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AGENDA

Meeting of
Committee on Foreign Investment
in the United States

May 20, 1975

2:30 p.m.

Treasury Department, Room 4426

1. Proposed press announcement of formation of Committee
2. Advance Consultations
 - a. Progress Report
 - b. Proposed Cable to U.S. Embassies
3. Organization and Staffing of Office on Foreign Investment in the United States



JUN 4 REC'D

Department
of the Treasury

to: The Committee on Foreign

Investment in the United States

Office of the
Assistant Secretary for
International Affairs

room: _____ date: June 4, 1975

Office of International
Investment

For your information.

James A. Griffin,
Secretary



room 5100
ext. 2386
5794

May 28, 1975

SUMMARY OF MINUTES

JWS

First Meeting of
Committee on Foreign Investment
in the United States

May 20, 1975

2:30 P.M.

Treasury Department, Room 4426

Representatives:

Treasury Department

Chairman - Jack F. Bennett, Under Secretary
Gerald Parsky, Assistant Secretary
James A. Griffin
William Witherell
Allen E. Clapp
Jerry Nisenson
Dennis O'Connell

Department of State

Paul H. Boeker, Deputy Assistant Secretary
Richard J. Smith
Steve Bond

Department of Defense

Roger E. Shields, Deputy Assistant Secretary

Department of Commerce

John K. Tabor, Under Secretary
Lawrence Fox, Deputy Assistant Secretary
Stanley Katz

CIEP

John Niehuss, Assistant Director

OMB

Edward Sanders, Deputy Associate Director
John Huhs



Membership

Under Secretary Bennett, who had been designated by Secretary Simon as the Treasury Representative and Chairman of the Committee, asked the other government departments for the names of their designated representatives.

They were as follows:

Department of State: Assistant Secretary
Thomas O. Enders

Department of Defense: Assistant Secretary
Robert Ellsworth

Department of Commerce: Under Secretary
John K. Tabor

Assistant to the President for Economic Affairs
L. William Siedman

Council on International Economic Policy:
Acting Executive Director John M. Dunn.

Press Release on the Formation of the Committee

The draft of a press release by the Treasury was reviewed by the Committee. The CIEP representative stated his belief that the press release should make clear that private investors would not be required to give notice and consult with the U.S. Government in advance of making major investments but should note that the Committee would review any such investments that it became aware of. The consensus of the Committee was, however, that there should be a presumption on the part of private investors that they should consult on major investments. The press release was re-drafted to specify the Secretary of the Committee as a contact point for those private investors wishing to initiate such consultations.

Cable to U.S. Embassies

The Committee discussed a draft cable to U.S. Embassies on the new administrative procedures on foreign investment in the United States. It agreed that advance consultations with foreign governments should be applied in a non-discriminatory fashion to all governments. Mr. Parsky emphasized the necessity of being able to assure

Iran and other oil producer states that this was the case. However, to meet a concern of the State Department, the instructions in the cable were phrased so that it would not appear that the United States was violating any of its Friendship Commerce and Navigation treaties. The cable, which was transmitted on May 23, instructed the Embassies to transmit the press release and Executive Order to their host governments.

Status of Advance Consultations

Mr. Parsky reported that he had already contacted a number of OPEC governments (Saudi Arabia, Iran, Kuwait, UAE, and Qatar) on the U.S. Government's desire for advance consultations on their major investments in the U.S. Saudi Arabia has agreed to discussions of major prospective investments within the framework of the joint commission and has stated that it is holding equity investment in individual U.S. firms to a maximum of 5% of outstanding stock. No other country has given a final reply to the U.S. request, but several initial reactions were noted by Mr. Parsky. Iran had expressed concern about provisions for consultations being applied only to oil producer governments, which it viewed as discriminatory and has sought assurances that the procedures will apply to all governments. Kuwait gave preliminary indications that it does not want formal procedures for consultations.

Organization and Staffing of Office on Foreign Investment

The Committee reviewed a paper by the Commerce Department on the staffing and organization of the Office of Foreign Investment in the United States. Mr. Bennett commented that the office should bring to the attention of the Committee any major investments of which the Committee might not have been aware.

Individual Cases

Mr. Bennett felt that the Committee should have no formal guidelines but should consider investments on a case by case basis.

The Committee reviewed a letter from a member of the Public Service Commission of the District of Columbia to the Domestic Council asking for the U.S. Government's views as to the appropriateness of a private placement of first mortgage bonds and preferred stock by the Washington Gas Company with a foreign (Kuwait) source. The Committee agreed that Mr. Bennett should sign a letter to the Commissioner stating that the Committee sees no reason



for this transaction to be a matter of concern for the Federal Government.

Future Meetings

Mr. Bennett indicated that meetings would not be held on a regularly scheduled basis, but would be called only as the need arose.



MAY 21 1975

Dear Commissioner Stratton:

This is in response to your letter of April 29 to Mr. James Cannon of the Domestic Council concerning possible efforts by the Washington Gas Company to seek private placement of first mortgage bonds and preferred stock with a foreign source. In your letter you requested the U.S. Government's views as to the appropriateness of the proposed transaction.

A new high-level Committee has been formed within the Executive Branch to review proposals for investments which, in the judgment of the Committee, might have major implications for U.S. national interests. The Committee has been informed of the proposed investment and, on the basis of the facts presented to it, sees no reason for this transaction to be a matter for concern to the Federal Government.

Sincerely yours,

(Signed) Jack F. Bennett

Jack F. Bennett
Chairman
Committee on Foreign
Investment in the
United States

The Honorable
William K. Stratton
Commissioner
Public Service Commission
of the District of Columbia
1625 I Street, N.W. Suite 204
Washington, D.C. 20006



OASIA/OII/JGriffin:lj:May 21, 1975



FOR IMMEDIATE RELEASE

May 21, 1975

FORMATION OF COMMITTEE ON FOREIGN INVESTMENT IN
THE UNITED STATES

Pursuant to Executive Order 11858 signed by President Ford on May 7, 1975, Secretary of the Treasury William E. Simon has designated Under Secretary For Monetary Affairs Jack F. Bennett to be chairman of the new interagency Committee on Foreign Investment in the United States. The designated representatives of other Government departments and agencies are: Thomas O. Enders, Assistant Secretary for Economic and Business Affairs, Department of State; Robert Ellsworth, Assistant Secretary for International Security Affairs, Department of Defense; John K. Tabor, Under Secretary, Department of Commerce; the Assistant to the President for Economic Affairs, L. William Seidman; and John M. Dunn, Acting Executive Director of the Council on International Economic Policy.

The major tasks of the Committee are to assess general trends and significant developments in foreign investment and to review investments in the United States which, in the judgment of the Committee, might have major implications for the U.S. national interests. The Committee is also responsible for considering proposals for such new legislation or additional administrative action as may be appropriate. The Committee will, as appropriate, seek the advice of other parts of the Government.

The Committee held its first meeting on May 20. The Committee reviewed procedures being developed for advance consultations with foreign governments on their major prospective investments in this country. It is anticipated that consultations with foreign governments will take place through diplomatic channels. Private investors wishing to consult on major foreign investments in the United States should contact the Secretary of the Committee on Foreign Investment in the United States, Room 5100, Main Treasury, Washington, D.C. 20220 (telephone number 964-2386).

WS-315





The Committee also reviewed the plans for the new Office on Foreign Investment in the United States being established by the Secretary of Commerce in order to carry out his functions under Executive Order 11858. The Office will be located in the Domestic and International Business Administration and will be headed by Deputy Assistant Secretary Lawrence A. Fox. The new Office will obtain, consolidate, and analyze information on foreign investment in this country and will also submit to the Committee reports, analyses, data, and recommendations relating to foreign investment in the United States, including recommendations as to how information on such investment can be kept current.

Simon has designated Under Secretary for Economic and Business Affairs, Department of State; Robert Ellsworth, Assistant Secretary for International Security Affairs, Department of Defense; John K. Tabor, Under Secretary, Department of Commerce; the Assistant to the President for Economic Affairs, E. William Steinberg; and John M. Dunn, Acting Executive Director of the Council on International Economic Policy.

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May 28, 1975

SUMMARY OF MINUTES

First Meeting of

JUN 4 1975

Department
of the Treasury

to: The Committee on Foreign
Investment in the United States

Office of the
Assistant Secretary for
International Affairs

room: _____ date: June 4, 1975

Office of International
Investment

Representative

Treasurer

Chairman

For your information.

Department

Department

James A. Griffin,
Secretary

y

Department

CIEP

OMB



room 5100
ext. 2386
5794

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

June 26, 1975

ASSISTANT SECRETARY

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN INVESTMENT
IN THE UNITED STATESSUBJ: Draft Chapter on Foreign Investment in Energy
Industry of IEA Proposed Program

At its meeting on June 30-July 2, the Governing Board of the IEA will have before it a proposed program which has been prepared by the Standing Group on Long-Term Cooperation. Attached is a draft chapter of the long-term program which was approved by the Energy Resources Council on June 26 and which is the basis for negotiating instructions for the U.S. delegation to the Governing Board meeting.

Since this chapter involves certain commitments by the participating countries with regard to their policies on inward investment in all aspects of the energy cycle, it has been brought to my attention for possible review by the Committee on Foreign Investment in the United States.

I have carefully reviewed this chapter from the standpoint of consistency with U.S. policy on inward investment, and in my view it is consistent with our current policy. Accordingly, I plan to so advise the Energy Resources Council. However, if any member of the Committee on Foreign Investment in the United States feels that the Committee should meet on this matter, I will convene a meeting for the afternoon of June 27 or the morning of June 28 to discuss it. Therefore, if any member of the Committee feels that a meeting is necessary, please inform me as soon as possible so that arrangements can be made.

Charles A. Cooper
Acting ChairmanCommittee on Foreign Investment
in the United States

Attachment



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ASSISTANT SECRETARY

JUN 27 REC'D

THE DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

June 26, 1975

JWS

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN INVESTMENT
IN THE UNITED STATES

SUBJ: Draft Chapter on Foreign Investment in Energy
Industry of IEA Proposed Program

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Charles A. Cooper

Charles A. Cooper
Acting Chairman

Committee on Foreign Investment
in the United States

Attachment



CHAPTER V

LEGISLATIVE AND ADMINISTRATIVE OBSTACLES
AND DISCRIMINATORY PRACTICES

A. Legislative and Administrative Obstacles

Without prejudice to the rights of each Participating Country to promote the safety of its citizens, to protect its environment and to exercise control over its natural resources and national economy, the Participating Countries agree to work towards the identification and removal of unreasonable legislative and administrative obstacles to the achievement of the overall objectives of the Program.

Participating Countries undertake to inform the Agency of new legislative and administrative obstacles as soon as practicable.

Each Participating Country shall periodically submit lists of existing legislative and administrative obstacles to the Agency in succinct and comparable form.

B. Discriminatory Practices

1. Participating Countries recognize the desirability in light of the objectives of the Program of not affording less favorable treatment to nationals from other Participating Countries than that afforded to nationals of their own countries with respect to all stages of the energy cycle, to the extent permitted by their law.



2. Each Participating Country shall take account of the principle set out in (1) above:

a) In the application of existing legislative and administrative regulations;

b) With respect to the introduction of new legislation, administrative regulations or practices;

3. The obligation set out in (2) above shall apply in particular to:

a) Restrictions or fiscal burdens on energy investments by other Participating Countries and on the purchase and sale of energy and equipment related to energy production and transportation between Participating Countries;

b) The enforcement of rules of competition, with the aim of preventing enterprises, public or private, from maintaining discriminatory practices against the nationals of other Participating Countries.

C. Periodic Review

As part of the periodic overall review under the Program, the Agency shall examine the efforts of each Participating Country with respect to this chapter.





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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JUL 3 1975

MEMORANDUM FOR MEMBERS OF THE COMMITTEE ON FOREIGN
INVESTMENT IN THE UNITED STATES

Subject: Rumanian Government Investment in U.S. Coal Mine

Attached for your information are the following:

(1) An incoming telegram from the U.S. Embassy in Rumania (Bucharest 2933) reporting that the Government of Rumania has been negotiating with a U.S. firm, the Island Creek Coal Company, for a joint venture to open a coal mine in Virginia;

(2) The text of an outgoing cable to the Embassy instructing them to remind the Rumanian Government of our expectation that it will consult with us on its proposed investments here;

(3) A second incoming cable (Bucharest 2947) indicating that the GOR and Island Creek signed an "umbrella" agreement on July 1st;

(4) Copies of articles on the transaction which appeared in the morning newspapers; and

(5) A copy of guidance that we prepared for use by Treasury Department officials in responding to press inquiries.

As the investment is by a foreign government and is of a significant character, I shall call a meeting of the Committee to discuss it as soon as we have additional details.

Charles A. Cooper
Acting Chairman

Committee on Foreign Investment
in the United States



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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

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 AMEMBASSY WARSAW
 AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUCHAREST 2933

E.O. 11652: N/A
 TAGS: EINV, EMIN, RO, US
 SUBJECT: GOR/ISLAND CREEK JOINT VENTURE IN U.S. COAL MINE

REF: (A) STATE 131714; (B) STATE 121276

1. SUMMARY: GOR AND ISLAND CREEK COAL CO. ON THRESHOLD OF SIGNING A FRAMEWORK AGREEMENT FOR \$150 MILLION JOINT VENTURE TO OPEN NEW VIRGINIA COAL MINE. GOR WOULD INVEST \$50 MILLION FOR ONE-THIRD INTEREST FOR WHICH IT WOULD RECEIVE ONE-THIRD OF MINE'S PRODUCTION OF COKING COAL. WE HAVE NOT BEEN APPROACHED BY GOR TO REQUEST CONSULTATIONS UNDER TERMS OF ADMINISTRATIVE PROCEDURES REGARDING FOREIGN INVESTMENT AND THEREFORE SOLICIT DEPARTMENT'S GUIDANCE WHETHER SUCH CONSULTATIONS BELIEVED NECESSARY. END SUMMARY.

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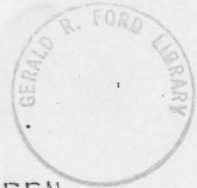
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2. ISLAND CREEK TEAM, LED BY FORMER SENATOR GORE, HAS BEEN IN BUCAREST PAST WEEK NEGOTIATING \$150 MILLION JOINT VENTURE WITH GOR FOR COAL MINE TO BE OPENED ON ISLAND CREEK-OWNED SITE BETWEEN ROANOKE AND BRISTOL, VIRGINIA. UP TO THIS POINT NEGOTIATIONS HAVE PROCEEDED RATHER FASTER THAN U.S. FIRM FIRST CALCULATED, AND IT IS NOW ANTICIPATED THAT FRAMEWORK AGREEMENT CAN BE SIGNED BEFORE GORE'S DEPARTURE TOMORROW.

3. AS CURRENTLY AGREED, EQUITY SHARES IN JOINT VENTURE WOULD BE SPLIT TWO-THIRDS FOR ISLAND CREEK, ONE-THIRD FOR GOR. ISLAND CREEK'S CONTRIBUTION WOULD BE IN FORM OF MINING PROPERTY WHICH IT VALUES AT 120 MILLION. FOR ITS SHARE GOR WOULD PUT UP 30 MILLION IN CASH AND LETTERS OF CREDIT SPREAD OVER THREE YEARS FOR EQUIPMENT REQUIRED TO GETOW MINE IN OPERATION.

4. ISLAND CREEK WOULD ACTUALLY OPERATE MINE UNDER MANAGEMENT CONTRACT. TWO PARTNERSHIPS WOULD SPLIT RIGHTS TO COAL PRODUCTION IN ACCORDANCE WITH EQUITY RATIO. IN ADDITION, GOR WOULD HAVE OPTION TO PURCHASE HALF OF ISLAND CREEK'S SHARE OF OUTPUT AT MARKET PRICE. WITH RESERVES ESTIMATED AT 40 MILLION TONS, GORE ESTIMATES POTENTIAL COAL EXPORTS TO GOR FROM THIS MINE TO BE IN EXCESS OF \$1 BILLION OVER MINE'S EXPECTED 25-30 YEAR LIFE.

5. UMBRELLA AGREEMENT WOULD PROVIDE GOR SPECIFIED PERIOD OF TIME (60 OR 90 DAYS) TO GIVE ITS APPROVAL TO JOINT VENTURE. IN INTERIM ISLAND CREEK AND GOR WILL CONTINUE TO WORK ON CONTRACTUAL AGREEMENT, DRAFTS OF WHICH ARE NOW FAIRLY FAR ADVANCED FOLLOWING LINE BY LINE REVIEW. FINAL SIGNATURE EXPECTED BY GORE ABOUT JANUARY. ISLAND CREEK WILL, HOWEVER, BEGIN CERTAIN PREPARATORY WORK (SITE CLEARANCE) IMMEDIATELY AFTER UMBRELLA AGREEMENT SIGNED.

6. JOINT VENTURE HAS REPORTEDLY BEEN NEGOTIATED IN ATMOSPHERE FREE OF CUSTOMARY GOR CONDITIONS, WHICH APPEARS TO BE TESTIMONY TO ROMANIAN DETERMINATION TO SECURE LONG-TERM SOURCES OF COAL. GOR HAS EXERCISED UNACCUSTOMED RESTRAINT IN DISCUSSIONS OF COUNTER-PURCHASES. LIST WILL BE PROVIDED TO ISLAND CREEK

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AND PARENT FIRM OCCIDENTAL OF COMMODITIES WHICH GOR EXPECTS TO HAVE IN EXCESS (UREA MENTIONED EXPLICITLY). REPORTEDLY, HOWEVER, NO EFFORT HAS BEEN MADE TO INSERT COUNTER-PURCHASE PROVISION INTO AGREEMENT. MOREOVER, THERE HAS BEEN NO GOR LINKAGE OF APPROVAL OF THIS INVESTMENT WITH CONGRESSIONAL ACCEPTANCE OF TRADE AGREEMENT.

7. ONLY MAJOR PROBLEM RELATED BY ISLAND CREEK TEAM IS QUESTION OF LEGAL INCORPORATION. ROMANIAN NEGOTIATORS SIMPLY UNABLE TO FATHOM U.S. CONTRACT LAW. THEY HAVE ASKED AT VARIOUS TIMES TO RECEIVE COPIES OF VIRGINIA CONTRACT LAW AND ENTIRE INTERNAL REVENUE CODE. ISLAND CREEK, WHILE PATIENTLY ANSWERING QUESTIONS, HAS SUGGESTED ROMANIANS ENGAGE U.S. COUNSEL. GOR APPARENTLY CHARY, HOWEVER, ABOUT INCURRING ADDITIONAL EXPENSE.

8. WE HAVE BROUGHT TO ATTENTION OF ISLAND CREEK GENERAL COUNSEL NEW ADMINISTRATIVE PROCEDURES ON FOREIGN INVESTMENT PREVIOUSLY DISTRIBUTED TO APPROPRIATE GOR MINISTRIES. GENERAL COUNSEL, WHO STATED HE UNAWARE OF THESE PROVISIONS, INDICATED HE KNEW OF NO GOR INTENTION TO REQUEST CONSULTATIONS ON PROPOSED INVESTMENT.

9. ON QUESTION OF LIKELY DOMESTIC REACTION TO JOINT VENTURE AMBASSADOR AEWED GOR WHETHER GORE FORESAW CONGRESSIONAL OPPOSITION. GORE RESPONDED THAT HE HAD NO REASON TO EXPECT ANY STRONG ADVERSE REACTION, ALTHOUGH HE COULD IMAGINE THAT GOR INVESTMENT MIGHT GIVE RISE TO FEW SPEECHES ON FLOOR OF CONGRESS.

10. ACTION REQUESTED. IN VIEW OF SPECIAL FACTORS RELATIVE TO THIS FOREIGN INVESTMENT PROPOSAL--FOREIGN GOVERNMENT INVOLVED BEING SOCIALIST AND INVESTMENT BEING MADE TO SUPPORT EXPORT OF NATURAL RESOURCE--EMBASSY ASKS WHETHER THIS IS ONE OF "FEW EXCEPTIONAL CASES" (PARA 3, STATE 121276) WHICH COMMITTEE ON FOREIGN INVESTMENT WOULD WISH TO REVIEW.- IN EVENT COMMITTEE WILL CONSIDER THIS PROPOSAL, WE REQUEST INDICATION OF PROBABLE TIMING OF DETERMINATION OF OUR ATTITUDE TOWARD CONSULTATIONS. IF CONSULTATIONS WITH GOR ARE DEEMED APPROPRIATE, WE DEEM IT EXTREMELY DESIRABLE THAT GOR BE INFORMED AS SOON AS POSSIBLE.
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DRAFT TELEGRAM

July 2, 1975

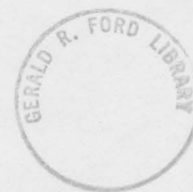
TO : Amembassy Bucharest

SUBJ: GOR/Island Creek Joint Venture

REF : -(A) Bucharest 2933; (B) State 121276

1. Department appreciates Embassy report on proposed Island Creek joint venture.
2. Embassy's report is being brought to the attention of the interagency Committee on Foreign Investment.
3. As para 2, Ref. B, indicates USG expects foreign governments to consult with us on their major prospective investments in this country. Embassy should inform GOR that their proposed investment should be subject to such consultations. Embassy should call Treasury press release of May 21, which refers to use of diplomatic channels, to GOR attention. We would be interested in GOR views on manner they would like to proceed on consultations.
4. Any additional information on this project which Embassy can supply as negotiations proceed will be appreciated, and we will keep Embassy informed of developments here.

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LIMITED OFFICIAL USE BUCHAREST 2947

E.O. 11652: N/A

TAGS: EINV, EMIN, RO, US

SUBJECT: GOR/ISLAND CREEK JOINT VENTURE IN U.S. COAL MINE

REF: BUCHAREST 2933

ISLAND CREEK REPRESENTATIVE INFORMED EMBASSY THAT SENATOR GORE AND
ILIESCU OF MFT SIGNED UMBRELLA AGREEMENT TODAY.
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Occidental Sets A Coal Venture With Rumania

Oil Firm to Develop Virginia
Mine, Rumania to Invest
\$50 Million Under Plan

By a WALL STREET JOURNAL Staff Reporter

LOS ANGELES—In what was described as a "capitalist business investment," Rumania and Occidental Petroleum Corp. signed a preliminary agreement to develop a high-grade coal mine in Buchanan County, Va.

Rumania agreed to invest more than \$50 million, which is expected to cover most of the construction costs of the mine, an Occidental spokesman said. In return, Rumania will receive a third of the profit by taking a third of the mine's output.

The agreement has been under negotiation for a year. It was signed in Bucharest by former U.S. Sen. Albert Gore, who is chairman of Occidental's Island Creek Coal Co. subsidiary, and two Rumanian officials. The pact is subject to formal approval by the Rumanian government and by Occidental's directors within 60 days.

Occidental said that once the agreement is approved, construction of the deep mine would begin. There would be some development production within three years, and the mine would reach full production of more than one million tons annually in about five years. Island Creek already operates five mines in Buchanan County and has another one in advanced stages of construction.

Under the agreement, Occidental will provide the coal reserves, manage the mine and receive an operating fee, a spokesman said. "We'll be able to sell our two-thirds of the coal production wherever we want to, but Rumania will have a right of first refusal on half of that production," he added. The high-grade metallurgical coal is expected to be used by Rumania for steel production.

ERCE, Thursday, July 3, 1975

Occidental Signs Joint Mining Pact

Journal of Commerce Special

LOS ANGELES — Occidental Petroleum Corp. announced Wednesday that a preliminary agreement providing for a joint venture to develop a deep mine to produce more than a million tons per year of high-grade coal in Buchanan County, Virginia, was signed Tuesday in Bucharest, Rumania.

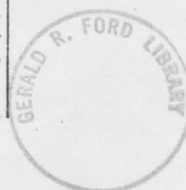
The agreement was signed by former U. S. Sen. Albert Gore, now chairman of the board of Island Creek Coal Co., a wholly owned subsidiary of Occidental, and by C. Ilescu, general director, foreign trade ministry of Rumania, and D. Dinescu, general director, mineral import-export.

The agreement, which has been under negotiation for one year, is subject to formal approval by the government of Rumania and by Occidental's board of directors within the next 60 days.

The mine will be known as Virginia Pocahontas No. 6 mine. Island Creek, the nation's third largest coal mining company, already operates five mines in Buchanan County and has one other mine in that county in advanced stages of construction.

Construction of the mine and facilities will involve an investment in excess of \$50 million, authorities at Occidental confirmed.

"Two important things which the United States has in surplus and which it needs to export," Mr. Gore said, "are food and coal. With the continued importation of oil and other commodities, Island Creek is proud of its role in increasing the nation's exports."



The New York Times - July 3, 1975

U.S. and Rumania in Coal Accord

The Occidental Petroleum Corporation announced yesterday that it had reached a preliminary agreement with the Government of Rumania on a \$50-million joint venture coal mining project for a one-million ton a year deep mine in Bupchahan County, Va.

Under the agreement, the Rumanian Government would finance the project with the expertise and operations conducted by the Island Creek Coal Company, the nation's third largest producer of coal and a subsidiary of Occidental. All of the coal will be exported.



QUESTION - What is the U.S. Government position on the preliminary agreement signed between Occidental Petroleum Corporation and the Rumanian Government on the development of a coal mine in Virginia?

ANSWER - We understand that the Rumanian Government and Occidental Petroleum Corporation have concluded a preliminary agreement which is subject to formal approval by the parties involved within sixty days. The U.S. Government has not been involved thus far but we expect the Government of Rumania to consult with us before finalizing the transaction inasmuch as the proposed investment falls within the terms of reference of the Committee on Foreign Investment in the United States. Foreign governmental investment of a significant character is involved.



Melville E. Blake, Jr.

MELVILLE E. BLAKE, JR.
OII/OASIA - Ext. 5794
HOME PHONE 320-4713
July 3, 1975



ASSISTANT SECRETARY

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 14, 1975

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN INVESTMENT
IN THE UNITED STATES

SUBJECT: Meeting of Committee on Foreign Investment
July 18, 1975

Several developments indicate the desirability of holding an early meeting of the Committee on Foreign Investment in the United States. I would be grateful, therefore, if you or your representative could attend a Committee meeting on July 18, 1975, at 3:00 p.m., in Room 4426 of the Main Treasury Building.

The principal issue requiring discussion is the position that the U.S. Government should take on foreign investment in the energy sector as one aspect of our overall policy toward foreign investment in the United States. The need to define our policy arises because of the critical relationship between investment in energy and the other aspects of the program on long-term cooperation that is being developed in the International Energy Agency. At the same time, foreigners have indicated specific interest in investing in the U.S. energy sources. The instant case is the Rumanian Government/Island Creek preliminary agreement on a joint venture in a U.S. coal mine.

The Committee should also review the arrangements being made with foreign governments on their major prospective investments in the United States. Although foreign governments have been advised that we expect them to engage in advance consultations, the intent and mutual advantages arising out of advance consultations may not be fully realized. For example, the American Embassy at Bucharest indicates that the Rumanian Government does not fully realize that we regard the need to engage in advance consultations as resting with foreign governments.

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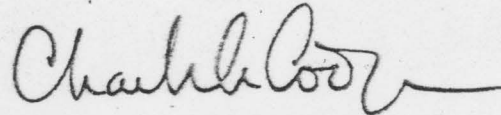


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- 2 -

As a separate matter, the Committee should take up a private request that the Committee examine the effect of an opinion issued by the Accounting Principles Board on the amortization of goodwill on the competition between U.S. and foreign firms seeking to acquire U.S. firms. It is asserted that this opinion gives foreign investors a competitive advantage over U.S. firms in making acquisition offers.

Materials relating to the above subjects will be distributed by midweek.



Charles A. Cooper
Acting Chairman
Committee on Foreign Investment
in the United States

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DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN INVESTMENT
IN THE UNITED STATES

SUBJECT: Meeting of Committee on Foreign Investment
of July 18, 1975

Attached for your information are the following
materials for the Committee's meeting of July 18:

Rumanian Government Investment in U.S. Coal Mine

- (1) An incoming cable from the U.S. Embassy in Rumania (Bucharest 3183) reporting on the GOR's reaction to our suggestion that it consult with us regarding its proposed investment in a coal mine in Virginia.
- (2) A copy of an earlier outgoing circular cable (State 121276) requesting all posts to inform their host governments of the new U.S. arrangements with respect to inward investment.

Effect of an Accounting Practice on Foreign Investment
in the United States

- (1) A copy of a letter from Charls E. Walker, President of Charls E. Walker Associates, to former Under Secretary Bennett discussing an accounting practice which he says results in foreign companies having an advantage over U.S. companies in bidding for other U.S. companies.
- (2) A copy of a memorandum from Charls E. Walker on the accounting ruling.
- (3) A copy of a letter from me to SEC Chairman Garrett transmitting Mr. Walker's letter requesting a statement of the Commission's views on it.

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- 2 -

Other materials relating to the investment provisions of the IEA program on long-term cooperation and the Rumanian coal mine transaction have been distributed previously.

Additional papers may be sent to you in advance of the meeting.



Charles A. Cooper
Acting Chairman
Committee on Foreign Investment
in the United States



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JUL 18 1975



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WASHINGTON, D.C. 20220

July 17, 1975

MEMORANDUM FOR MEMBERS OF THE COMMITTEE ON FOREIGN
INVESTMENT IN THE U.S.

SUBJECT: Romanian Investment in a U.S. Coal Mine

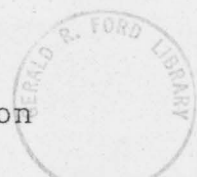
In connection with the July 18 meeting of the Committee, I thought it might be useful to summarize the facts and report on a preliminary discussion of the proposed Romanian investment which took place in the July 11 meeting of the East-West Foreign Trade Board.

The Issues

As Mr. Cooper's memorandum of July 14 indicated, the principal issue for discussion is the position that the U.S.G. should take on foreign investment in the energy sector as one aspect of our overall policy toward foreign investment in the United States. In addition, there is the question of whether an investment by a foreign government of a nonmarket economy country should be treated any differently than a foreign investor from the private sector.

Proposed Investment

The framework agreement signed July 1 by the GOR and the Island Creek Coal Co. (a subsidiary of Occidental Petroleum) calls for a \$150 million joint venture to open a new Virginia coal mine. The GOR would invest \$50 million for a one-third interest for which it would receive one-third of the mine's production of coking coal. In addition, the GOR would have an option to purchase half of Island Creek's share of the output at the market price. With reserves estimated at 40 million tons, Island Creek projects potential coal exports to Romania from this mine to be in excess of \$1 billion over the mine's expected life of 25-30 years. The GOR



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WASHINGTON, D.C. 20220

July 17, 1975

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN INVESTMENT
IN THE UNITED STATES

SUBJECT: Meeting of Commission on Foreign Investment
of July 18, 1975

Attached are two papers on aspects of the issue of access by IEA investors to the U.S. energy sector, a topic that will be discussed at tomorrow's meeting of the Committee on Foreign Investment in the United States.

Charles A. Cooper
Acting Chairman
Committee on Foreign Investment
in the United States

Attachments: a/s



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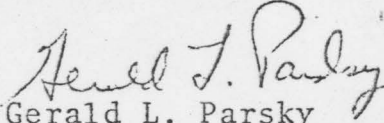
July 17, 1975

TO: Members of the East-West Foreign
Trade Board
The Secretary of Labor
Members of the Working Group

SUBJECT: July 11 Meeting of the Board

Attached is a summary record of the meeting
of the Board on July 11.

If you feel the report is inaccurate in some
significant respect, please get in touch with
me, Bob Vastine, or Ed Rendall (184-2612).


Gerald L. Parsky

Attachment

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Date 8/4/82 By JP





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WASHINGTON, D.C. 20220

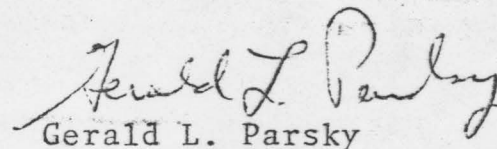
ASSISTANT SECRETARY

July 16, 1975

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN
INVESTMENT IN THE UNITED STATES

Subject: Investment by IEA Countries in the U.S.
Energy Industry

Attached is a policy paper on the above subject which I will be discussing at the International Energy Agency (IEA). The paper is still in draft form and I would appreciate any thoughts you might have on this subject. We will be discussing this at the Committee meeting on Friday.


Gerald L. Parsky

Attachment






THE SECRETARY OF THE TREASURY
WASHINGTON 20220

AUG 11 1975

MEMORANDUM TO MEMBERS OF THE COMMITTEE ON FOREIGN
INVESTMENT IN THE UNITED STATES

SUBJECT: Designation of Edwin H. Yeo, III as
Chairman of the Committee

Before his departure from Washington, Secretary Simon asked me to inform you that he has designated Edwin H. Yeo, III to be Chairman of the Committee on Foreign Investment in the United States effective immediately upon his confirmation as Under Secretary of the Treasury for Monetary Affairs, succeeding Jack F. Bennett. Mr. Yeo was confirmed by the Senate on August 1, 1975.


Stephen S. Gardner
Acting Secretary

