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U.S.-Chilean Relations Running Into Serious Snags

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SANTIAGO, Chile, June 21—

Relations between the United States and the left-wing Government of Chile are running into serious snags.

Difficulties have developed because of widely publicized attacks by Marxist parties in the Government on the United States Central Intelligence Agency and because of Santiago's delay in honoring an agreement for the purchase of major United States copper investments here.

Both issues are looked upon as raising questions about the political intentions of the Government of President Salvador Allende Gossens, or about the President's ability to deal with radical elements in the governing Popular Unity coalition, which consists of the Communist, Socialist, Radical, Social Democratic and Popular Socialist parties.

The major uncertainty is how United States-Chilean relations will be affected by the Allende Government's nationalization of all U.S. copper investments—expected next month—and other large United States private investments here.

Review Due This Week

Edward M. Korry, the Ambassador to Chile, is going to Washington this week to review the situation with high officials. Mr. Korry met with Dr. Allende for more than an hour on Friday.

Although the Chilean Government two months ago said it agreed to the appointment of Nathaniel Davis, currently Ambassador in Guatemala, as the new ambassador here, the

State Department has not moved to replace Mr. Korry, who has been here since 1967.

The major reason appears to be the confidence that United States copper companies have expressed in Mr. Korry as spokesman before the Chilean Government on United States views.

For instance, Mr. Korry was evidently influential in bringing about an agreement between the Cerro Corporation and the Allende Government on the purchase of Cerro's Andina mine here.

Three Operations Chosen

The new mine, which represents an investment of \$155-million, is one of three big operations earmarked for nationalization. The others are the El Teniente Mine, in which Kennecott holds a 49 per cent interest, and the Chuquicamata, El Salvador, and Exotica Mines of Anaconda.

The purchase of Andina was agreed upon—with Dr. Allende's approval—a month ago. Charles Murphy, president of Cerro, left May 21 in the belief that an announcement would be made in a matter of days.

There has been no announcement. Instead, on May 23, the Chilean Copper Corporation took over management and financial control of El Teniente. Officials assert that the copper companies owe \$100-million in undistributed dividends that should have been paid to Chile since last September.

Some Government sources have indicated that nothing would be done on Andina until after July 12, when the Chilean Government is expected to take full control of the copper mines under a constitutional reform.

The issue of compensation

for United States investors remains unclear.

Another large investor, besides the copper companies, is the International Telephone and Telegraph Company, which operates the telephone system, two hotels and a telephone equipment manufacturing concern.

An I.T.T. negotiating team began talks this week on a negotiated sale to the Chilean Government. The Government has already seized managerial control of the conglomerate's telephone directory company here.

The pressure for a state takeover of major manufacturing enterprises has involved the Ford Motor Company. The \$6-million Ford plant at Casablanca has been under a state-appointed manager since Ford announced last month that it was closing operations because it was losing money.

The Government tried to get General Motors to produce trucks in the Ford plant, but was turned down. The Government is reported negotiating with Fiat, the Italian company, to get the 400 former Ford employees back to work.

Some Antagonistic

These frictions were not unexpected in view of the Allende program to "construct socialism" in Chile. However, Dr. Allende has said that he wants to maintain the "best possible" relations with the United States.

There are radical elements within the Popular Unity Coalition, particularly in Dr. Allende's Socialist party, and on the fringes of the Government, such as the Revolutionary Left Movement, that are antagonistic toward the United States.

The Andina issue is believed to have started a conflict in

the Government between moderates and radicals, forcing the Government to back away from the agreement.

The attacks on the C.I.A. apparently reflect a similar situation. The attacks grew out of the assassination two weeks ago of Edmundo Pérez Zúkovic, a Christian Democratic Opposition leader, and former Minister of the Interior.

While the killers were identified as members of the People's Organized Vanguard, an extremist left-wing group, the pro-Government press, following official statements by the Communist and Socialist parties, said that "extreme rightists" and the C.I.A. had been behind the killing.

The U. S. requested last week that the Government disavow the charges against the C.I.A. Defense Minister Alejandro Ríos Valdívia said in the Senate Friday that the charges had no foundation, but the statement received little publicity.

It is understood that United States officials have indicated that the charges could contribute to attacks on Americans here, for which the Allende Government would be held responsible.