

Chile: U.S. Issue Solved

A spokesman for the Chilean military junta said yesterday that the United States had agreed to a formula for handling the compensation of expropriated American copper companies.

This was the main dispute between the United States and the late Chilean President Salvador Allende, whom the military overthrew on Sept. 11.

Orlando Saenz, economic adviser to the military government, was quoted in a Reuter dispatch from Santiago as saying that the United States would no longer require solution of the compensation issue before taking up renegotiation of Chile's huge debts to U.S. creditors—mainly U.S. government agencies.

"Now the government of the United States considers this [the compensation] is a problem for the American mining companies," Saenz was quoted as saying.

However, an informed U.S. source reached last night said "no substantive discussions have taken place on this question. The compensation issue remains pending."

According to Saenz, the compensation issue would be worked out along lines agreed to April, 1972 at a Paris meeting between Chile and its foreign creditors.

The American negotiators at that time insisted on a phrase stating that Chile accepted the principle of compensation "in conformity with Chilean law and international law."

Allende interpreted that as meaning no payment was required after deductions for "excess profits" taken out of Chile by the copper companies.

The U.S. government continued to insist that the companies receive payment for the mines, and reached no bilateral agreement with Chile after the general "Paris Club" debt rescheduling was fixed in 1972.

Chile's military rulers have indicated that they would be willing to discuss with the copper companies their claims for up to \$750 million in compensation, although the nationalization of the mines would remain in effect.

In another development, the Chilean Foreign Ministry denied a report in Thursday's Washington Post that Pedro

Ramirez, former cabinet minister and the son-in-law of Christian Democratic Party leader Radomiro Tomic, had disappeared.

Ramirez remains a prisoner at the Military School in Santiago, the ministry said, without specifying on what charges. Chilean officials also said that Tomic's son, Esteban, lost his embassy post in Germany for having made public statements against the junta.