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**DIRECTORATE OF
INTELLIGENCE**

Intelligence Memorandum

US Financial Stake In Chile

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ER IM 70-140
September 1970

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Foreword

The listing at the end of this memorandum of US firms, subsidiaries, and affiliates in Chile is UNCLASSIFIED and may be removed for more convenient use.

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
September 1970

INTELLIGENCE MEMORANDUM

US Financial Stake In Chile

Introduction

Chances are good that Marxist candidate Salvador Allende will assume the Chilean presidency on 4 November. Allende has roundly condemned the role of foreign capital in Chile and pledged to nationalize large segments of the economy, including most if not all enterprises with foreign ownership. He also has stated that foreign aid agreements with the United States will be denounced and that Chile will "take as long as possible" to pay off existing debts. This memorandum assesses the financial exposure of the US private sector and the US government in Chile.

US Private Sector Assets in Chile

1. At a minimum, US private assets in Chile total about \$1.5 billion. Of this amount, we estimate the book value of US direct investments* at \$800 million. The replacement or market value of these investments, while difficult to estimate, is obviously considerably higher. The remaining US private assets include the following:

* *The amortized value of company equity investments and direct parent company loans to Chilean subsidiaries.*

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and was coordinated with the Office of Current Intelligence and the Office of National Estimates.

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\$255 million in Chilean government notes issued to US companies as partial compensation for past nationalizations;

\$45 million in estimated US holdings of publicly issued Chilean bonds;

\$105 million in long-term loans to local enterprises and institutions;

\$250 million in estimated short-term loans, mainly to finance foreign trade;

\$20 million in corporate short-term financing of dealer stocks.

2. During the past two years the book value of direct investment in Chile has declined sharply, despite the massive copper expansion program nearing completion, and it now represents only about 6% of total US investment in Latin America. Direct investment fell from \$964 million at the end of 1968 to \$846 million at the end of 1969, largely because Anaconda was forced to sell Chile 51% of its two producing mines for \$175 million. The \$80 million sale of Boise Cascade Corporation's interest in the Chilean Electric Power Company in August 1970 reduced the total further. In both cases, the US firms received long-term Chilean government notes as payment. Kennecott Copper Corporation was similarly reimbursed when it sold a 51% interest in its large El Teniente mine for \$85 million in 1967. As the Chilean government paid off these notes, Kennecott enlarged its direct investment by reloaning the funds to the new joint company, as previously agreed.

3. Considerably more than half of US direct investment is concentrated in mining and smelting, especially copper mines and processing facilities (see the table). Investment in public utilities, mainly the telephone and telegraph systems, is also substantial. Although investment in manufacturing and trade is relatively small, numerous companies have subsidiaries, branches, or sales offices in Chile (see the attached unclassified listing).

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| | <u>Million US \$</u> | | |
|---|------------------------|------------------------|---|
| | <u>End of 1968</u> | <u>End of 1969</u> | <u>CIA Estimate, September 1970</u> |
| Mining and smelting | 586 | 452 | 480 |
| Manufacturing | 68 | 65 | 65 |
| Trade | 39 | 41 | 40 |
| Communications, electric power, and other | 270 | 288 | 215 |
| <i>Total</i> | <i>964</i> | <i>846</i> | <i>800</i> |

US Government Guaranties

4. If Chile expropriates without adequate compensation, blocks repatriation of profits and capital, and defaults on loans, US firms would be able to draw on government credit and investment guaranties to cover an important share of their losses. The Export-Import Bank has insured \$64 million in export credit financing, mainly long-term. More important, investors in Chile have been among the leading participants in the Specific Risk Investment Guaranty Program, administered by the Agency for International Development (AID).

5. The Investment Guaranty Program, as presently constituted, was initiated in the early 1960s to encourage direct private investment in less developed areas by insuring investors against losses from war and insurrection, expropriation without adequate and timely compensation, or inconvertibility of local currency holdings. Only new investments are covered, and AID establishes a maximum coverage based on the project's estimated cost plus anticipated retained earnings during an agreed-upon period. Within this limit, the investor may select either stand-by or current coverage against one or all specified risks. Only current coverage provides immediate protection; stand-by coverage, which costs considerably less, merely gives the investor an option to convert to current coverage as investment proceeds. This option can be exercised only once a year -- on the anniversary of the policy date.

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6. As of 10 September 1970, US investors in Chile had current coverage against expropriation totaling \$293 million and stand-by coverage for an additional \$355 million (see the Appendix). A substantial portion -- \$235 million -- of this stand-by total represents the maximum coverage on two Anaconda projects whose eligibility is now in dispute, however. Although most investment expenditures on these projects already have been made and the company has opted for current coverage, full conversion of Anaconda's stand-by coverage is unlikely.* The remaining \$120 million in stand-by coverage represents investments US companies had planned to make. These firms are not expecting to invest more than \$20 million to \$30 million in the next year, however, and thus in the coming months will opt for additional current coverage only on this amount. Current protection against the risk of inconvertible currency amounts to only \$51 million, but an additional \$645 million is on stand-by, including \$235 million in coverage that Anaconda claims is still valid. Although US firms can convert their stand-by coverage to current coverage against expropriation only before their assets are affected, they may shift from stand-by to current coverage for protection against inconvertibility after the local government has taken action.

** Anaconda a year ago agreed under severe pressure to sell its major properties -- the Chuquicamata and El Salvador mines -- to the Chilean government, and the issue between AID and the company on these properties' eligibility for coverage is still unresolved. Anaconda temporarily retains a 49% equity in these properties but is committed to relinquishing it. Under the 1969 agreement, which Allende says he will not honor, Anaconda will keep this equity until sometime after 1 January 1973, when the Chilean government would buy out its remaining shares. Actual investment in these properties that is subject to coverage under the guaranty program totals \$186 million; the company has not accumulated any part of the \$49 million in retained earnings allowed in the original AID-Anaconda contract. It is possible that only \$91 million, or 49% of the investment, will be judged eligible for guaranty coverage.*

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Potential Private Loss

7. If Allende becomes Chile's president on 4 November and promptly expropriates all US properties and repudiates financial claims, American business could suffer a net loss of up to \$1 billion. This sum does not include the difference between the \$800 million book value of direct investment and the likely market value of these assets. The \$1 billion estimate assumes that:

The Anaconda properties partly nationalized by Chile in 1969 will be ruled ineligible for coverage under the Investment Guaranty Program; and

US financial institutions and industrial corporations will not be able to reduce their short-term loans by more than 50% before default.

The ingredients of this worst-case estimate are summarized as follows:

| | <u>Million U.S.</u> |
|---|---------------------|
| Direct investment (book value) | 800 |
| Chilean government notes from past nationalizations | 255 |
| Total | 1,055 |
| Less estimated expropriation coverage under Investment Guaranty Program | 300 |
| Net loss | 755 |
| Long-term loans | 105 |
| Less Export-Import Bank guarantees and insurance | 62 |
| Net loss | 43 |
| Short-term credits | 270 |
| Less estimated reduction before default | 135 |
| Net loss | 135 |
| Chilean government bonds | 45 |
| Less estimated reduction before default | Negl. |
| Net loss | 45 |
| Total potential loss | 978 |

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8. Under some circumstances, the loss to the US private sector would be less than the estimate above. Even if Allende expropriated US firms fairly early in his administration, the net private loss would be reduced by somewhere between \$91 million and \$186 million if Anaconda received a favorable decision on the investment guaranty question. In the unlikely event that Allende would permit repaying of private US loans to help maintain Chile's worldwide credit standing and would provide partial compensation for nationalized properties, private losses would be further reduced.

US Government's Exposure to Loss

9. Because Chile has been one of Latin America's main aid recipients, it has a substantial debt to the US government. On 30 June 1970, outstanding obligations (disbursements less repayments) totaled \$900 million. More than half the debt arose from AID loans, mainly with long maturities and low interest rates. Loans from the Export-Import Bank also were large, as the following tabulation of balances outstanding shows:

| | <u>Million US \$</u> |
|--|----------------------|
| AID loans | 525.7 |
| Repayable in dollars | 490.4 |
| Repayable in escudos | 35.3 |
| Food for peace programs (excluding AID loans from PL-480 sales proceeds) | 47.8 |
| Export-Import Bank loans | 318.0 |
| Military aid credits | 8.8 |
| <i>Total</i> | <i>900.3</i> |

10. Total US government losses could run as high as \$1.6 billion on debt default and expropriation, if all possible expropriation coverage (including Anaconda's contested claims) now held under the Investment Guaranty Program came into effect before hostile actions were taken. Washington not only could suffer a \$900 million debt repudiation but could be liable for \$64 million in claims

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under Export-Import Bank credit guaranties and, in the event of total expropriation without compensation, for between \$300 million and \$650 million under the Investment Guaranty Program. If Anaconda were awarded only a \$91 million settlement and expropriation action were taken by the end of 1970, US government losses would be likely to run somewhat less than \$1.4 billion. Should Chile move to block foreign exchange remittances, the US government also would be committed to purchase, over time, a maximum of nearly \$700 million in inconvertible escudos held by US investors covered under the Investment Guaranty Program. The government's additional losses in such an event cannot be estimated.*

Conclusions

11. An Allende government would threaten a US public and private financial stake in Chile that now totals at least \$2.4 billion. Privately held assets amount to nearly \$1.5 billion, counting direct investments only at their \$800 million book value even though they are worth considerably more. The US government has outstanding loans approximating \$900 million, in addition to sizable contingent liabilities for private losses under Export-Import Bank and Specific Risk Investment Guaranty programs. Total losses would, of course, be smaller than \$2.4 billion if nationalization were not total, some compensation were provided, or some loan repayments were permitted.

12. Even if all US properties were nationalized without compensation and all loans defaulted, private sector losses would be considerably smaller than the \$1.5 billion stake. Because some short-term assets

* Expropriation and inconvertibility coverages overlap to the extent that an investor invokes his guaranty against inconvertibility to cover blocked capital depreciation outflows. In such a case, the potential expropriation coverage is reduced. Conversely, in the event of expropriation, an investor's inconvertibility coverage would serve only a limited purpose.

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will be recovered before Allende could take action and because long-term assets totaling \$350 million are currently protected by US government guaranties, the net private loss at most would be about \$1 billion. Depending upon the timing of nationalization and the decision regarding Anaconda's eligibility for guaranty coverage, the US government might have to cover as much as an additional \$300 million to \$350 million in private losses. Thus, including renunciation of US government loans, the US government's loss would total between \$1.25 billion and \$1.6 billion. Should US investor remittances be blocked, the government also is committed to make good on as much as \$700 million in inconvertible escudos, which would add an indeterminable amount to its potential bill.

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APPENDIX

Coverage for Investments in Chile Under the Specific Risk Guaranty Program a/
10 September 1970

| | Million US \$ | | | |
|---------------------------------------|------------------------------|------------------------|--------------------------------|------------------------|
| | Expropriation Risk <u>b/</u> | | Currency Inconvertibility Risk | |
| | Current Coverage | Stand-by Coverage | Current Coverage | Stand-by Coverage |
| <i>Total</i> | <u>292.6</u> | <u>354.6</u> <u>c/</u> | <u>50.8</u> | <u>644.9</u> <u>c/</u> |
| Mining | <u>155.6</u> | <u>257.3</u> <u>c/</u> | <u>31.7</u> | <u>388.8</u> <u>c/</u> |
| Anaconda | 30.5 | 238.6 <u>c/</u> | 30.5 | 238.6 <u>c/</u> |
| Kennecott Copper | 84.6 | 0 | 0 | 98.0 |
| Cerro | 14.2 | 0 | 0 | 18.4 |
| Continental Copper and Steel | 9.2 | 15.8 | 0 | 25.0 |
| Bethlehem Steel | 17.1 | 2.9 | 1.2 | 8.8 |
| Public utilities | <u>92.7</u> | <u>79.9</u> | <u>4.8</u> | <u>174.7</u> |
| International Telephone and Telegraph | 92.7 | 79.9 | 4.8 | 174.7 |
| Manufacturing | <u>24.4</u> | <u>12.9</u> | <u>3.8</u> | <u>66.3</u> |
| Dow Chemical | 8.5 | 1.1 | 0.1 | 20.5 |
| International Chemical and Fibers | 1.1 | 0.1 | 1.2 | 0.2 |
| W.R. Grace | 0.5 | 0 | 0.1 | 0.5 |
| Crown Zellerbach | 1.7 | 0 | 0.1 | 1.6 |
| Ralston Purina | 1.7 | 0.8 | 0.7 | 2.1 |
| Firestone Tire and Rubber | 1.5 | 1.5 | 0 | 15.0 |

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| Million US \$ | | | | |
|--|----------------------------------|-------------------|--------------------------------|-------------------|
| | Expropriation Risk ^{b/} | | Currency Inconvertibility Risk | |
| | Current Coverage | Stand-by Coverage | Current Coverage | Stand-by Coverage |
| Ford Motor | 0.5 | 1.2 | 0 | 9.3 |
| Dresser Industries | 1.5 | 0.5 | 0.1 | 1.3 |
| Parsons and Whittemore | 4.4 | 6.3 | 0.5 | 10.1 |
| Xerox | 1.3 | 0.2 | Negl. | 1.5 |
| Other companies | 1.8 | 1.1 | 0.9 | 4.1 |
| Banking and other services | <u>19.9</u> | <u>4.4</u> | <u>10.5</u> | <u>15.1</u> |
| International Telephone and Telegraph (through Sheraton Hotels subsidiary) | 6.4 | 3.5 | 0 | 11.1 |
| Bank of America N.T. and S.A. | 12.3 | 0.8 | 10.3 | 2.8 |
| First National City Bank of New York | 1.0 | 0 | 0.2 | 1.0 |
| American Broadcasting | 0.1 | 0.1 | 0 | 0.2 |

a. Because of rounding, components may not add to the totals shown.

b. Including protection under combined expropriation and war risk policies.

c. The eligibility for coverage of \$235.4 million of Anaconda's investment is in dispute, because the company was forced in 1969 to sell a 51% share in two of its holdings to the Chilean government.

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US Firms, Subsidiaries, and Affiliates in Chile†

*** Abbott Laboratories de Chile, Ltda.

Subsidiary or Abbott Laboratories, North Chicago,
 Branch of: Illinois
 Operation: Manufacture of pharmaceutical products
 Number of
 Employees: 75

*** Afia Chilena Seguros Ltda.

Subsidiary or Afia Worldwide Insurance, New York, N.Y.
 Branch of:
 Operation: Insurance claims settling agency
 Number of
 Employees: 10

*** All America Cables and Radio, Inc.

Subsidiary or International Telephone & Telegraph
 Branch of: Corporation, New York, N.Y.
 Operation: International and national messages
 Number of
 Employees: 58
 Total annual
 sales: \$602,000

* American Screw (Chile) S.A. Fabrica de Pernos y Tornillos

Subsidiary or Textron, Inc., Townsend Company Division
 Branch of: Beaver Falls, Pa.
 Operation: Manufacturing of all types of industrial
 fasteners
 Number of
 Employees: 330
 Total annual
 sales: \$3,750,000

*** Cia. American Smelting S.A.

Subsidiary of: American Smelting & Refining Company,
 New York, N.Y.
 Operation: Nominally "ore buying" but, currently,
 the activities of C.A.S. are limited
 to the leasing of mining properties.
 Number of
 Employees: 5
 Total annual
 sales: \$79,000

*** Andes Copper Mining Company & Chile Exploration Company

Subsidiary of: The Anaconda Company, New York, N.Y.
 Operation: Advisory service for mining operations
 and administration

† Asterisks indicate whether a firm is minority, majority, or wholly owned, as follows: * - minority; ** - majority; *** - wholly owned. For a cross-reference listing, by parent company, see p. 17.

**** Armco Chilo S.A.I.**

Subsidiary or Armco Steel Corporation - International
Branch of: Division, Middletown, Ohio
Operation: Manufacture of grinding balls
Number of
Employees: 53
Total annual
sales: \$9,000

***** Arthur Anderson & Co.**

Branch of: Arthur Anderson & Co., Chicago, Ill.
Operation: Accountants
Number of
Employees: 34

***** Artista Aliados de Chile, Inc.**

Subsidiary or Allied Artists Pictures Corporation,
Branch of: New York, N.Y.
Operation: Distribution of American movies

***** Bank of America N.T. & S.A.**

Branch of: Bank of America NT&SA, San Francisco,
California
Operation: Banking
Number of
Employees: 302

***** Bethlehem Chile Iron Mines Company**

Subsidiary of: Bethlehem Steel Corporation,
Bethlehem, Pa.
Operation: Mining & beneficiating iron ore
at Romeral & Tofo Mines near La Serena
Number of
Employees: 1,575

***** Boyles Bros. Drilling Co. (Chile)**

Branch of: Boyles Bros. Drilling Co., Salt Lake
City, Utah
Operation: Drilling, diamond core and rotary
Number of
Employees: 90
Total annual
sales: \$687,500

***** Braden Copper Company**

Subsidiary of: Kennecott Copper Corporation,
New York, N.Y.
Operation: 49% owner of the Sociedad Minera
El Teniente S.A. -- producers of
copper and related products; Santiago
executive office
Number of
Employees: 6

***** Braniff International**

Branch of: Braniff Airways Inc., Dallas, Texas
Operation: Air transport of passengers and cargo
Number of
Employees: 276

**** Brionos-McKee (Chilo) Ltda.**

Subsidiary or A.G. McKee & Co., Cleveland, Ohio
Branch of:
Operation: Engineering and construction

***** Cajas Registradoras National S.A.C.**

Subsidiary or The National Cash Register Co.,
Branch of: Dayton, Ohio
Operation: Importers of office machinery
Number of
Employees: 480
Total annual
sales: \$5,520,000

**** Chiclo Adams S.A.C.I.**

Subsidiary or Warner-Lambert Pharmaceutical Co.,
Branch of: Morris Plains, N.J.
Operation: Confectionary (chewing gum)
Number of
Employees: 65

***** Chrysler International**

Branch of: Chrysler International S.A.,
Mexico, D.F. Mexico
Operation: Assembly under license of Dodge Dart &
Simca 1000. Sale of car, truck, and
bus fleets; diplomatic and government
vehicles and replacement parts.

**** Cobre Corrillos S.A.**

Subsidiary or Phelps Dodge Corporation, New York, N.Y.
Branch of:
Operation: Manufacture of copper wire and cables
Number of
Employees: 260
Total annual
sales: \$6,500,000

***** The Coca-Cola Export Corporation**

Branch of: The Coca-Cola Export Corporation,
New York, N.Y.
Operation: South Andean Region distributors of
beverages
Number of
Employees: 40
Total annual
sales: \$2,250,000

***** Columbia Pictures of Chile, Inc.**

Subsidiary or Columbia Pictures Corp., New York, N.Y.
Branch of:
Operation: Distribution of films
Number of
Employees: 22
Total annual
sales: \$250,000

**** Compania Anonima Cuprifera de Sagasca**

Subsidiary of: Continental Copper and Steel
 Operation: Copper mining, 73% owned by Continental

*** Compania de Cobre Chuquicamata**

Affiliate of: The Anaconda Company, New York, N.Y.
 Operation: Copper mining, 49% owned by Anaconda

*** Compania de Cobre Salvador**

Affiliate of: The Anaconda Company, New York, N.Y.
 Operation: Copper mining, 49% owned by Anaconda

***** Compania Internacional de Ingenieria, S.A.**

Subsidiary or Branch of: Morrison-Knudsen Company, Inc.,
 Boise, Idaho
 Operation: Consulting engineers
 Number of Employees: 36

**** Compania Minera Andina S.A.**

Subsidiary or Branch of: Cerro Corporation, Cleveland, Ohio
 Operation: Copper mining, 70% controlled by Cerro
 Number of Employees: 193

**** Compania Minera Exotica S.A.**

Subsidiary or Branch of: The Anaconda Company, New York, N.Y.
 Operation: Copper mining, 75% owned by Anaconda
 Number of Employees: 359
 Total annual sales: None at present

***** Compania Standard Electric S.A.C.**

Subsidiary of: International Telephone & Telegraph Corp., New York, N.Y.
 Operation: Assembly and installation of telephone equipment
 Total annual sales: \$4,020,000

**** Compania de Telefonos de Chile**

Subsidiary or Branch of: International Telephone & Telegraph Corporation, New York, N.Y.
 Operation: Telecommunications
 Number of Employees: 5,535
 Total annual revenues: \$60,160,000

*** Componentes Automotrices Rockwell Standard & Cia, Ltda.**

Affiliated company of: North American Rockwell Corporation,
 Pittsburgh, Pa.
 Operation: Springs factory
 Number of Employees: 220
 Total annual sales: \$4,000,000

*** Crown Cork de Chile S.A.I.

Subsidiary or
 affiliate of: Crown Cork & Seal Co.,
 Philadelphia, Pa.
 Operation: Bottle caps manufacturer
 Number of
 Employees: 70

n/a Deloitte, Plender, Harkins, Bells & Co.

Affiliate of: Harkins & Bells, New York, N.Y.
 Operation: Public accounting
 Number of
 Employees: 45

*** Dow Quimica Chilena S.A.

Subsidiary or
 Branch of: Dow Chemical Company N.V., Aruba
 Operation: Sales representative for the Dow
 Chemical Company
 Number of
 Employees: 34
 Total annual
 sales: \$5,000,000

*** Dun & Bradstreet, Ltda.

Subsidiary or
 Branch of: Dun & Bradstreet, Inc., New York, N.Y.
 Operation: Commercial reports and collections
 Number of
 Employees: 25

*** Ediciones Clute Chile S.A.

Subsidiary or
 Branch of: The Clute International Institute -
 Los Angeles, Calif.
 Operation: Books, records
 Number of
 Employees: 8

** Electromat S.A.

Subsidiary or
 Branch of: General Electric Company,
 Schenectady, N.Y.
 Operation: Manufacture of incandescent
 and fluorescent lamps
 Number of
 Employees: 200
 Total annual
 sales: \$2,000,000

** Embotelladora Andina S.A.

Affiliate of: The Coca-Cola Interamerican Co.,
 New York, N.Y.
 Operation: Coca-Cola bottling plant
 Number of
 Employees: 250
 Total annual
 sales: \$18,125,000

* Esso Industrial Ltda.

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Standard Oil Co. (New Jersey), New York, N.Y. |
| Operation: | Lubes blending plant, plasticizer plant, distribution of chemical products |
| Number of Employees: | 66 |
| Total annual sales: | \$4,800,000 |

** Esso Standard Oil Co. (Chile) S.A.C.

| | |
|--------------------------|---|
| Subsidiary or Branch of: | Standard Oil Co. (New Jersey) New York, N.Y. |
| Operation: | Distribution of petroleum products |
| Number of Employees: | 325 |
| Total annual sales: | \$42,175,000 |

Ferro Enamei de Chile S.A.

| | |
|--------------------------|---|
| Subsidiary or Branch of: | Ferro Corporation, Cleveland, Ohio |
| Operation: | Manufacturing of porcelain enamel and ceramic glaze frits |
| Number of Employees: | 35 |

*** First National City Bank

| | |
|----------------------|---|
| Branch of: | First National City Bank - New York, N.Y. |
| Operation: | Banking |
| Number of Employees: | 358 |

*** Ford Motor de Chile S.A. Automotriz

| | |
|------------|---|
| Branch of: | Ford Motor Co., Dearborn, Mich. |
| Operation: | Manufacture and assembly of cars, light trucks, bus chassis, heavy trucks, and tractors |

n/a General Mills de Chile, Alimentos S.A.C.I.

| | |
|----------------|---------------------|
| Subsidiary of: | General Mills, Inc. |
| Operation: | Food processing |

*** General Motors Chile S.A.

| | |
|----------------------|---|
| Branch of: | General Motors Corporation, Detroit, Mich. |
| Operation: | Assembly of automotive vehicles (Chevrolet), sales of locally assembled and imported vehicles, parts, and accessories; Frigidaire, Detroit Diesel, and Terex products |
| Number of Employees: | 493 |
| Total annual sales: | \$36,000,000 |

n/a Grant Advertising (Chile) Ltda.

Subsidiary or Branch of: Grant Advertising Inc. Int'l,
Chicago, Ill.
Operation: Advertising
Number of Employees: 20

n/a The Home Insurance Company

Subsidiary or Branch of: Afia Worldwide Insurance
Operation: Insurance
Number of Employees: 43

n/a Hotel Carrera - Sheraton

Subsidiary or Branch of: ITT - Sheraton, New York, N.Y.
Number of Employees: 467
Operation: Hotel
Total annual sales: \$2,800,000

** Hotel San Cristobal

Subsidiary or Branch of: ITT - Sheraton, New York, N.Y.
Operation: Hotel (scheduled to open 1 October 1970)

• Ibcón de Chile S.A.

Subsidiary or Branch of: International Business Consultants Ltd.
Operation: Industrial consultancy services
Number of Employees: 12

*** IBEC Management Services Inc.

Subsidiary or Branch of: IBEC Management Services, Inc., &
Intl. Basic Economy Corp. IBEC
Operation: Management advisory services
Number of Employees: 6

*** IBM De Chile, S.A.C.

Subsidiary of: IBM World Trade Corporation,
New York, N.Y.
Operation: IBM data processing equipment, IBM
data center services, IBM office
products
Number of Employees: 155

* Industria Nacional de Neumaticos S.A. "INSA"

Subsidiary or Branch of: General Tire International Co., Akron, Ohio
 Number of Employees: 625
 Operation: Manufacturing of tires and other accessories
 Total annual sales: \$48,600,000

** Industrias Nibco SGM Sudamericana Ltda. "NIBSA"

Associates of: NIBCO, Inc. Elkhart, Indiana
 Operation: Bronze foundry and mechanical shop
 Number of Employees: 111
 Total annual sales: \$1,500,000

*** Industrias Quimicas Du Pont, S.A.

Subsidiary or Branch of: E.I. du Pont de Nemours & Co., Inc., Wilmington, Del.
 Operation: Manufacturer of industrial explosives at Rio Loa, Calama, Chile, with auxiliary mixing plant at Punta de Teatinos, La Serena, Chile
 Number of Employees: 366
 Total annual sales: \$5,900,000

*** Ingersoll-Rand International

Subsidiary or Branch of: Ingersoll-Rand Co., New York, N.Y.
 Number of Employees: 2
 Operation: Industrial machinery. Two technical representatives handle all sales and service operations throughout Chile. Distributor is Grace & Cia. which also has offices throughout Chile.

*** International B.F. Goodrich Co.

Branch of: B.F. Goodrich Co., Akron, Ohio
 Operation: Sales representative office
 Number of Employees: 2
 Total annual sales: \$2,500,000

** ITT Comunicaciones Mundiales S.A.

Subsidiary or Branch of: International Telephone and Telegraph Corporation, New York, N.Y.
 Operation: International communications
 Number of Employees: 153
 Total annual sales: \$1,827,000

n/a Johnson & Higgins (Chile) Ltda.

| | |
|--------------------------|-----------------------------------|
| Subsidiary or Branch of: | Johnson & Higgins, New York, N.Y. |
| Operation: | Insurance brokerage |
| Number of Employees: | 10 |

** S.C. Johnson & Son, Inc., Chilena y Cia., Ltda.

| | |
|--------------------------|---|
| Subsidiary or Branch of: | S.C. Johnson & Son, Inc., Racine, Wisconsin |
| Operation: | Floor waxes, scouring powder, aerosol |
| Number of Employees: | 17 |
| Total annual sales: | \$1,675,000 |

n/a J. Walter Thompson Chilena S.A.C.

| | |
|--------------------------|--|
| Subsidiary or Branch of: | J. Walter Thompson Co., New York, N.Y. |
| Operation: | Advertising and market research |
| Total annual sales: | \$4,500,000 |

*** Kodak Chilena Limited

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Eastman Kodak Company, Rochester, N.Y. |
| Number of Employees: | 76 |
| Operation: | Photographic products |
| Total annual sales: | \$1,250,000 |

*** Koppers Company, Inc. - Chile Branch

| | |
|----------------------|--|
| Branch of: | Koppers Company, Inc., Cleveland, Ohio |
| Number of Employees: | 7 |

*** Laboratorios Forhans Zonite

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Chemway Corporation, Wayne, New Jersey |
| Operation: | Pasta Forhan's (Forhan's toothpaste) |
| Total annual sales: | \$150,000 |

n/a Laboratorios Pfizer de Chile

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Pfizer Corporation, New York, N.Y. |
| Operation: | Pharmaceutical products, feed supplements, and veterinary products |
| Number of Employees: | 248 |
| Total annual sales: | \$3,000,000 |

*** Laboratorios Wyeth, Inc.

Subsidiary or Branch of: Wyeth Laboratories, Inc.,
Philadelphia, Pa., Division of
American Home Products Corp.
Operation: Pharmaceutical laboratory
Number of Employees: 40

** Laja Crown S.A. Papeles Especiales

Subsidiary or Branch of: Crown Zellerbach International, Inc.,
San Francisco, Calif.
Operation: Producer of special papers, including
tabulating cardstock
Number of Employees: 100
Total annual sales: \$12,000,000

*** Lubricantes Gulf de Chile

Subsidiary or Branch of: Gulf Oil Corporation, Houston, Texas
Operation: Importation, production, and com-
mercialization of lubricating oil
and greases
Number of Employees: 8
Total annual sales: \$550,000

n/a Manpower de Chile Ltda.

Subsidiary of: Manpower, Inc., Milwaukee, Wisconsin
Operation: Temporary help service
Number of Employees: 35

* Manufacturas de Cobre S.A. "Madeco"

Affiliate of: General Cable Co., New York, N.Y.
Operation: Telephone and electrical conductors
and brass mill
Number of Employees: 1,000
Total annual sales: \$27,800,000

** Manufacturas Metalurgicas Rheem Chilena S.A.

Subsidiary or Branch of: Rheem International Inc. (Subsidiary
of Rheem Manufacturing Co., a
Division of City Investing Company),
Linden, N.J.
Operation: Manufacture and sale of steel shipping
containers
Number of Employees: 51
Total annual sales: \$1,875,000

**** Marco Chilena S.A.I.**

Affiliate of: Marine Construction and Design Co.,
Seattle, Wash.
Number of Employees: 523
Operation: Shipbuilders and repairers, fishing
fleet operators, processors of fish
meal, distributors of Marco products,
and Vickers hydraulics.
Total annual sales: \$4,000,000

n/a Marriott In-Flite Services of Chile Ltda.

Subsidiary or Branch of: Marriott Corporation, Washington, D.C.
Operation: Flight Kitchen
Number of Employees: 55

**** McCann-Erickson Corp. & Cia. Ltda.**

Subsidiary or Branch of: McCann-Erickson International,
New York, N.Y.
Operation: Advertising and marketing services
Number of Employees: 86
Total annual sales: \$3,750,000

***** McCreary Koretsky Engineers (MKE)**

Branch of: McCreary Koretsky Engineers of San
Francisco, California
Operation: Consultant engineers
Number of Employees: 15
Total annual sales: \$150,000

n/a Metro-Goldwyn-Mayer de Chile

Subsidiary or Branch of: Metro-Goldwyn-Mayer, Inc.,
New York, N.Y.
Operation: Film distribution
Number of Employees: 84

**** Mobil Oil de Chile Ltda.**

Subsidiary or Branch of: Mobil Oil Corporation, International
Division, New York, N.Y.
Operation: Manufacture and sale of lubricants
and allied products
Number of Employees: 55
Total annual sales: \$5,000,000

***** Monsanto Chile C. e I. Ltda.**

Subsidiary or Branch of: Monsanto Company, St. Louis, Missouri
Operation: Sales promotion and technical assistance
for Monsanto products
Number of Employees: 6

*** Pan American World Airways

Branch of: Pan American World Airways, Inc.,
New York, N.Y.
Operation: Airline
Number of
Employees: 20

*** Paramount Films of Chile, Inc.

Subsidiary or Branch of: Gulf and Western, Houston, Texas
Operation: Motion picture distributor
Number of
Employees: 17
Total annual
sales: \$600,000

*** Parke, Davis & Company

Subsidiary or Branch of: Parke, Davis & Company, Detroit,
Michigan
Operation: Pharmaceutical laboratory
Number of
Employees: 115
Total annual
sales: \$1,250,000

*** Parsons & Whittemore Management Corporation

Branch of: Parsons & Whittemore Management
Corporation, New York, N.Y.
Operation: Provide corporate and plant management
to Celulosa Arauco
Number of
Employees: 20

n/a Pepsi-Cola Interamericana

Subsidiary or Branch of: Pepsico, Inc., Long Island, N.Y.
Operation: Sales planning
Number of
Employees: 7

** Petroquimica-Dow S.A.

Subsidiary or Branch of: Dow Chemical Company A.G. Zurich,
Switzerland
Operation: Under construction - will manufacture
polyvinyl chloride and low-density
polyethylene
Number of
Employees: 250

* Potrerillos Railway Company

Subsidiary or Branch of: The Anaconda Company, New York, N.Y.
Operation: Movement of cargo for Andes Copper
Mining Company
Number of
Employees: 340

n/a Price Waterhouse Peat & Co.

Associates: Price Waterhouse & Co., Peat, Marwick,
Mitchell & Co., New York, N.Y.
Operation: Accounting and auditing, management
consulting, and tax services
Number of
Employees: 160

*** Productos Gillette Chile S.A.C.

Subsidiary or Branch of: The Gillette Company, Boston, Mass.
Operation: Importers and manufacturers of shaving
supplies and deodorants
Number of
Employees: 34
Total annual
sales: \$1,650,000

*** Purina de Chile, S.A.

Subsidiary or Branch of: Ralston Purina Co., St. Louis, Mo.
Number of
Employees: 130
Operation: Animal feed, dressed broilers

*** Quimica Plastica S.A.

Subsidiary or Branch of: Dow Quimica Chilena S.A.
Operation: Manufacture of polystyrene resins
Number of
Employees: 47
Total annual
sales: \$2,000,000

** RCA S.A. Electronica

Subsidiary of: RCA International Division, New York, N.Y.
Operation: Electronic equipment producers
Number of
Employees: 1,300
Total annual
sales: \$9,625,000

*** Reader's Digest Chile Ltda.

Subsidiary of: The Reader's Digest Association, Inc.,
Pleasantville, N.Y.
Operation: Editors and printers of Chilean edition
of *Selecciones del Reader's Digest*,
distributors of other magazines and
sale of books
Number of
Employees: 86
Total annual
sales: \$2,205,549

**** Refractarios Chilonos, S.A.**

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Harbison - Walker Refractories Co., |
| Operation: | Div. of Dresser Ind., Pittsburgh, Pa. |
| | Manufacture of refractory bricks and specialties |
| Number of Employees: | 108 |
| Total annual sales: | \$1,200,000 |

**** Remington Rand Chile Ltda.**

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Sperry Rand Corporation -- Remington International, New York |
| Operation: | Manufacture of metal office furniture |
| Number of Employees: | 29 |
| Total annual sales: | \$1,125,000 |

**** Rockwell Audco S.A.**

| | |
|--------------------------|---|
| Subsidiary or Branch of: | Rockwell Mfg. Co., Pittsburgh, Pa. |
| Operation: | Holding and selling organization, steel |

n/a Schering Compania Ltda.

| | |
|----------------------|--|
| Subsidiary of: | Schering Corporation, Bloomfield, N.J. |
| Operation: | Pharmaceutical products |
| Number of Employees: | 6 |

**** Semillas Tracy Ltda.**

| | |
|--------------------------|---------------------------------------|
| Subsidiary or Branch of: | Chilean limited liability partnership |
| Operation: | Seed production |
| Number of Employees: | 13 |
| Total annual sales: | \$450,000 |

***** Singer Sewing Machine Company**

| | |
|--------------------------|--|
| Subsidiary or Branch of: | Singer Company, New York, N.Y. |
| Operation: | Manufacturer and distributor commercial and domestic sewing machines |
| Number of Employees: | Approximately 450 |

**** Soc. Hotel Portillo Ltda.**

| | |
|----------------------|------------|
| Operation: | Ski resort |
| Number of Employees: | 250 |
| Total annual sales: | \$750,000 |

*** Sociedad Minera "El Teniente" S.A.**

| | |
|----------------------|---------------------------------------|
| Affiliate of: | Braden Copper Co., New York, N.Y. |
| Operation: | Copper mining; 49% owned by Kennecott |
| Number of Employees: | 10,181 |
| Total annual sales: | \$183,977,734 |

**** Sociedad Quimica y Minera de Chile S.A.**

Subsidiary or Branch of: Anglo Lautaro Nitrate, New York, N.Y.
 Operation: Mining and chemical
 Number of Employees: 10,705
 Products: Sodium nitrate, sodium sulphate, potash nitrate, and iodine
 Total annual sales: \$40,000,000

***** E.R. Squibb & Sons Inter-American Corporation**

Subsidiary or Branch of: E.R. Squibb & Sons, Inc., New York, N.Y.
 Operation: Pharmaceutical laboratory
 Number of Employees: 74

***** The Sydney Ross Co. & Cia., Ltda.**

Subsidiary or Branch of: The Sydney Ross Co., New York, N.Y.
 Operation: Pharmaceuticals and toiletries
 Number of Employees: 290

***** Texaco Chile S.A.C.**

Subsidiary of: Texaco Inc., New York, N.Y.
 Operation: Manufacturer of lubricants and marketing of petroleum products

***** Twentieth Century Fox Chile, Inc.**

Subsidiary or Branch of: Twentieth Century Fox, New York, N.Y.
 Number of Employees: 32
 Operation: Film distributors
 Total annual sales: \$500,000

***** Union Carbide Comercial Chile, Ltda.**

Subsidiary or Branch of: Union Carbide Inter-America Inc., New York, N.Y.
 Operation: Indent and stock sales - raw materials
 Number of Employees: 8

n/a United Artists South American Corporation

Subsidiary or Branch of: United Artists Corporation, New York, N.Y.
 Operation: Film distributors
 Number of Employees: 20

n/a Universal Pictures Corp. of Chile

Subsidiary or Branch of: Universal International Films, Inc., New York, N.Y.
 Number of Employees: 18
 Operation: Film distributors
 Total annual sales: \$428,521

n/a Upjohn Compania, Ltda.

| | |
|-----------------------------|--|
| Subsidiary or Branch of: | Upjohn Co., S.A., Panama and Upjohn Co., S.A., Belgium |
| Operation: | Importing manufacturing and distribution of pharmaceutical products |
| Number of Employees: | 30 |
| Total annual sales: | \$400,000 |

n/a Warner Bros - Seven Arts (South), Inc.

| | |
|-----------------------------|--|
| Subsidiary or Branch of: | Warner Bros, Seven Arts International, New York, N.Y. |
| Operation: | Film distributors |
| Number of Employees: | 16 |

** Xerox de Chile, Ltda.

| | |
|-----------------------------|---|
| Subsidiary or Branch of: | Xerox Corporation, Rochester, N.Y. |
| Operation: | Xerographic rental and copying services |
| Number of Employees: | 25 |
| Total annual sales: | \$370,000 |

Cross-Reference Listing,
by US Patent Company
(Multiple Inclusions Only)

| | |
|--------------------------------------|---|
| Anacondas: | Andes Copper Mining Company and Chile Exploration Company Compania de Cobre Chuquibambilla Compania de Cobre Salvador Compania Minera Exotica, S.A. Potrerillos Railway Company |
| Coca-Cola: | The Coca-Cola Export Corporation Embotelladora Andina, S.A. |
| Dow Chemical: | Dow Quimica Chilena, S.A. Petroquimica-Dow, S.A. Quimica Plastica, S.A. |
| International Telephone & Telegraph: | |
| | All American Cables and Radio Compania Standard Electric, S.A.C. Compania de Telefonos de Chile Hotel Carrera -- Sheraton Hotel San Cristobal ITT Comunicaciones Mundiales, S.A. |
| Kennecott: | Braden Copper Company Sociedad Minera "El Teniente," S.A. |
| Standard Oil: (N.J.) | Esso Industrial, Ltda. Esso Standard Oil Co. (Chile), S.A.C. |