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CHILE CONFIRMS KORRY WILL LEAVE

Reports Notification of U.S.
Plan to Change Envoys

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SANTIAGO, Chile, April 7—The Chilean Foreign Ministry confirmed today that the United States had requested agreement for the appointment of a new ambassador here.

The replacement of the Ambassador, Edward M. Korry, has been rumored for several months. He was appointed by President Johnson after serving as Ambassador in Ethiopia.

Mr. Korry, a former newspaperman, is not a career Foreign Service officer. In several special advisory reports to the White House, including one on United States policy in Africa and another on organization of foreign aid, Mr. Korry's critical views on diplomatic management, as well as his impatience with bureaucratic practices, earned him little favor with influential State Department officers.

The failure of the United States Embassy to predict accurately the victory of Dr. Salvador Allende Gossens in last September's close presidential election was used against Mr. Korry by his critics, as was the campaign of the left-wing press here for Mr. Korry's removal.

Established Effective Relations

Contrary to published reports, however, Mr. Korry developed effective working relations with key members of Dr. Allende's Government, which took office in November. These contacts contributed to the prospects for negotiations on transfer of United States companies and have also helped to eliminate from the nationalization legislation now in Congress some points that would lead to conflict with United States copper companies when negotiations begin.

The proposed replacement for Ambassador Korry, is Nathaniel Davis, an expert on Eastern European and Soviet affairs, who is now Ambassador in Guatemala.

Mr. Korry delivered notification of his replacement to the Foreign Ministry last Friday, two days before the municipal elections that gave a narrow victory to parties supporting the leftist Government of President Allende.

The change will put a new ambassador here at a difficult period of negotiations between Dr. Allende's Government and the United States copper companies, which have investments here of more than \$500-million.

Dr. Allende has sent to Congress a constitutional reform that will facilitate nationalization of the copper companies, in which the major investors are the Anaconda, Kennecott and Cerro corporations. These companies account for 80 per cent of Chile's copper production.

Assisted in Negotiations

Since Dr. Allende took office, Ambassador Korry has been successful in assisting various United States companies to reach negotiated settlements with the Government on compensation for properties that were under the threat of expropriation. The most important of these was the agreement last week by which the Bethlehem Iron Mines, a Chilean subsidiary of Bethlehem Steel, sold its mines here for compensation estimated to exceed \$30-million over 15 years.

As in the case of other major United States companies, the copper investments are covered by United States Government investment insurance against expropriation. Moreover, the expansion programs carried out by Kennecott, Anaconda and Cerro in recent years, under agreements with the former Christian Democratic government of President Eduardo Frei Montalva, were financed in part by \$220-million in loans from the United States Government's Export-Import Bank.

Soviet Changing Envoys

The change in United States ambassadors corresponds to a change being carried out by the Soviet Union, which has significantly upgraded the political importance of its representative here.

The new Soviet Ambassador, who will replace Nicholai B. Alekseyev, is Aleksandr V. Basov, former Ambassador in Rumania. He is reported to be one of only three full members of the Soviet Communist Party's Central Committee who are serving as Ambassadors.

Mr. Basov is an economic expert who is familiar with Cuba's problems in moving to a socialist economy. In Chile, a major objective of the Soviet Union is that the establishment of a socialist state be accomplished without an economic fiasco requiring large Soviet subsidies, as Cuba has required.

One high official of a United States copper company said that it was "very unfortunate" that Mr. Korry was being removed before the copper negotiations. After the constitutional reform is adopted, probably by the end of this month, the negotiations may go on well into the second half of the year.