the damage from the confession by Michael Townley--a dual citizen whom Santiago expelled to the US in response to charges by the Justice Department that he was one of the assassins--that put the onus for the crime directly on former Chilean intelligence (DINA) chief, retired Army General Manuel Contreras. According to the senior intelligence officer, Pinochet was determined to protect Contreras from prosecution for Letelier's murder because he knew that his own political survival depended on Contreras' fate. Therefore, the President decided to stonewall on all further US requests that might have helped solidify the case against Contreras and others implicated in Letelier's murder. He also made plans to ensure that the Chilean Supreme Court would reject requests for the extradition of Chileans in response to anticipated indictments in a US court.

- [REDACTED]
- [REDACTED]
- In April 1978, Contreras told a close confidant that DINA was responsible for the assassination of Letelier, that he had authorized the killing on direct orders from Pinochet, and that he had admitted as much to Orozco.
 - During the same month, Orozco stated that Pinochet had learned that Contreras had given a close friend a briefcase with very sensitive documents placing responsibility for the assassination on the President, with instructions to make them public if anything happened to Contreras.
- [REDACTED]
- [REDACTED]

- In August 1978, Pinochet met with the President of the Chilean Supreme Court--whom he had appointed in May in order to lessen chances that the Court might find legal cause for the extradition of officers implicated in the killing--to urge him not to extradite Contreras. Pinochet stated that he had promised the Army's generals that Contreras would not be extradited because of the negative impact on the Army's reputation. The Court President promised Pinochet that he would do everything possible to see that the Court complied with his request.
 - Over time, Contreras became increasingly anxious about whether Pinochet in the end might bow to US pressure and either extradite him or have him tried in Chile. He consequently renewed his threats to expose Pinochet if the President went back on their agreement.
- [REDACTED]

[REDACTED]

-- In late 1979, a draft of the Chilean Supreme Court decision denying Washington's request for the extradition of Contreras, Espinoza and Fernandez Larios was shown to Pinochet. The President insisted that it be toughened to exclude any possibility that the extradition case could be revived. The language was changed to comply with Pinochet's order.

[REDACTED]

Recent Developments in the Case

Following the denial of the US extradition request, the Letelier case quickly slipped into the background in Chile, and, [REDACTED] most military officers were pleased with the way it was handled and that military's reputation emerged relatively intact from the affair. Even Contreras seemed to relax, as his fears dissipated that Pinochet might turn against him, and, according to generally reliable sources, over the years he and the President resumed their formerly close relationship.

[REDACTED]

Attitudes again changed following the revival of the Letelier case resulting from Fernandez Larios' revelations in the US in early 1987.

[REDACTED]

[REDACTED] senior military officers--concerned about damage to the reputation of the Army as the result of Fernandez Larios' revelations--are pressing Pinochet to clear up the Letelier case.

[REDACTED]

[REDACTED] most military officers at first believed that the President had no prior knowledge of the Letelier killing. [REDACTED] soon after Fernandez Larios made his statements before a US court the armed forces were subjected to a vigorous

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[REDACTED]

presidentially inspired campaign to denigrate the Major--branding him a deserter--and-portray the whole affair as an effort by Washington to destabilize the Pinochet government.

[REDACTED]

As a consequence of this campaign, [REDACTED] officers in all of the services have closed ranks behind their commanders and Pinochet and have become very guarded about commenting on the case. Nevertheless, [REDACTED] the government's campaign has not overcome the conviction of at least some officers that the Letelier assassination probably was planned and approved by the highest levels of the Chilean military. Moreover, an untested source reports that as of late April Army field grade officers thought that Fernandez Larios' revelations could affect Pinochet's support among middle grade officers and that many officers have become "privately skeptical" about Pinochet's role in the assassination of Letelier--which we believe means they now suspect he ordered the murder. In addition, we believe that despite the government campaign to blacken Fernandez Larios' reputation, many military officers are still seriously concerned about his revelations and their negative implications for the armed forces' reputation. We also believe that reporting to date provides only glimpses of how seriously they view this matter and of what they are prepared to do about it.

[REDACTED]

Consequently, we judge that Pinochet [REDACTED] --is worried that his standing with the Army might be damaged if he merely stonewalls on the case while continuing to criticize Fernandez Larios and the US Government. At the same time, we believe that he is in a quandary over what steps would satisfy the military's concern because, above all, he fears that former DINA operations chief Colonel Espinoza, General Orozco, and especially General Contreras, would reveal his role in the murder if he moved against them. Although we have no reports that Contreras has made new threats to expose Pinochet's role in the murder, we believe that Pinochet may be seeking to protect himself at all costs, possibly even by eliminating Contreras.

[REDACTED]

Outlook

Interest in the Letelier case in Chile is unlikely to dissipate soon, and Pinochet clearly knows this. He is probably very concerned about possible new damaging revelations on the case or actions by Washington that would cause further embarrassment for him with the Chilean military. Nevertheless, in our view, Pinochet has little recourse but to continue stonewalling in order to

avoid having his role in the Letelier killing exposed and, at most, he probably hopes thereby to be able to avoid a serious erosion of his support with the military. On the other hand, he is almost certainly realistic enough to know that he might eventually be forced to take concrete actions on the case--such as permitting a real court trial in Chile of one or more of the culprits, which he would try to drag out indefinitely--if military pressure on him continues to mount.

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SYSTEM II
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THE SECRETARY OF STATE
WASHINGTON

October 15, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: George P. Shultz *GPS*
SUBJECT: Pinochet and the Letelier-Moffitt Murders:
Implications for US Policy

We are heading into an extremely difficult 12-18 month period with Chile. President Augusto Pinochet is determined to succeed himself as President by whatever means will ensure success. He has ruled out the possibility of a free and open election and instead intends to proceed with a yes/no plebiscite involving a single candidate--himself. The consequences of his staying in office would be highly dangerous for Chile and the region as a whole; inevitably, it would lead to serious polarization of the Chilean population and a significant strengthening of the large (and growing, thanks to Pinochet,) Moscow-dependent communist party. As events develop over the coming months I would like to discuss the overall situation with you.

In the midst of this, I have been particularly struck by a recent report prepared by the CIA analyzing the events surrounding the assassination by car-bombing in Washington in 1976 of Orlando Letelier, a former Chilean Foreign Minister and Ronni Moffitt, an American citizen. The CIA concludes that its review provides "what we regard as convincing evidence that President Pinochet personally ordered his intelligence chief to carry out the murders." It also confirms that "Pinochet decided to stonewall on the US investigation to hide his involvement" and continues to do so, including by considering "even the elimination of his former intelligence chief."

We have long known that the Chilean secret police/intelligence service was behind this brutal act, perhaps the only clear case of state-supported terrorism that has occurred in Washington, D.C. In 1978, the Chilean Government handed over to us one of the responsible people, a dual US-Chilean national. Then, earlier this year, we persuaded another of the indictees, Chilean Major Armando Fernandez, to come to Washington and give himself up, in spite of the Chilean Government's prolonged attempts to prevent him from doing so.

Fernandez provided strong corroborative information concerning the roles of the two previously indicted senior Chilean Army officials who planned the murders (the former head

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BY LOT NARA DATE 9/23/16

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of their secret police and his chief of operations) and significant new information on President Augusto Pinochet's role in organizing a cover-up. Fernandez' revelations have had a significant political impact within Chile and the CIA concludes that Pinochet will be "unable to satisfy the military's concern that Pinochet take effective steps to repair the damage already done to the armed forces' reputation."

While some in the USG had previously believed that Pinochet had ordered the murders, and there were strong signs that he was involved in the cover-up, the CIA has never before drawn and presented its conclusion that such strong evidence exists of his leadership role in this act of terrorism.

It is not clear whether we can or would want to consider indicting Pinochet, even if we had more public sources of evidence. Nevertheless, this is a blatant example of a chief of state's direct involvement in an act of state terrorism, one that is particularly disturbing both because it occurred in our capital and since his government is generally considered to be friendly.

I believe that by their very nature the CIA's conclusions and our own judgments as to Pinochet's direct involvement must affect both our overall policy towards Chile and the general conceptual framework of how we make decisions regarding that country. What we now know about Pinochet's role in these assassinations is of the greatest seriousness and adds further impetus to the need to work toward complete democratization of Chile. I look forward to discussing this further with you.

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TIME STAMP

NATIONAL SECURITY COUNCIL
EXECUTIVE SECRETARIAT STAFFING DOCUMENT

SYSTEM II
91121

SYSTEM LOG NUMBER: _____

87 OCT 16 A 7: 34
ACTION OFFICER: _____

DUE: 12:00PM, 16 OCT

- ☒ Prepare Memo For President
☐ Prepare Memo For Carlucci / Powell
☐ Prepare Memo _____

- ☐ Prepare Memo Green to Peterson / Murr
☐ Appropriate Action to _____

URGENT

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 3860

- FYI
- ☐ Batjer
 - ☐ Bemis
 - ☐ Brooks
 - ☐ Burns
 - ☐ Childress
 - ☐ Cobb
 - ☐ Cockell
 - ☐ Cohen
 - ☐ Collins
 - ☐ Danzansky
 - ☐ Dean, B.
 - ☐ Donley
 - ☐ Douglass
 - ☐ Ermarth
 - ☐ Farrar
 - ☐ Flower
 - ☐ Fortier
 - ☐ Grimes
 - ☐ Heiser
 - ☐ Henhoeffer

- FYI
- ☐ Herbst
 - ☐ Howard
 - ☒ Kelly, B.
 - ☐ Kelly, J.
 - ☐ Kimberling
 - ☐ Kissell
 - ☐ Kraemer
 - ☐ Ledskey
 - ☐ Linhard
 - ☐ Mahley
 - ☐ Major
 - ☐ Matthews
 - ☐ McNamara
 - ☐ Michael
 - ☐ Oakley
 - ☐ Paol
 - ☐ Perina
 - ☐ Platt
 - ☐ Porter
 - ☐ Pugliese

- FYI
- ☐ Reger
 - ☐ Rodman
 - ☐ Rosenberg
 - ☐ Ross
 - ☐ Rostow
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 - ☐ Tillman
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INFORMATION

- ☒ Green
☒ Carlucci (advance)

- ☒ Courtney
☒ Powell (advance)

- ☒ Secretariat
☐ _____

COMMENTS

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White House Guidelines, August 28, 1997

By clw NARA, Date 1/31/05

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3638 MEMO

1 11/19/1987 B1

JOSE SORZANO TO COLIN POWELL, RE: CHILE
WORLD BANK LOAN

Freedom of Information Act - [5 U.S.C. 552(b)]

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| 3639 | MEMO JOSE SORZANO TO COLIN POWELL, RE; CHILE LOAN UPDATE | 1 | 11/20/1987 | B1 |

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

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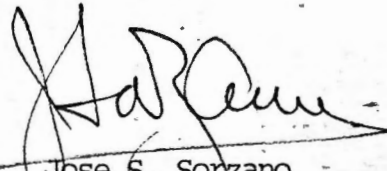
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 25, 1987

Dear Mr. Beckham:

On behalf of Mr. Carlucci, I am writing to thank you for forwarding a copy of the American Bar Association's official policy on human rights in Chile. It is the administration's policy to support a return to democracy in Chile in keeping with its longstanding democratic tradition.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jose S. Sorzano', with a long horizontal stroke extending to the right.

Jose S. Sorzano
Senior Director for
Latin American Affairs

Mr. Walter H. Beckham, Jr.
American Bar Association
750 North Lake Shore Drive
Chicago, Illinois 60611

National Security Council
The White House

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87 NOV 23
SEQUENCE TO
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| Bill Courtney | <u>1</u> | <u>WHK</u> | <u>A</u> |
| Marybel Batjer | _____ | _____ | _____ |
| Paul Stevens | <u>2</u> | _____ | _____ |
| John Negroponte | _____ | _____ | _____ |
| Colin Powell | _____ | _____ | _____ |
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| Lou Michael | _____ | _____ | _____ |
| Situation Room | _____ | _____ | _____ |
| West Wing Desk | <u>2</u> | _____ | <u>FFA</u> |
| NSC Secretariat | _____ | _____ | _____ |
| <u>Sorzano</u> | <u>3</u> | _____ | <u>(see note below)</u> |

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Baker Other _____

COMMENTS

Should be seen by: _____
(Date/Time)

~~FCC no longer in saddle
JSS should respond directly
Letter re-done (at Tab I)~~


done ✓
signed &
dispatched

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

ACTION




November 18, 1987

MEMORANDUM FOR FRANK C. CARLUCCI

FROM: JOSE S. SORZANO 

SUBJECT: Reply To Beckham/American Bar Association
Re. Human Rights In Chile

Attached at Tab I, is your reply to Walter Beckham's letter of September 1. On behalf of the American Bar Association, Beckham sent you a copy of their recently adopted resolution on human rights in Chile.

 Benitez,  Tillman, and  Scharfen concur.

RECOMMENDATION

That you sign the attached response to Beckham.

Approve _____ Disapprove _____

Attachments

Tab I - Reply to Beckham
Tab A Incoming from Beckham


Prepared by:
Joan Vail

THE WHITE HOUSE

WASHINGTON

Dear Mr. Beckham:

Thank you for forwarding a copy of the American Bar Association's official policy on human rights in Chile. It is the administration's policy to support a return to democracy in Chile in keeping with its longstanding democratic tradition.

Sincerely,

Mr. Walter H. Beckham, Jr.
American Bar Association
750 North Lake Shore Drive
Chicago, Illinois 60611

6571



SECRETARY
Walter H. Beckham, Jr.
1201 City National Bank Building
25 West Flagler Street
Miami, FL 33130

AMERICAN BAR ASSOCIATION

750 North Lake Shore Drive
Chicago, Illinois 60611
(312) 988-5000

September 1, 1987

Honorable Frank Carlucci
Assistant to the President for
National Security Affairs
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

RE: Human Rights in Chile

Dear Mr. Carlucci:

At the meeting of the House of Delegates of the American Bar Association held on August 11-12, 1987, the attached resolution was adopted upon recommendation of the Section of International Law and Practice, Section of Individual Rights and Responsibilities and the Standing Committee on Law and National Security. Thus this resolution now states the official policy of the Association.

We are transmitting this policy for your information and whatever action you think appropriate. Please do not hesitate to let us know if you need any further information, have any questions or we can be of any assistance.

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'Walter Beckham, Jr.'.

Walter H. Beckham, Jr.

WHB:kci
Attachment
9120f/9121f

cc: Joseph P. Griffin
Robert D. Evans
Charles N. Brower
Cynthia R. Price
William L. Robinson
R. William Ide, III
Steven Raikin
Morris I. Liebman
Eugene C. Thomas
Mary Lee

REPORT NO. 109

BE IT RESOLVED, That the American Bar Association, in furtherance of its Goal Eight to advance the rule of law, and its long-standing commitment to the independence of judges and lawyers in all countries, deplors the interference by the Government of the Republic of Chile with the independence of judges and lawyers, in particular, the sanctioning of Appeals Court Judge Carlos Cerda Fernandez for attempting to conduct an independent investigation of "disappeared" Chilean citizens, and the arrest, prosecution, detention without charge and attempted assassination of lawyers who represent individual clients in human rights cases.

BE IT FURTHER RESOLVED, That the American Bar Association calls upon the Government of the Republic of Chile to honor any extradition request made by the United States Government in connection with the 1976 assassination of former Chilean Foreign Minister Orlando Letelier and Ronni Karpen Moffitt, a United States citizen, in Washington, D.C., and to investigate fully and bring to justice all persons responsible for violation of fundamental human rights, including the 1986 killing in Chile of Rodrigo Rojas, a Chilean national and resident of the United States.

BE IT FURTHER RESOLVED, That the American Bar Association further calls upon the Government of the Republic of Chile to restore basic human rights by eliminating the practices of vigilante assassinations, arbitrary detention, and torture, and by restoring the full jurisdiction of the civilian courts and the independence of judges and lawyers.

BE IT FURTHER RESOLVED, That the American Bar Association send a delegation of five to seven lawyers and judges to Chile to discuss with counterparts there the role of the independent judiciary, military courts, and the intimidation of lawyers who represent politically unpopular clients.

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CHILE-1987 (10/22/1987-12/22/1987) [ACTION ITEMS]

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| 3640 | MEMO JOSE SORZANO, STEVE DANZANSKY TO COLIN POWELL, JOHN NEGROPONTE, RE; CHILE SAL UPDATE | 1 | 12/8/1987 | B1 |

Freedom of Information Act - [5 U.S.C. 552(b)]

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| 3641 | MEMO DUPLICATE OF #3640 | 1 | 12/8/1987 | B1 |

Freedom of Information Act - [5 U.S.C. 552(b)]

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| | <i>Document Description</i> | <i>pages</i> | | <i>tions</i> |

3642 MEMO

1 12/21/1987 B1

JOSE SORZANO TO COLIN POWELL, JOHN
NEGROPONTE, RE: STATE SPEAKS FOR THE
PRESIDENT ON CHILE WITHOUT
AUTHORIZATION

Freedom of Information Act - [5 U.S.C. 552(b)]

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DEPARTMENT OF STATE
DAILY PRESS BRIEFING

I N D E X

Thursday, December 17, 1987

BRIEFER: Charles Redman

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DEPARTMENT OF STATE
DAILY NEWS BRIEFING

THURSDAY, DECEMBER 17, 1987, 12:45 P.M.
(ON THE RECORD UNLESS OTHERWISE NOTED)

DPC #217

MR. REDMAN: Ladies and gentlemen, good afternoon.

By way of announcements: First, after the briefing you can pick up in the Press Office a copy of a letter which the Secretary has sent to Chairman Fascell on the Hill concerning the conference on the State Department authorization bill, which adopted a provision which would require all personnel in our Diplomatic Security Service to undergo interrogations which would employ lie detector machines as part of the procedure for obtaining and retaining Top Secret clearances.

You can read all the rationale in the letter. It ends by saying -- the Secretary's words -- "I therefore hope you will understand, Mr. Chairman, why I oppose any legislation that would subject Diplomatic Security Service personnel to such interrogations or extend use of the lie detector beyond its present application in cases under active investigation and on a voluntary basis."

Secondly -- and here again, an ACDA press release is available -- on December 17, 1987, a team of U.S. Government experts will depart for the Soviet Union where the team will visit sites near Moscow and Gomel where ABM radars have been relocated from the Sary Shagan test site. As the President made clear in the December 1987 report on Soviet non-compliance, relocation of these radars to Gomel constitutes a violation of the ABM Treaty.

The eight-person U.S. team will be headed by Dr. Manfred Eimer, Assistant Director of the U.S. Arms Control and Disarmament Agency. He heads the Agency's Bureau of Verification and Intelligence.

At Gomel, the U.S. team, which will carry photographic equipment, will have the opportunity to examine two Soviet ABM radars, known in the U.S. as "Flat Twin" and "Pawn Shop." The team will also visit a "Pawn Shop" radar van located near Moscow.

12/17/87

The U.S. team expects to examine both the radars and important related activities at both sites. However, it is not yet agreed that the U.S. team will have an opportunity to examine fully all related activities. The team expects to return to the United States on December 23, 1987.

That's available in the Press Office.

And, finally, I'm going to read a statement on support for democracy in Chile. By way of introduction: The President and the Secretary believe this statement should be made now because the Administration is convinced that Chile is approaching a political watershed. The Chilean people will soon have an opportunity to make a fundamental decision on who their next president will be.

As our statement indicates, we are concerned that this decision be made in an environment marked by full respect for human and civil rights in order that the democratic decision of the majority will be freely and accurately expressed and then fully respected.

In putting forward our views on this matter, we join the countries of the European Community, who have issued a similar statement. This is the statement, which you can have copies of afterwards:

Chile's long and profound democratic tradition is a resource on which the Chilean people will draw in their return to government by majority rule. The United States believes, if given the chance to select their leaders under conditions marked by respect for basic guarantees and freedoms, the people of Chile will soon once again take their rightful place in the community of democratic nations.

The people and government of the United States share the aspiration of the Chilean people to have full democracy restored in their country. Two centuries of experience with representative government have convinced us this goal is best accomplished when the will of the people is expressed freely and openly in elections. The fuller the observance of basic human and civil rights in the period leading up to and during the election, the greater will be the legitimacy of its outcome. This is totally in keeping with the tradition of Chile itself, a country that was long at the forefront of democracy in this hemisphere.

For the ideal of popular sovereignty to become reality in Chile, the United States believes a climate of freedom and fair competition must be established many months before the actual balloting takes place. This atmosphere would be marked

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by easy and equitable access to the mass media, especially television; by unrestricted discussion of political issues; broad freedom of assembly; early announcement of the rules of any electoral proceeding; facilitation of registration by prospective voters; and freedom for citizens and political groups to campaign peacefully in favor of their ideas. States of exception which limit freedom of assembly, association and expression are not compatible with a legitimate electoral procedure.

Questions?

Q Well, on the issue of Chile, what position did the United States take in the last IMF loan agreement for Chile?

A As I understand it -- and I haven't looked into all the details -- we abstained.

Q World Bank.

A That's the World Bank.

Q World Bank, sorry. On Korea, some of the --

Q One more question on Chile: In whose name is that statement being issued? You mentioned the President at the outset.

A It is in the name of the President.

Q How can we determine what controls -- fairly -- administrative access to Chilean TV when we can't control standards for access to our own TV? What are the objective standards we would apply to Chile, whether the access is fair or unfair?

A I think most people could agree on how to make that kind of a judgment.

Q Well, make a try.

A You seem to have made one here --

Q No, I'm just saying it's a very difficult --

A -- and I think which I may not agree with, but nonetheless, I think we'll be able to make that judgment.

Q Is the State Department saying it's obvious what these standards are?

A Any other questions?

12/17/87

Q On Korea --

A I'm sorry. Jim was going to Korea.

Q On Korea, some of the defeated candidates allege widespread fraudulence in the vote-counting and election procedures. One, do you have anything to corroborate such allegations? And, two, does the United States Government accept the apparent victory by Mr. Roh?

A Let me start in inverse order, then. As we said yesterday, we are impressed by the voter turnout -- about 90 percent -- which so vividly demonstrates the commitment of the Korean people to the electoral process. It's really a tribute to them and to their commitment to making the democratic process in Korea a reality.

The Democratic Justice Party candidate, Mr. Roh Tae Woo, appears to be a winner by a substantial margin. We congratulate Mr. Roh on his victory and look forward to working closely with him.

We also applaud Mr. Roh's statement yesterday in which he called for reconciliation and promised to heed the voices of all the Korean people, including the opposition.

Concerning the charges of fraud, we have, of course, noted those charges. These are matters which must be dealt with by the Korean people by peaceful means and as fairly and quickly as possible so the process of reconciliation can proceed. In terms of whether we can make any kind of independent judgment -- or corroboration, I think was your word -- no.

Q Will the United States be providing any new aid or assistance to South Korea now that the election is over?

A I don't know of any decision of that kind that is tied to these elections. We have long had a close relationship with Korea.

Q Was access to the TV given fairly in Korea during this last election?

A I don't have any particular judgments to offer on specific questions.

Q What standards do you --?

A As I say, the Korean people are the ones who are going to make these kinds of judgments. We hope it will be done peacefully and as quickly and fairly as possible.

12/17/87

Q I thought you could apply the standards you're going to apply for Chile to the election that we've just seen in Korea.

A I appreciate your observations.

Q Is there concern that 55 to 60 percent of the electorate in Korea voted for a non-government, non-military alternative to Mr. Roh, and the fact that he got a plurality, not a majority of the vote?

A No. I really don't have any comment. The election was set up. It was arranged as provided for under the constitution. It was carried out in that way, and the winner is determined in accordance with those rules.

Q Opposition leaders have called for demonstrations in Korea, and the ruling party has said they will respond vigorously. Do you have any advice for the military or the ruling party on how to handle the anticipated demonstrations?

A No, I don't. I don't have any advice beyond what I've just said --we hope these kinds of questions concerning the election will be handled quickly, fairly and -- as I said -- by peaceful means.

Q Follow-up, please. If Mr. Roh visits to United States as president-elect, will you welcome him?

A I'm not sure what the question implies.

Q If he --?

A We obviously welcome many foreign leaders and certainly the leaders of countries which have long been close friends like the Republic of Korea, so I'm not sure what your question is meant to imply -- that there's any other alternative than to welcome the leader of a friendly and allied government.

Q Will Mr. Clark or other American officials be asking or encouraging Mr. Roh to appoint members -- representatives -- of the opposition parties to his cabinet?

A Again, that's not the kind of thing that I'm going to comment on. That's something for Mr. Roh and for people in Korea to consider. I said in my opening remarks that we applaud his statement yesterday in which he called for reconciliation and promised to heed the voices of all the Korean people, including the opposition.

12/17/87

Q Chuck, on the Gulf: Do you have any comment on the Soviet thing that they will have a decision on the embargo before Christmas, and are you in consultation with them on that?

A No. In fact, I haven't seen that particular statement. The current status is that informal consultations among the members of the Security Council are continuing. There will be a meeting of the five permanent members of the Council on Monday, December 21, to discuss further guidance for the Secretary General and to exchange views on an enforcement resolution.

You know, as we have said, our aim is to draft and implement an enforcement resolution as soon as possible, so that we certainly believe that urgent action is required. But that particular deadline I just haven't seen.

Q And do you think that you can convince the Soviets to break the linkage between the U.N. force in the Gulf and the embargo decision?

A We're having these discussions at the United Nations. As the Secretary said yesterday, it's encouraging the Soviets now have indicated a readiness to start discussing this enforcement resolution. As you know, we believe that's long overdue, and we need to move forward with that resolution. And assuming we get that done -- expeditiously, we would hope -- then the way one enforces that, first and foremost, is for all members of the United Nations to obey it and not to ship arms to Iran in accordance with a mandatory U.N. resolution which would oblige them to take that course of action. So that would seem to us the clearly obviously starting point for this process.

Q Chuck, are there --?

Q Chuck, on --

Q -- same subject -- are there bilateral U.S.-Soviet talks on this, separate from what's going on at the United Nations at this point?

A The talks at the U.N. don't rule out bilateral consultations, of course.

Q That's what I'm asking, though. Are there bilateral consultations about --

A I believe in fact --

Q -- about the follow-up resolution?

12/17/87

A -- that the current President of the Security Council -- which is the Soviet Union, I believe -- is consulting bilaterally with the members of the Council as well as in these other groupings.

Q But is there anything else going on between the Soviet Union and the United States -- other than what's happening there -- about this issue?

A I don't know of anything in particular in this immediate time frame, but it is an issue, of course, when we bring up questions of regional concern, that certainly does get addressed. I just don't want to lead you to believe that there's something parallel going on today or right now.

Q Chuck, on another subject, any reaction to Whitney North Seymour's comments on the Secretary of State? They were highly critical.

A I didn't see them.

Q Could you take a look at those comments? They were quite highly personally critical of the Secretary.

Q They were on the wires.

Q On Cambodia, Prince Sihanouk said yesterday that he was going to beef up his forces, and that he was going to get U.S. aid to do that. Any comment?

A As you know, the U.S. supports the noncommunist resistance forces in their struggle for a free and independent Cambodia. We provide material assistance to both Sihanouk's forces and to those of KPNLF President Son Sann under two Congressional appropriations: the Solarz Program and the McCollum Program.

The noncommunist resistance forces also receive assistance from other supporters throughout the world. While we are encouraging the noncommunist forces in their efforts, these press reports that you refer to -- indicating that we are planning to increase our financial support to the Solarz and McCollum programs -- are incorrect.

And then I might add, the United States provides no assistance whatsoever to the Khmer Rouge.

Q Chuck, on another subject: Congress has put together an omnibus bill on a lot of different subjects. Included is the mandate -- or the obligation -- for the State Department to shut down the PLO observer delegation at the United Nations.

12/17/87

Is it the State Department's view that our treaty obligations would prevent that and take precedence over any Congressional act?

A Again, I have spoken to that question any number of times, and our view hasn't changed. The Department has publicly opposed the bill since its introduction. Going back to July, the Secretary wrote to Senator Grassley. He indicated the Department did not believe S-1203 would serve the aim of reducing the political influence of the PLO. Moreover, the bill will be seen as a violation of our obligation under the U.N. Headquarters Agreement, an international treaty.

The Secretary's letter also raised questions about the constitutionality of the bill insofar as it appeared to infringe on the doctrine of separation of powers.

Q And so now that the bill, in fact, has been passed and sent to the White House, what is the State Department's recommendation to the President -- that he sign, or just ignore it?

A On this particular element, as well as other elements of the bill on which you might ask similar questions, I'm not going to go into that. The Secretary will be making recommendations on a number of issues as they emerge, and so I'll leave it, first, to him, to make his recommendations to the President.

Q The question of the SS-20 picture that the Soviets promised the United States -- the picture apparently appeared in the Soviet press today. Are the U.S. requirements satisfied?

A Not by its appearance in the Soviet press. We did get a DATAFAX of this photograph. We still haven't received the actual photograph. The Soviets have said they are going to provide it, as required by the treaty. We've reminded them of this obligation and we expect they'll deliver it shortly.

Q You referred to the "Flat Twin and Pawn Shop" installations. Does our government have the Soviet names for those installations?

A I don't know. But this is the way they're referred to commonly in U.S. literature and by our --

Q Is there a place in the State Department where one could get an answer to that question, or could you --?

A You might try the Public Affairs Office of the Pol-Mil Bureau.

12/17/87

Q Do you have anything to say in response to Senate action on the McCarran-Walter Act?

A Yes. We are opposed to this legislation. It has been tacked onto the State authorization bill without the benefit of review in the Senate and House committees -- which have jurisdiction in immigration matters -- and without the opportunity for all interested parties to comment on legislation which impacts on many conflicting interests.

We have not had an opportunity to study the final version in detail. However, our preliminary assessment is the language is excessively vague and would cause serious problems of interpretation and administration.

It would apply to both immigrants and non-immigrants and effectively confers constitutional rights on foreigners who do not reside in the United States, a far-reaching step.

In sum, these amendments could have potentially serious adverse consequences for the orderly administration of our immigration laws and for the conduct of our foreign policy. There are several proposals which have been introduced in the Congress to amend the same provisions of the Immigration and Nationality Act, one of which was drafted by the Administration and introduced by the Chairman of the House Judiciary Committee, Congressman Rodino.

Obviously, we prefer our draft legislation which we believe provides a far more judicious approach to this problem. If you want further detail, I can provide it.

More than you wanted? Sorry. Jim.

Q On another subject: Have you seen the reports of the high-level shake-up in Czechoslovakia? Do you have any comment on it?

A I have seen the reports, but I don't have any comment.

Q Chuck, on Haiti: What is our policy now that the Haitian military government -- military-dominated government -- has set up its own electoral council, and four of the leading presidential candidates say they refuse to participate in the forthcoming elections? What comment do we have? What position are we taking?

A I believe that we commented on our views on that process at about the time it was taking place, which was some days ago now. And I don't really have anything that goes beyond that at this point.

12/17/87

Q Chuck, has the State Department received a complaint from the Israeli Embassy about this poster campaign against their diplomat, General Ya'ron, by the Arab-Americans who -- they claim Ya'ron was involved in the Sabra-Shatilla massacre?

A I don't know.

Q Do you have anything on an American woman held in Peru on charges of being a member of the Shining Path guerrillas?

A Cynthia Stowell McNamara was arrested in Ayacucho on December 5, 1987, in connection with the murder of two Peruvian Government officials on August 13, 1987. This attack was attributed to the Maoist terrorist organization, Shining Path.

Ms. McNamara was transferred to Lima December 14, and is being held by the Peruvian investigative police's anti-terrorism unit.

The Embassy learned of Ms. McNamara's arrest upon her transfer to Lima and our consul was granted immediate access.

As yet, she has not been charged. Peruvian law provides for 15 days investigative detention. At the end of this investigation period, a suspect must either be charged or released.

Q Do you have the spelling and birthplace?

A I don't have birthplace. The name is Cynthia, and the last name McNamara -- M-c N-A-M-A-R-A.

Q On Bangladesh: I understand that the U.S. Ambassador there expressed deep concern to the government of a possibility of a military takeover, and also met with opposition leaders. Do you have any information about that?

A I don't have anything on that, no.

Q Okay, thank you.

(Press briefing concluded at 1:06 p.m.)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 18, 1987

ACTION

MEMORANDUM FOR GRANT S. GREEN

FROM: JOSE S. SORZANO *f*
SUBJECT: U.S. Support for Democracy in Chile

Attached is a memo to the Department of State forwarding the text of a statement on support for democracy in Chile as approved by the President.

Recommendation

That you sign the memo to Melvyn Levitsky at Tab I.

Approve *f* Disapprove

Attachment

Tab I Memo to Melvyn Levitsky
Tab A Statement on Support of Democracy in Chile

f
Prepared by:
Kim Flower

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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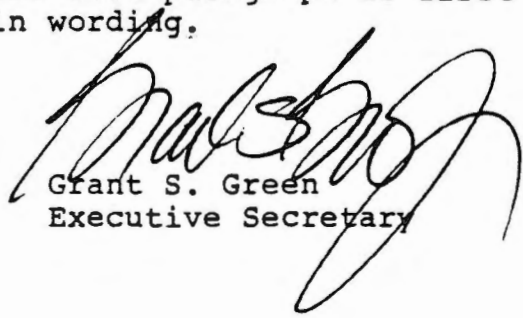
November 18, 1987

MEMORANDUM FOR MELVYN LEVITSKY
Executive Secretary
Department of State

SUBJECT: U.S. Statement of Support for Democracy in Chile

As per the Department's request, the President has authorized Secretary Shultz to issue the attached statement of support for democracy in Chile.

The Department will note that as opposed to the original text, in the attached authorized version the last paragraph is first and there are several minor changes in wording.



Grant S. Green
Executive Secretary

Attachment

Tab A Statement of Support for Democracy in Chile

U.S. STATEMENT ON SUPPORT FOR DEMOCRACY IN CHILE

Chile's long and profound democratic tradition is a resource on which the Chilean people will draw in their return to government by majority rule. The United States believes that if given the chance to select their leaders under conditions marked by respect for basic guarantees and freedoms, the people of Chile will soon once again take their rightful place in the community of democratic nations.

The people and government of the United States share the aspiration of the Chilean people to have full democracy restored in their country. Two centuries of experience with representative government have convinced us that this goal is best accomplished when the will of the people is expressed freely and openly in elections. The fuller the observance of basic human and civil rights in the period leading up to and during the election, the greater will be the legitimacy of its outcome. This is totally in keeping with the tradition of Chile itself, a country that was long at the forefront of democracy in this hemisphere.

For the ideal of popular sovereignty to become reality in Chile, the United States believes that a climate of freedom and fair competition must be established many months before the actual balloting takes place. This atmosphere would be marked by easy and equitable access to the mass media, especially television, by unrestricted discussion of political issues, broad freedom of assembly, early announcement of the rule of any electoral proceeding, facilitation of registration by prospective voters, and freedom for citizens and political groups to campaign peacefully in favor of their ideas. States of exception which limit freedom of assembly, association, and expression are not compatible with a legitimate electoral procedure.

Sorzano

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508ACTION

December 22, 1987

MEMORANDUM FOR COLIN L. POWELL

FROM: STEPHEN I. DANZANSKY *mfu*
JOSE S. SORZANO *f*

SUBJECT: Removal of Chile from the Generalized System of Preferences

Issue: What should the NSC position be on the TPRG recommendation that Chile be suspended indefinitely from the GSP program?

Background

The TPRG has recommended that Chile be suspended indefinitely from the GSP program because of failure to make sufficient progress in providing workers with internationally recognized worker rights (Tab III). A number of labor unions and human rights groups petitioned the Trade Policy Committee to review Chile's beneficiary status.

There is interagency agreement, including State, that Chile has not met the requirements of U.S. law and should be suspended indefinitely. However, the NSC has not yet taken a position because of a difference of view between the International Economic Affairs Directorate and the Latin American Affairs Directorate.

International Economic Affairs Directorate View

We concur in the TPRG recommendation.

Under the Trade Act of 1974 as amended in 1984, a country must be removed or suspended from the GSP program if it is found not to be "taking steps" to afford its workers internationally recognized worker rights. The criterion is incremental progress in the country in question, regardless of its starting point, not a global standard of comparison.

Under the GSP general review started in 1985/1986, Chile was found not to be "taking steps" adequate to retain GSP benefits. However, the TPRG recommended, and the President decided on January 2, 1987, to give the Chileans another year to "take steps." This preferential treatment was allowed because of written promises from the GOC that it would pass amendments to their labor laws which they volunteered to make. The USG has pursued Chile vigorously over the past year giving them every opportunity to either implement the three commitments or take other steps adequate to improve worker rights. While there were modifications to the Chilean labor law enacted this past July, these changes did not include the promised three commitments or

steps that could be called adequate substitute (there is unanimity of opinion on this point among the agencies responsible for labor and trade policy). In fact, there is evidence that the Chileans have backtracked somewhat.

In November, Ambassador Barnes told the Chileans that we were very disappointed. Barnes reported that it "was clear from this meeting with senior GOC officials that the GOC has little if any intention to make further revisions of the labor laws or practices, even to avoid losing GSP benefits. The Chileans have adopted a public position that suspension of GSP is inevitable. The political damage in Chilean bilateral relations has largely been discounted.

This issue must be decided by January 2. There is no significant economic interest which would allow for a waiver. Loss of GSP would only result in the imposition of an average tariff of 1.7% on 6.3% of our total imports from Chile in 1986 (total GSP imports from Chile in 1986 totaled \$59 million). While we have a total of \$283 million worth of insurance programs with Chile under OPIC, the Chileans have almost reached their insurance capacity (only about \$10 million left). OPIC financing programs are very limited, with only one small investment on the books and only limited projects pending. However, since programs already on the books would not be affected, this action would not have a demonstrable economic effect on Chile.

In short, suspension preserves our credibility with the GOC and Congress while also signalling that the President is prepared to reconsider GSP for Chile whenever Chilean authorities take adequate steps towards worker rights. The suspension or removal requires 60 day notification which would give Chile an opportunity to do right.

If we do not take this action against Chile and then graduate the four NICs from the program shortly thereafter the Administration will look very bad.

Latin American Affairs Directorate Views

We oppose this action on the grounds that withdrawing GSP from Chile will have no beneficial effect on the worker rights, may in fact have the opposite result from that intended and will undermine the Chilean economy precisely at the time when we need a strong economic base for the democratic transition. As in Panama and Haiti, attempts to force political change in Chile with weak tools will be far less than sufficient to get the desired results but more than enough to incite a nationalistic reaction with negative consequences for our own interests.

The worker rights situation in Chile is generally conceded to be more favorable than in many, if not most, of the other developing countries accorded GSP privileges. The basis for suspending Chile is therefore not that workers are oppressed (as in Angola,

Mozambique, Burma, Benin, etc.; all beneficiary countries) but rather, that the GOC has not "improved" according to the dictates of the Interagency Review Committee which sets its own standards in response to complaints made by trade unions, human rights groups and interested members of Congress and their staffs.

There are undoubted controversial aspects to Labor law in Chile, but the labor rights merits of the case are arguable. For instance, it is argued that the right to strike is curtailed because a worker is considered to have quit after the 59th day of a strike. This is true but compares favorably with other countries (including the U.S.) where workers can be summarily dismissed on the first day of a strike. Not altering this aspect of GOC labor code is cited by the Interagency Review Group as one reason for withdrawing GSP. Other examples cited by the Interagency Review Group are equally contentious. If we suspend GSP the result will not be to compel the GOC to enact the changes we seek. On the contrary, Pinochet will use the issue to his own advantage as a nationalistic rallying cry, strengthening his own position and perhaps provoking him to the point of retaliation (a la Noriega).

Moreover, the economic case clearly favors Chile. Chile's free market principles have fit well with the Reagan Administration's international economic policy. Chile has fostered a climate favorable to private enterprise, including foreign investment, and sustained Chile as a major market for U.S. goods and services. Chile's foreign debt policy has been among the most responsible in the world. Given sufficient provocation, Pinochet could easily upset these circumstances. Moreover, the only real short-term economic effect will be that a few hundred poor people will actually lose their jobs and a number of small companies including several American-owned firms will go out of business. Chile's economic policy and performance has been truly exemplary for nearly a decade now. In fact, Chile is one of the few countries in the world, and the only one in Latin-America, which has actually significantly reduced its' foreign indebtedness, an achievement consistent with positive rates of growth. A large part of this accomplishment is attributable to an energetic debt-for-equity swap arrangement. Under this program, foreign debtors are offered the opportunity to exchange their debt (at a preferential exchange rate) for real investments in physical assets in Chile. Chile's initiative in this regard has been one of the very few beacons of hope for the Baker plan.

USTR does not mention the fact that OPIC's Chile program would also be automatically suspended, putting a serious damper on foreign investment. The unmistakable message we would be sending is that Chile is not safe for American investment. The loss of potential investment in Chile could exceed \$300 million, the value of investment projects now pending with OPIC. See letter from OPIC attached at Tab IV.

But our real reservations deal with the political use of economic instruments inadequate to attain the desired political goal.

Denying GSP to Chile will not force the Chileans to change their labor laws but it might provoke the Chilean government to retaliate against USG interests, and will impact negatively on the Chilean economy. Our foremost goal in Chile is to promote a prompt and smooth transition to democracy. It is hard to see how this measure advances that goal. In fact it will make it more difficult by unsettling Chile's economy as they start their transition to democracy.

Our recommendation is that the President not accept the TPRG's recommendation that GSP be withdrawn from Chile on the grounds that to do so would not be in our economic interests. The President could issue an explanatory statement in which he could draw attention to our views about the desirability of Chile making a prompt and smooth transition to democracy.

RECOMMENDATION:

That you authorize Paul Stevens to sign the response block at Tab I concurring with the TPRG recommendation to remove Chile from the Generalized System of Preferences.

Approve _____ Disapprove _____

Alternatively, that you authorize Paul Stevens to sign the response block at Tab II indicating that the NSC staff does not concur with the TPRG recommendation.

Approve _____ Disapprove _____

Attachments

| | |
|---------|--|
| Tab I | Memo Concurring with TPRG Recommendation |
| Tab II | Memo Not Concurring with TPRG Recommendation |
| Tab III | Incoming Memos from Risque/Yeutter |
| Tab IV | OPIC Letter |

Prepared by:
Eric Melby
Kim Flower

WHITE HOUSE STAFFING MEMORANDUM

9442

DATE: 12/22/87

ACTION/CONCURRENCE/COMMENT DUE BY:

Noon 12/23/87

SUBJECT: REMOVAL OF CHILE FROM THE GENERALIZED SYSTEM OF PREFERENCES

| | | ACTION FYI | | | | ACTION FYI | |
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| BAKER | <input type="checkbox"/> | <input checked="" type="checkbox"/> | | GRISCOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
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| POWELL | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | RISQUE | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
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| DONATELLI | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | <input type="checkbox"/> | |

REMARKS:

Please return any comments/recommendations directly to Carmen Suro-Bredie (x6402) with an info copy to my office by Noon on Wednesday, December 23rd. Thank you.

RESPONSE:

TO: CARMEN SURO-BREDIE

The NSC staff concurs with the TPRG recommendation that Chile be removed from the Generalized System of Preferences.

Paul Schott Stevens
Executive Secretary

Rhett Dawson
Ext. 2702

cc: Rhett Dawson

WHITE HOUSE STAFFING MEMORANDUM

9442

DATE: 12/22/87 ACTION/CONCURRENCE/COMMENT DUE BY: Noon 12/23/87

SUBJECT: REMOVAL OF CHILE FROM THE GENERALIZED SYSTEM OF PREFERENCES

| ACTION FYI | | | ACTION FYI | | |
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| DONATELLI | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> |

REMARKS:

Please return any comments/recommendations directly to Carmen Suro-Bredie (x6402) with an info copy to my office by Noon on Wednesday, December 23rd. Thank you.

RESPONSE:

TO: CARMEN SURO-BREDIE

The NSC staff does not concur with the TPRG recommendation that Chile be removed from the Generalized System of Preferences.

Paul Schott Stevens
Executive Secretary

Rhett Dawson
Ext. 2702

cc: Rhett Dawson

NATIONAL SECURITY COUNCIL EXECUTIVE SECRETARY REFERRAL

TIME STAMP

SYSTEM I LOG NUMBER: 9442
☐ (FIRST DRAFT OF REMARKS)

ACTION OFFICER: DANZANSKY DUE: 1000, 23 DEC

- ☐ Prepare Memo Stevens to Dawson
☐ Prepare Memo Stevens to Dolan
☒ Prepare Memo Stevens to Suro-Bredie w/cc to Dawson
☐ Prepare Memo _____ to _____

*** PUT RESPECTIVE STAFF OFFICER'S NAME IN MARGIN BESIDE CHANGES.

CONCURRENCES/COMMENTS*

DUE: ASAP **URGENT**

*PHONE to action officer at ext. 3622

| FYI | FYI | FYI |
|--|-------------------------------------|---|
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| <input type="checkbox"/> Cobb | <input type="checkbox"/> Kelly, B. | <input type="checkbox"/> Ross |
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| <input type="checkbox"/> Heiser | <input type="checkbox"/> Paal | <input type="checkbox"/> _____ |

INFORMATION

☒ Stevens

☒ Courtney

☒ Exec. Sec. Desk

☐ Powell (advance)

☐ Negroponte (advance)

☒ Secretariat

Logged By OP

Return to Secretariat

THE WHITE HOUSE

WASHINGTON

December 22, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE *Nancy J. Risque*
SUBJECT: Removal of Chile from the Generalized System of Preferences

Issue:

The Generalized System of Preferences (GSP) grants duty-free treatment to approximately 3,000 products from 141 designated developing countries. A major statutory condition for continued access to GSP is a good record in respecting "worker rights." The attached memorandum discusses Chile's failings in this area and recommends indefinite suspension from GSP eligibility.

Background:

Under the Trade Act of 1974, as amended, designated beneficiary countries are required to work toward internationally recognized worker rights defined as:

- 1) the right to association;
- 2) the right to organize and bargain collectively;
- 3) a prohibition on forced labor;
- 4) a minimum age for the employment of children; and
- 5) acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety.

During a statutorily mandated two year review of the GSP, a number of U.S. labor unions requested a review of Chile's worker rights practices, particularly in the area of freedom of association and the right to collective bargaining. After consultations in which the State Department informed Chile that they fell short in meeting GSP requirements, Chile was granted an additional year, over and above the two year review, to bring its practices into compliance.

Discussion:

Although the one year period ends in early January, there has been no significant change in Chile's policies. In addition, senior Chilean authorities indicate that Chile has no intention of further revising its labor laws.

After careful consideration, the Trade Policy Review Group recommends that Chile be suspended indefinitely from the GSP program. The State Department concurs in this recommendation. The National Security Council has not yet taken a position on this issue.

Recommendation:

I recommend that you suspend indefinitely Chile's access to the Generalized System of Preferences by approving Ambassador Yeutter's memo. If you approve the memo, you should also sign the attached proclamation and the letters to Congress.

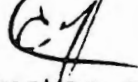
Decision:

_____ Approve _____ Approve As Amended _____ Reject _____ No Action

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D C 20508

December 17, 1987

MEMORANDUM FOR THE PRESIDENT

From: AMBASSADOR CLAYTON YEUTTER 
Subject: Chile and the Generalized System of Preferences

Summary

I recommend that you suspend indefinitely Chile's status as a beneficiary of the Generalized System of Preferences (GSP) in light of the failure of the Government of Chile to make sufficient progress in providing to workers internationally recognized worker rights. This memorandum provides the reasons for this recommendation.

Background

The GSP was first authorized by the Trade Act of 1974 and in 1984 was extended through July 4, 1993. It is designed to promote economic development through trade, by offering temporary duty-free entry to specified articles from the 141 designated developing countries and territories.

Section 502(b)(7) of the law requires designated countries to have taken or be taking steps to afford workers internationally recognized worker rights. A number of labor unions and human rights groups petitioned the agencies of the Trade Policy Committee (TPC) to review the beneficiary status of Chile based on the Government of Chile's practices regarding worker rights. After a long and careful review of the Government of Chile's practices, there was agreement among the TPC agencies that Chile has not met the requirements of our law and therefore should be suspended indefinitely from the GSP program. However, the National Security Council (NSC) has not yet taken a position on this matter.

Recommendation

I recommend that you approve this proposal by indicating below and by signing the memorandum attached at Tab 1, the proclamation attached at Tab 2, and the letters to Congress at Tab 3.

Approve _____

MEMORANDUM FOR THE PRESIDENT
December 17, 1987
Page Two

Disapprove _____

Let's Discuss _____

Attachments:

- Tab 1 Memorandum for the United States Trade Representative
- Tab 2 Implementing Proclamation
- Tab 3 Letters to the Speaker of the House of Representatives
 and the President of the Senate

MEMORANDUM FOR THE UNITED STATES TRADE REPRESENTATIVE

Subject: Action Concerning the Generalized System of Preferences

Pursuant to subsections 502(b)(7), 502(c)(7) and section 504 of the Trade Act of 1974, as amended (the Act) (19 U.S.C. 2462(b)(7), 2462(c)(7) and 2464), I am hereby acting to modify the application of duty-free treatment under the Generalized System of Preferences (GSP) currently being afforded to Chile.

Specifically, after considering various private sector requests for review concerning worker rights in Chile, and in accordance with section 502(b)(7) of the Act, I have determined that Chile, which was previously designated as a beneficiary country, is not taking steps to afford internationally recognized worker rights. Therefore, I intend to notify the Congress of the United States of my intention to suspend indefinitely the GSP eligibility of Chile.

This determination shall be published in the Federal Register.

Dear Mr. President:

I am writing concerning the Generalized System of Preferences (GSP) and Chile. The GSP program is authorized by the Trade Act of 1974, as amended ("the Act").

I intend to suspend indefinitely Chile's status as a GSP beneficiary for failure to comply with section 502(b)(7) of the Act concerning internationally recognized worker rights. My decision will take effect at least 60 days from the date of this letter.

Sincerely,

Dear Mr. Speaker:

I am writing concerning the Generalized System of Preferences (GSP) and Chile. The GSP program is authorized by the Trade Act of 1974, as amended ("the Act").

I intend to suspend indefinitely Chile's status as a GSP beneficiary for failure to comply with section 502(b)(7) of the Act concerning internationally recognized worker rights. My decision will take effect at least 60 days from the date of this letter.

Sincerely,

BACKGROUND DOCUMENT

The Generalized System of Preferences (GSP) offers preferential duty-free entry into the United States to approximately 3,000 products from 141 designated beneficiary developing countries and territories. The GSP was authorized by the Trade Act of 1974 for a 10-year period and renewed through July 4, 1993 with the passage of the Trade and Tariff Act of 1984. Its basic purpose is to promote the economic development of designated beneficiary developing countries through trade, as opposed to official development assistance (ODA).

Chile

Section 502(b)(7) of the Trade Act of 1974, as amended, requires designated beneficiary countries to have taken or be "taking steps" to afford workers internationally recognized worker rights. Section 502(a)(4) defines such rights as: (1) the right of association; (2) the right to organize and bargain collectively; (3) a prohibition on the use of any form of forced or compulsory labor; (4) a minimum age for the employment of children; and (5) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

During the course of the nearly two-year Congressionally-mandated General Review of the GSP program (section 504(c)(2)(A)), a number of labor unions, including the AFL-CIO, and human rights groups submitted comments during the summer of 1985 to the Trade Policy Committee (TPC) agencies requesting a review of Chile's status as a GSP beneficiary based on the Government of Chile's practices regarding worker rights. We initiated a review of the Government of Chile's practices, including a broad spectrum of worker rights issues. During the course of the nearly two-year General Review, comments from labor unions, human rights groups, the private sector, consultations with the Government of Chile, as well as reporting from our Embassy in Santiago were considered. The TPC agencies concluded that serious problems exist with respect to the Government of Chile's practices regarding worker rights, particularly in the area of freedom of association and the right to organize and bargain collectively.

At the conclusion of the General Review on January 2, 1987 (52 FR 389), the President extended the review of the practices of the Government of Chile for an additional year. The TPC agencies recommended an extension of the review because the Government of Chile did commit to make certain improvements to their labor laws in early 1987. Furthermore, in light of the serious problems with respect to the worker rights situation in Chile alluded to above, it was deemed important to continue to monitor the overall worker rights situation in Chile for an additional year.

Following the conclusion of the General Review, the agencies examined additional comments from the private sector, labor unions, human rights groups, Embassy reporting and information

obtained through consultations with the Chilean Government. The TPC agencies agree that the continuing review revealed that the Government of Chile did not enact the changes it committed to in its labor laws. Furthermore, the agencies agree that the practices of the Government of Chile regarding worker rights have not improved overall and there have been some apparent signs of retrogression. In addition, senior Chilean authorities have indicated that the Government of Chile has no intention of further revising its labor laws.



Office of the
Assistant Attorney General

Washington, D.C. 20530

DEC 21 1987

MEMORANDUM

Re: Proposed Proclamation entitled
"Amending the Generalized System of Preferences"

The attached proposed Proclamation has been submitted by the United States Trade Representative to this Department for review of its form and legality. The proposed Proclamation will suspend Chile's status as a beneficiary of the Generalized System of Preferences because of Chile's failure to take adequate steps to provide its workers with certain internationally recognized rights. 19 U.S.C. 2462, 2464(a). Prior to signing the Proclamation, the President must issue a formal determination to this effect, which is also enclosed.

The proposed Proclamation is acceptable with respect to form and legality.

Charles J. Cooper
Assistant Attorney General
Office of Legal Counsel



U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

DEC 21 1987

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Proclamation entitled "Amending the Generalized System of Preferences." This proposed Proclamation has been submitted by the United States Trade Representative to this Department for review of its form and legality.

The proposed Proclamation is approved with respect to form and legality.

Respectfully,

Charles J. Cooper
Assistant Attorney General
Office of Legal Counsel

AMENDING THE GENERALIZED SYSTEM OF PREFERENCES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. Pursuant to subsections 502(b)(7), 502(c)(7) and sections 504 and 604 of the Trade Act of 1974, as amended (the Trade Act) (19 U.S.C. 2462, 2464 and 2483), I have determined that it is appropriate to provide for the suspension of preferential treatment under the Generalized System of Preferences (GSP) for articles which are currently eligible for such treatment and which are imported from Chile. Such suspension is the result of my determination that Chile has not taken and is not taking steps to afford internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act, as amended (19 U.S.C. 2462(a)(4)).

2. Subsections 502(b)(7) and (c)(7) of the Trade Act provide that a country which has not taken or is not taking steps to afford such internationally recognized worker rights is ineligible for designation as a beneficiary developing country for purposes of the GSP. Section 504 authorizes the President to withdraw, suspend, or limit the application of duty-free treatment under the GSP with respect to any article or with respect to any country upon consideration of the factors set forth in sections 501 and 502(c) of the Trade Act (19 U.S.C. 2461 and 2462(c)).

3. Section 604 of the Trade Act authorizes the President to embody in the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202) the substance of the relevant provisions of that Act, of other acts affecting import treatment, and of actions taken thereunder.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes of the United States of America, including but not limited to sections 502, 504, and 604 of the Trade Act, do proclaim that:

(1) General headnote 3(e)(v)(A) to the TSUS, is modified by striking out "Chile" from the enumeration of independent countries whose products are eligible for benefits under the GSP.

(2) No article the product of Chile and imported into the United States after the effective date of this proclamation shall be eligible for preferential treatment under the GSP.

(3) This proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the sixtieth (60th) day following the date of the publication of this proclamation in the Federal Register.

IN WITNESS WHEREOF, I have hereunto set my hand this day of , in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and twelfth.

OVERSEAS PRIVATE INVESTMENT CORPORATION

WASHINGTON, D.C. 20527, U.S.A.



OFFICE OF THE
PRESIDENT

December 23, 1987

Mr. Ludlow Flower
Director of Latin American Affairs
National Security Counsel
Washington, D.C. 20506

Dear Kim:

Per your request, I am forwarding some information on pending OPIC projects in Chile that may be of interest to you in connection with the GSP determination on worker rights. You will note that OPIC has received registrations (preliminary applications) for political risk insurance coverage exceeding \$127 million of investment. In addition, we are reviewing requests for loan guaranties totaling between \$83 and \$133 million, representing OPIC's portion of the total debt package. This amount of OPIC financing would act as a catalyst for the contribution of an equally significant amount of equity capital. Overall, the amount of potential investment in Chile that these insurance registrations and loan requests represent could well exceed \$300 million.

Should the U.S. Government make a negative determination on worker rights in Chile, OPIC will be unable to assist any of these investors.

If you require additional information, please do not hesitate to call.

Sincerely,

A handwritten signature in dark ink, reading "L. Ebersole Gaines". The signature is written in a cursive style with a large, stylized 'L' and 'G'.

L. Ebersole Gaines
Executive Vice President

Enclosure

**Potential Chilean Projects
December 1987**

INSURANCE

| <u>Project*</u> | <u>Investment</u> | <u>Comments</u> |
|------------------------------|--------------------------|------------------------|
| Semi-precious stones | \$ 5,000,000 | |
| Flower seeds | 500,000 | |
| Introduction of credit cards | 1,000,000 | |
| Forest products | 24,000,000 | Debt-Equity |
| Fishing | 5,100,000 | Debt-Equity |
| Silver and gold mining | 13,200,000 | Debt-Equity |
| Electric power services | 700,000 | |
| Truck leasing | 7,000,000 | |
| Sulfur clean up | 750,000 | |
| Banking | 10,000,000 | |
| Debt-swap fund | 60,000,000 | Debt-Equity |
| Fruit farm | <u>12,000,000</u> | |
| | <u>\$127,850,000</u> | |

FINANCE

| <u>Project</u> | <u>Investment Guaranty</u> | <u>Comments</u> |
|--|-----------------------------------|------------------------------|
| Power Project | \$30,000,000 | |
| Contractors Guaranty | \$2,000,000 | |
| Gold/Silver/Sulphur Mine | \$25,000,000 - \$50,000,000 | Exploration stage |
| Partial Privatization of Telephone System | \$25,000,000 - \$50,000,000 | Still in conceptual Stage |
| Mining Operation | <u>\$1,000,000</u> | |
| | \$83,000,000 to \$133,000,000 | |

* Names of individual company sponsors have not been listed to preserve business confidentiality.