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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1a. minutes	memo case: Griffin to members of the Committee on Foreign Investment in the United States 10/3/75 Summary of Minutes of the July 18, 1975 meeting of CFIUS 6 pp.	7/18/75	C(A)
2a. minutes	memo case: Griffin to members of CFIUS 10/24/75 Summary of Minutes of the September 18, 1975 meeting of CFIUS 4 pp.	9/18/75	C(A)

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 16, 1975

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

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

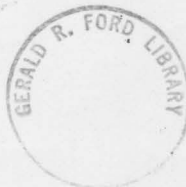
Attached is a copy of a letter from Mr. Phillip H. Smith, Chairman and President of the Copperweld Corporation, to the Committee on Foreign Investment in the United States concerning the proposed takeover of the Copperweld Corporation by Societe Imetal. We would be grateful if you would review this letter and believe that it would be desirable for the Committee to meet to consider a reply.

Accordingly, we would appreciate it if you or your representative would attend a Committee meeting on Thursday, September 18, 1975, at 3:00 P.M. in Room 4426 of the Main Treasury Building.

Pursuant to Under Secretary Yeo's memorandum to the Committee of September 9, 1975, Assistant Secretary Parsky will chair the meeting.

John D. Lange, Jr.
John D. Lange, Jr.
Acting Secretary

Committee on Foreign Investment
in the United States



SEP 17 REC'D



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JS

September 16, 1975

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INVESTMENT IN THE UNITED STATES

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Acting Secretary
Committee on Foreign Investment
in the United States



Copperweld Corporation

PHILLIP H. SMITH
CHAIRMAN AND
PRESIDENT

FRICK BUILDING
PITTSBURGH, PA. 15219
412-263-3232

September 10, 1975

Committee on Foreign Investment in the U. S.
U. S. Treasury Department
Room 5100
Main Treasury Building
Washington, D. C. 20220

Attention: Mr. James A. Griffin, Secretary

Gentlemen:

Societe Imetal, a French corporation, has proposed a tender offer for any or all of the Common Stock of Copperweld Corporation, a Pennsylvania corporation with headquarters located at 422 Frick Building, Pittsburgh, Pennsylvania 15219. Societe Imetal is a holding company with mining and metallurgical interests in nickel, copper, lead, zinc, silver, uranium, aluminum, tin, iron and manganese and is owned principally by Compagnie du Nord, a French Rothschild interest.

We believe that this potential acquisition of an American corporation by a French interest is a matter for study and action by the Committee on Foreign Investment in the U. S. under Executive Order 11858 since such an acquisition could have major implications for United States national interests. It is our belief and understanding that the Rothschild interests are, through their Imetal interest in LeNickel-SLN, and in other ways directly linked with those of the French Government through banking interests and through joint financial interests in certain assets, for example, in Societe National des Petroles d'Aquitaine. In view of this connection, it would appear that there could be a very direct influence brought to bear by the French Government on the activities of Copperweld if Societe Imetal is successful in acquiring all or part of an ownership interest in Copperweld.

We believe that Copperweld, with annual sales of \$322,000,000 and 4,654 employees, plays a vital part in U. S. domestic commerce through its several operating divisions. Copperweld's major subsidiary is Copperweld Steel Company located at Warren, Ohio where high strength alloy steel bars are produced. This facility is one of the three major suppliers of this commodity competing principally with the Timken Company and Republic Steel. This facility was originally constructed in the early years of World War II for the production of armor piercing shell steel. Indeed, in both the Korean Conflict and the early years of the Vietnam War, shell steel was again supplied to U. S. ordnance plants for the manufacture of



September 10, 1975



Committee on Foreign Investment in the U. S.
U. S. Treasury Department

shells. This company still is a significant producer of ordnance steels, particularly of the shot, shell, and armor piercing grades as well as aircraft steels. This company is also the country's largest producer of free-machining alloy steels, and heat-treated alloy steels.

At Copperweld's Ohio Steel Tube Company located in Shelby, Ohio, alloy and carbon seamless tubing is produced together with heavy wall welded Drawn Over Mandrel tubing. These materials are used in such vital applications as ball and roller bearings and races and steel hydraulic cylinders used to automate industrial, farm, and earth-moving equipment. Such products also have many applications in mobile armor and aircraft manufacture.

At the Bimetallics Division of Copperweld Corporation, the Corporation produces Copperweld wire (copperclad wire) which has been used extensively by the U. S. Army Signal Corps during wartime and peacetime years, and is currently being used by the Corps of Engineers for its work on erosion control of the Mississippi River. Fine Gauge sizes of Copperweld wire manufactured at the Corporation's Flexo Wire Division at Oswego, New York are used in various electric and electronic applications (some of which are military in nature) where the added strength of the steel core is of benefit. The Bimetallics Division is also the prime supplier of Alumoweld strand used for the U. S. Navy's Omega Navigational Antennas. As you know these have been supplied to Hawaii, Liberia, and we are currently supplying material for one to be installed on the island of LaReunion in the Indian Ocean. We strongly believe that the capability to manufacture this material for these antennas should remain under U. S. corporation control.

At Copperweld's Regal Tube Company in Chicago, Illinois diameters of DOM tubing, larger than those processed at the Shelby facility, are manufactured for the ever growing needs for high-strength hydraulic cylinders used in a variety of peacetime and military applications.

The range of products produced are supplied to a great range of metal-working plants throughout the U. S. and to utilities, telephone companies, and railroads, as well as manufacturers of specialized electrical equipment. As such, Copperweld considers itself a vital supplier to American industry, both in peacetime and in times of national emergency.

While the future intentions of Societe Imetal cannot be determined at the present time, it is apparent that the domination and control of Copperweld's properties by a foreign interest could affect the type of manufacturing engaged in and the distribution of Copperweld's products for essential peacetime and military use. In addition,

Copperweld Corporation

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September 10, 1975

Committee on Foreign Investment in the U. S.
U. S. Treasury Department

such manufacturing know-how and plant technologies as Copperweld possesses could be exported to a foreign country for the economic and military benefit of that country.

It is our belief that there are major implications affecting the U. S. national interests by the takeover bid submitted by Societe Imetal, and Copperweld respectively requests a prompt review and immediate action by the U. S. Treasury to protect American interests.

Sincerely,

Phillip H. Smith
Phillip H. Smith

PHS/pm





DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

September 16, 1975

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

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

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John D. Lange, Jr.
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Acting Secretary

Committee on Foreign Investment
in the United States





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

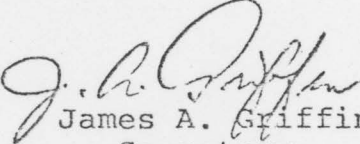
September 25, 1975

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

SUBJECT: Materials Relating to CFIUS Consideration
of Copperweld Case

Attached for your information are some materials relating to the Committee's consideration of the proposed acquisition of Copperweld Corporation by Societe Imetal. They include copies of (1) Assistant Secretary Parsky's reply to Mr. Smith of Copperweld; (2) testimony Mr. Parsky gave to a House subcommittee on Wednesday; and (3) a form letter which we have prepared to answer letters from the public on the Copperweld case.

Mr. Smith has asked us not to release to the public the substance of our response to him. Since his preferences coincided with ours, we limited our comment on the Committee's action in Mr. Parsky's testimony to a statement that "the Committee concluded that it had no basis for interposing itself in this transaction". We ask that you observe similar limitations in your communications with the public on this matter.


James A. Griffin
Secretary
Committee on Foreign Investment
in the United States



SEP 29 REC'D



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 29, 1975

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

SUBJECT: Meeting of the Committee on
October 7, 1975

This is to confirm that Under Secretary Yeo will hold a meeting of the Committee on Tuesday, October 7 at 3:00 P.M. in room 4426 at the Treasury. Attached is the agenda for the meeting. Other papers will be distributed as they become available.

Please confirm with my office (tel. 964-2386) that you will be able to attend the meeting.

James A. Griffin
Secretary
Committee on Foreign Investment
in the United States



Agenda for Meeting of Committee on
Foreign Investment in the United States

3:00 p.m., October 7, 1975

1. Minutes of previous meeting
2. Guidelines for the Committee
3. Report from Commerce Department's New Office
of Foreign Investment in the United States
4. Report on Foreign Investment Study Act
 - a. Commerce Department
 - b. Treasury Department
5. Other business
 - a. New Inouye legislation
 - b. Other





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 29, 1975

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

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J. A. Griffin

James A. Griffin
Secretary
Committee on Foreign Investment
in the United States



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Is someone
attending for you?
Just a report for
CIEP or meeting



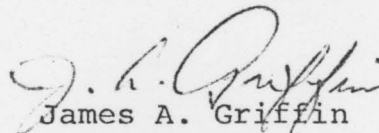
DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 3, 1975

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

SUBJECT: Materials for Discussion at the
Meeting of October 7, 1975

The attached are for discussion at the Committee
meeting on Tuesday, October 7 at 3:00 P.M., at the
Treasury in room 4426.


James A. Griffin
Secretary

Committee on Foreign Investment
in the United States

Attachments: Guidelines for Committee on
Foreign Investment in the United States

Summary of minutes - Second Meeting
of the Committee on Foreign Investment
in the United States - July 18, 1975



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This form marks the file location of item number 1a,
as listed on the pink form (GSA form 7122, Withdrawal Sheet) at
the front of the folder.

Guidelines for
Committee on Foreign Investment in the U.S.

Introduction

Since its inception, the Committee on Foreign Investment in the United States has been operating on the basis of some very general criteria and guidelines on a number of important procedural questions. Our original intention was to leave these criteria and guidelines vague in order to avoid giving the impression that establishment of the Committee was the first step toward a U.S. screening mechanism with respect to inward investment. A degree of ambiguity was also considered beneficial insofar as it allowed us maximum flexibility in interpreting the ground rules under which the Committee operated on a case-by-case basis. It is becoming apparent, however, that it would be advisable for us to have more explicit guidelines in order to avoid misunderstandings and mishandling of cases.

It is also important in terms of our Congressional relations that we take steps to ensure that the Committee operates effectively. If its policies and procedures appear to be confused or if a significant foreign investment takes place without prior consultation, Congress could conclude that the Administration's informal approach to protecting U.S. interests in this area is too unreliable and that stronger legislative measures are necessary.

Review of Foreign Investments

Background

The genesis and rationale for reviewing foreign investments in the U.S. as provided for in E.O. 11858 was that the unique circumstances arising from the large accumulations of investable funds by the OPEC countries warranted special measures tailored to the new situation. The basic premise of the long-standing U.S. policy of neutrality toward foreign investments in this country is that the free inflow of economically motivated investments will be to the economic advantage of the U.S. as well as the rest of the world. In the case of the OPEC countries, however, the possibility was raised for the first time of politically motivated investments in the U.S. on a large scale for which the traditional rationale of neutrality was not necessarily applicable. Because of this new political element, it was decided to establish special measures to deal with potential investments in the U.S. by foreign governments, viz., advance consultation with governments on prospective individual investments and review by the Committee of those which might have major implications for the national interests.

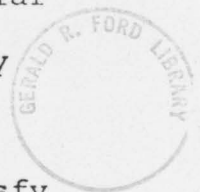
It was not envisioned, however, that investments would be investigated and passed on as a matter of course



simply because they were made by Arab or any other foreign governments or because they were major in amount. Nor was it felt that investments in companies closely associated with our military programs would necessarily trigger the review procedure since the Administration believes that other safeguards are adequate for this purpose. Also, as discussed below, the provision for advance consultation with foreign government's does not mean that the Committee should automatically review, in any comprehensive sense, every investment of which it is notified by a foreign government. Hence, EO 11858 limits the review of foreign investments to those "which might have major implications for United States national interests." Furthermore, this judgment is left to the Committee to make.^{1/}

The special attention which we give to investments in this country by foreign governments does not mean that such investments are necessarily less welcome than private investments. The economies of many countries happen to be controlled by the central government, hence any foreign investments by those countries will perforce be governmental investments. There should be no presumption, however, that any particular investment in the U.S. by these governments is politically motivated. The advance consultation procedure is designed merely to give the U.S. Government an opportunity to satisfy itself that

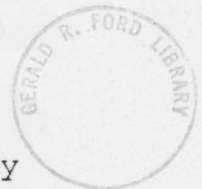
^{1/} Section 1 (b) (3) of Executive Order 11858 directs the Committee to "review investments in the United States which, in the judgment of the Committee, might have major implications for United States national interests."



there is no evidence that the investment is anything other than politically benign.

While the Committee has no legal power to block or modify a foreign investment in the U.S., if it should find that a particular investment by a foreign government was objectionable, it would not be necessary to invoke legal powers to stop it. It is almost inconceivable that a foreign government would persist in undertaking an investment in the U.S. over the strong objections of the USG. Even if it were insensitive to the implications of such actions for its overall relations with the U.S., it would realize that the U.S. could always take action after the fact to abort the investment, one way or another.

The fact that E.O. 11858 does not limit the review procedure to government investments does not imply that private investments are on the same basis as government investments in this respect. There were two major reasons why it was decided not to specify that only government investments would be reviewed by the Committee. First, such specificity could give rise to definitional problems, since it might not always be clear as to how much government involvement is required in order for an investment to be considered a government investment. Second, to specify only government investments for review would, by implication, exclude the possibility that a private



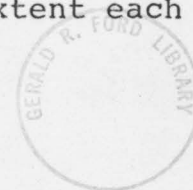
investment could be contrary to the national interest and deny the Committee the right to review it. This would have the effect of circumscribing the Committee and, by implication, the Executive Branch in a way that the Executive Branch has never been circumscribed before. While it is highly improbable that a private investment would be considered as having "major implications" for the national interest, it would obviously be imprudent to exclude the possibility.

Another important consideration in drafting E.O. 11858 was the danger that the Committee could be drawn into reviewing investments as a matter of course and become in effect a general screening board. It was recognized that persons with interests in individual investments unrelated to the national interests might want to exploit the Committee for their own purposes. For this reason, the words "in the judgment of the Committee" were inserted in Section 1.(b)(3) of the Executive Order so that the decision as to which investments would be reviewed would be for the Committee to make. Thus, the initiative to undertake a review is the sole prerogative of the Committee and the Committee has no obligation to undertake reviews proposed by persons outside the Committee, nor does it have an obligation to explain to such persons why it is not reviewing any particular investment.



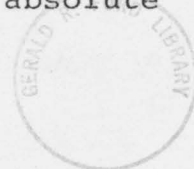
Basis and procedure for review: It should be recognized that the mere fact that the Committee has reviewed or is reviewing a particular investment implies that the USG is something less than neutral on the investment. There will always be the danger of the review process distorting the subject investment as well as establishing a precedent or presumption in the public mind / ^{regarding} similar investments in the future. Also, the more cases the Committee reviews, the more it will come to be viewed as a general screening board and find it increasingly difficult to avoid reviewing any case which interested parties bring to its attention. Hence, the Committee should scrupulously avoid reviewing any investments which do not qualify as having "major implications" for the national interests.

It is neither feasible nor desirable to attempt to establish criteria for determining what kinds of investments might have major implications for the national interests. We should bear in mind that the establishment of the Committee does not represent a departure from the traditional role of non-intervention by the USG in individual foreign investments. Our policy continues to be based on the presumption that the national interest is not involved in individual investments. In observing the numerous investments which have taken place or are in the offing there is no obligation for the Committee to make assessments as to whether or to what extent each in-



vestment relates to the national interest. The Committee should assume a passive but alert attitude in this respect and simply be prepared to select from the passing parade investments for review whenever major implications for the national interests appear to be involved. We can also expect that the Committee will be assisted in its "watchdog" role by other persons since most investments which might meet the criterion of "major implications for the national interests" will receive considerable publicity and be discussed by the press and others from the standpoint of national interest.

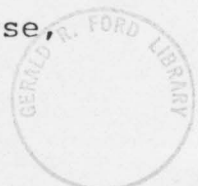
If the Committee adheres closely to these terms of reference, the major problem will be how to avoid becoming entangled in individual transactions which are of no legitimate concern to it. This is no problem in the case of investments which come to the Committee's attention purely as a result of its own observations, e.g., from news media or from the ongoing reporting to the Committee by the Office of Foreign Investment in the Commerce Department. Individual investments which are brought before the Committee by outside persons, however, will require some kind of response in writing. Leaving aside for the moment the exceptional cases which might warrant review by the Committee, a procedure should be established whereby the involvement or concern of the USG in these cases is held to the absolute minimum.



This would best be achieved by having the Secretariat, in consultation with the staffs of the other member agencies, as well as any other agencies which might have an interest from time to time, notify the proffering party or parties in writing that the subject investment does not appear to come within the terms of reference of the Committee, thus there is no basis for any action by the Committee.

Such a "dead pan" handling of cases at the staff level would have two advantages. First, it would avoid the implication that the investment had been reviewed and assessed on its merits by the Government. Secondly, it would insulate the political level of the Government from apparent or suspected involvement in individual cases which should be of no concern to the Government.

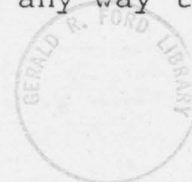
This procedure would not be an abdication by the principals of responsibilities charged to them by E.O. 11858. The Order charges the Committee with reviewing investments which might have major implications for the national interests. It does not state or infer that the members of the Committee have an obligation to examine all or most potential investments to first determine whether they might have such implications. It is accepted procedure and a practical imperative for principals to rely on their staffs to sort out what matters the principals should focus on. The extent of this practice varies from person to person, of course,



and each principal could lay out the guidelines for his staff as to how much, if any, flexibility the latter should have. Any member could, if he chose, require his staff for the Committee work to clear with him before assenting to the response proposed by the Secretary of the Committee.

Furthermore, there would be various "failsafe" mechanisms built into the proposed procedure. First, while the Secretary should, as a practical matter, be permitted to proceed on the basis of a consensus of the interagency staff group, any staff member who dissented from the decision could demand that the response be held up until he checked with his principal. If the principal agreed that the investment warranted review by the Committee he could contact the Chairman to this effect.

Secondly, the Committee members would be informed of all actions taken by the Secretary after the fact. The Committee would thus have a continuing check as to whether the staff group was exercising proper judgment. Finally, in cases where an outside interested party disagreed with the conclusion of the Secretary and felt strongly that the investment should come to the attention of the policy level, he could contact the Chairman, or another member of the Committee directly. In the event that the Chairman felt that the case should be reviewed by the Committee, his reversal of a staff level decision would not be embarrassing or damaging in any way to the Administration.



The responsibility for making an initial determination as to the disposition of cases which are brought to the Committee would lie, then, with the Secretary. He would receive the notification of projected investments. Upon receipt of this information, he would evaluate it to determine whether the investment in question came within the Committee's terms of reference for review, i.e., might have major implications for the national interest, and decide how to proceed next.

In the case of an investment that did not merit review under this standard, the Secretary would prepare a suitable reply. This would most commonly be in the form of letter or cable to the proffering party which was carefully worded to indicate that the investment in question did not warrant review and to avoid giving the impression that the Committee had actually reviewed it. The operative portion of the message might say, for example, "There does not appear to be a basis for the Committee to concern itself with the investment in question, and consequently, no further action on your part for the Committee's purpose is required."

In most cases, communications would be signed by the Secretary of the Committee. There would, however, be provisions made for a few to be sent under the Chairman's signature -- for instance, where the initial notification was sent directly to him by a high official

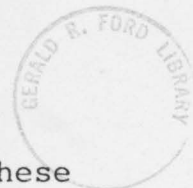


in a foreign government.

All messages of this type would be circulated to the appropriate staff level officials in the member and interested non-member agencies for clearance. Normally, this process would be conducted by telephone, but meetings would be convened to discuss the investment in question as needed.

When notification was received of investments which did appear to have significant national interest implications, the Secretary -- either on his own initiative or after consulting with the relevant staff members in other agencies -- would recommend to the Chairman that he convene a meeting of the Committee to formally review the investment. If the Chairman concurred, the Secretary with the assistance of the Commerce Department's Office of Foreign Investment in the United States, would prepare and distribute material relating to the investment in question to the members of the Committee.

The key questions in the review process will be, of course, what are the implications of the investment under consideration? and what action should the Committee (or in the most serious cases, the U.S. Government) take? Although the precise answers to these questions will vary with the specifics of the case under review, one can conceive of three general combinations



of findings and appropriate action the Committee would probably decide upon in the majority of cases it reviews. These are outlined briefly as follows:

A. The Committee may determine that the investment does not have major implications for the national interest. It would then inform the proffering party that the Committee had reviewed the investment and concluded that the Committee saw no basis for it to interpose itself in the transaction.

B. The Committee may decide that the investment in question has major but not adverse implications. It would then give the same answer as in (A) above to the proffering party.

C. The Committee may conclude that the investment has major and adverse implications. The Committee would then have to decide what if any, action to take in accordance with the specific circumstances of the case.

It should be noted that in some cases the Committee will have available information obtained from ^{consultations with} parties associated with the investment under review. The nature and guidelines for the consultation process are discussed, however, in a later section of this paper.

As discussed above in regard/^{to} what investments warrant review, we should not attempt to set criteria



to be used by the Committee in reviewing investments. Just as accused persons under criminal law are presumed innocent until proven guilty, the Committee should start with the assumption that investments under review do not have adverse implications for the national interests until the contrary case is demonstrated. Thus, each agency involved in the Committee's review of a particular investment will be invited to show whether it would affect the national interest, to what extent, whether these effects are adverse, and what action would be appropriate. Since all agencies which have responsibility for the national interest relating to each investment being reviewed will be present at the meeting, this approach should be sufficient to assure that the national interest is fully protected in each case.



Advance Consultations

Government Investments: Executive Order 11858 and the May 21 press release issued by CFIUS refer to advance consultations with foreign governments on their "major prospective investments" in the U.S. A cable sent to all our embassies on May 23 said, "we expect foreign governments that are contemplating major investments in the U.S. to consult with us on such investments." However, we have never given any indication of what constitutes a "major" investment, leaving this entirely up to the foreign governments.

While we should continue to avoid any specific guidelines or criteria on what investments might require review by the Committee we should have specific guidelines as to which ones foreign governments should notify the Committee about. Otherwise, we run the risk of a foreign government failing to notify us of a significant investment that warranted our review because they mistakenly concluded that it did not constitute a "major" investment. In order to minimize this possibility we should establish the following guidelines:

Foreign governments should notify the U.S. Government of any direct investments which they intend to make in this country. This would include any investment which gives the foreign



government 10 percent or more of the voting stock of a U.S. company, or effective control of or significant influence on the management of a U.S. company with a lesser percentage of the stock.

In addition, foreign governments should notify us of any investment in U.S. companies in the form of debt which would give the foreign government future rights to purchase stock (e.g. convertible debentures) which would constitute direct investment as defined above or which would give the foreign government significant influence or leverage on the company.

This would not change our position that we want consultations only on major investments. Rather, it would simply leave it to the Committee, rather than the foreign government, to make the judgment as to whether a potential investment warrants consultations.

We should also have clear guidelines on how foreign government's should notify us of pending investments. Following are recommended steps:

(1) A prospective foreign government investor should refer to the guideline outlined above in determining whether or not to notify us of its intentions to make a particular investment.

(2) Notification should be directed to the Secretary of the Committee on Foreign Investment in the United States and may be sent through whatever



diplomatic channel the investor may prefer.

(3) Notification should be given early enough -- preferably at least 30 days prior to the date on which a final commitment is to be made -- to allow adequate time for consultations should they be required.

(4) At a minimum, the notification should include the following information: (a) the name, address, and type of business of the U.S. party (or parties) involved; (b) the form of the investment (debt or equity); (c) the amount of money involved; and (d) the percentage of the total equity of the U.S. enterprise involved which is being obtained in the transaction, plus the percentage already held by the investor (if any).

After receipt of the notification, the Secretariat would proceed as discussed on pages 10-11 above.

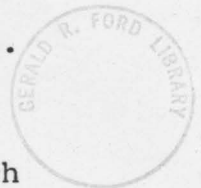
Private investments: The advance consultations and review procedures were originally designed only for foreign government investments in the U.S. However, after the Committee was formed it was apparent that the possibility of the Committee reviewing a private investment could not be excluded and the May 21 press release on the first meeting of the Committee states: "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." This statement should not be construed as an invitation to private investors to consult on



investment in the sense of having the Committee review their investments. Rather it should be interpreted as an informational type statement, to inform interested persons where they can obtain information and guidance on the Committee and on U.S. policy on foreign investment in the United States.

While it is conceivable that a private investment could have major implications for the national interest, such a case would be so noteworthy and will publicized that it would come to the attention of the Committee and the Office of Foreign Investment from their own sources. Thus, there is no need to take special measures to put private investors in general on notice about the Committee, as we have done for foreign government's. On the contrary, we should lean in the direction of discouraging private investors, or anyone connected with a private investment, from putting their case to the Committee for review, to avoid the impression that the Committee is a general screening board. Accordingly, the Secretary should respond to inquiries on private investment as follows:

- (1) The consultations and review procedure is designed for foreign government investments.
- (2) Regarding foreign private investments the Committee is concerned only with those which might have major implications for the national interest.



- (3) If the inquirer feels that his investment is of this nature, he should respond with a letter to the Secretary explaining how and to what extent the national interest is affected.

Public Information on CFIUS Business

So far we have been operating on the general principle that only a minimum of information about the Committee's business should be released to the public but that exceptions



to this rule may be made as appropriate. However, some refinements of this rule should^{be} made to accommodate the differing needs for secrecy on the different aspects of its activities. The following are four areas on which requests from the outside are likely to be received and proposed guidelines that should be observed:

A. Individual Foreign Investments.

We may be asked to comment on foreign investment transactions that may or may not have come before the Committee. We should have a rule that we do not comment on either type of investment regardless of whether or not the investment has already taken place.

An important reason for this position is that much of the information we will receive in connection with specific investments will be confidential and investors with whom we deal must have assurances that it will be protected. This is both an ethical and practical imperative -- practical in the sense that since the review process has no legal basis the effectiveness of the Committee is dependent on the cooperation of foreign investors.

In addition, any comment by the USG officials or even an indication that the U.S. Government is interested in an investment could be misinterpreted with adverse effects for the transaction. False implications could be drawn as to the U.S. Government viewpoint on the importance, lack of importance, or merits of the investment in question. Also this would be contrary, at least implicitly, to the basic U.S. policy of



neutrality with respect to foreign investment.

B. Review Criteria

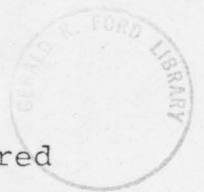
If asked about the criteria used in the Committee's review of investments, we should explain that the Committee has none other than the general standard in Executive Order 11858 to the effect that it should review investments which "might have major implications for United States national interests." The lack of criteria is a result of an early decision that they would be inappropriate. The purpose of the Committee is not to pass judgment on the desirability of individual investments. Rather it was established only as a mechanism for the U.S. Government to review those extraordinary investments which might have major adverse implications for the national interest. In these reviews the Committee members and other participating agencies are asked to give their views on the investments in question, and each brings to bear its own unique concerns.

C. Committee Procedures

The "no comment" guideline need not apply to questions concerning Committee procedures (as outlined on pages 10-13 above).

D. Published Reports

Under Executive Order 11858 the Committee is required to "arrange for the preparation and publication of periodic reports," and the Commerce Department's new office of Foreign Investment in the United States is to submit to the Committee "appropriate reports, data, analyses and recommendations.



Since no mention is made, however, of procedures for handling these reports, this question requires some clarification.

Consequently, the following are suggested as guidelines the Committee might adopt:

(1) The new Office of Foreign Investment in the United States should periodically, e.g. every six months, prepare a report incorporating the data on inward investment it is collecting on a continuing basis. The Committee will give guidance to the Office from time to time as to the contents and coverage of the report.

(2) These reports will be published along with any reports which the CFIUS may wish to issue on its activities.

(3) The nature and timing of the release of any other material should be decided by the Committee on an ad hoc basis.





DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

October 3, 1975

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

SUBJECT: Materials for Discussion at the
Meeting of October 7, 1975

The attached are for discussion at the Committee
meeting on Tuesday, October 7 at 3:00 P.M., at the
Treasury in room 4426.

J. A. Griffin
James A. Griffin
Secretary

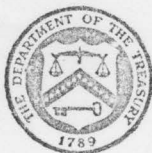
Committee on Foreign Investment
in the United States

Attachments: Guidelines for Committee on
Foreign Investment in the United States

Summary of minutes - Second Meeting
of the Committee on Foreign Investment
in the United States - July 18, 1975



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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MS

DEPUTY ASSISTANT SECRETARY

October 7, 1975

MEMORANDUM TO COMMITTEE ON FOREIGN INVESTMENT IN THE
UNITED STATES

Subject: Capital Markets Working Report on
Accounting Principles Board Opinion 17

On behalf of the Capital Markets Working Group, I hereby submit the Group's report on APB Opinion 17, as requested by the Committee on Foreign Investment in the United States. This report reflects the views of all the participants in the Group's deliberations on this issue: Treasury, Justice, SEC, OMB, Domestic Council, Comptroller of the Currency, FDIC and the Federal Reserve Board.

Robert A. Gerard
Deputy Assistant Secretary
(Financial Resources
Policy Coordination)

Attachment



Report on APB Opinion 17

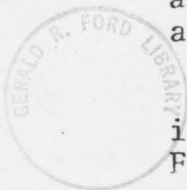
The Capital Markets Working Group was asked to evaluate the question whether Accounting Principles Board Opinion 17 imposed a competitive disadvantage by U.S. firms in making acquisitions. We cannot conclude that this ruling is a major factor in the ability of U.S. firms to compete with foreign firms for U.S. acquisitions.

It is important to note at the outset that the requirements of APB Opinion 17 are not imposed solely on U.S. owned or domiciled firms. Rather, they are imposed on any firm, wherever located, which seeks to raise capital in the U.S. securities markets and therefore must register its securities with the S.E.C. Like all other securities laws and regulations, it can be viewed as a cost of access to our capital markets.

For the company which must amortize goodwill, an acquisition selling above book value will appear to have a higher price/earnings ratio and therefore to be a more expensive purchase than it would be for a foreign firm not subject to the ruling. While an important factor, it is unlikely that price/earnings ratio analysis is the prime consideration in evaluating the attractiveness of a potential acquisition in these cases. Not only are other more realistic measures of value used -- e.g. the internal rate of return of the company being acquired -- but there are also non-financial considerations. These might include entry into new markets, acquisition of advanced technology and obtaining the services of key personnel.

Proponents of the abolition of APB Opinion 17 argue that existing shareholders and potential investors in a U.S. company will be negatively influenced by the reduced earnings figure reflecting the charge off. While such charges do reduce reported earnings, reasonably astute investors should be aware that the fundamental value and performance of the company is not affected. To the contrary, a more realistic value is being attributed to the company's assets.

Moreover, to the extent US firms have in fact been outbid, it is doubtful whether APB Opinion 17 is the primary cause. First, firms which sell securities in our capital markets are subject to a number of laws and regulations, all of which



impose costs and some of which impact reported earnings levels. Second, access to a particular U.S. market through an established firm may in some cases be worth more to a foreign firm. Third, laws or economic conditions in certain countries may lead to rates of return which are much lower than ours. Firms domiciled in those countries may find an investment here at below the prevailing U.S. rate of return -- i.e. at a higher price than a U.S. firm would pay -- more desirable than investing at home. Finally, exchange rates and accumulations of dollar surpluses are also important factors.

In summary, the Capital Markets Working Group cannot conclude that APB Opinion 17 has had the effect of placing U.S. firms at a severe disadvantage vis-a-vis foreign firms in the acquisition of other U.S. firms. Accordingly, we cannot recommend that the Committee take affirmative steps to attempt to limit or rescind APB Opinion 17.

It should be emphasized, however, that the Capital Markets Working Group has made no inquiry into, and takes no position on the merits of APB Opinion 17. We understand that this issue will be considered by the Accounting Principles Board later this year.





DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

DEPUTY ASSISTANT SECRETARY

October 7, 1975

MEMORANDUM TO COMMITTEE ON FOREIGN INVESTMENT IN THE
UNITED STATES

Subject: Capital Markets Working Report on
Accounting Principles Board Opinion 17

On behalf of the Capital Markets Working Group, I hereby submit the Group's report on APB Opinion 17, as requested by the Committee on Foreign Investment in the United States. This report reflects the views of all the participants in the Group's deliberations on this issue: Treasury, Justice, SEC, OMB, Domestic Council, Comptroller of the Currency, FDIC and the Federal Reserve Board.

Robert A. Gerard
Deputy Assistant Secretary
(Financial Resources
Policy Coordination)

Attachment





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 17, 1976

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

SUBJECT: Meeting of the Committee on February 20, 1976

This is to confirm that there will be a meeting of the Committee on Friday, February 20 at 2:00 P.M. in Room 4426 at the Treasury. Attached is an annotated agenda for the meeting.

If you have not done so already, please inform my office, tel. 964-2386, as to whether you will be able to attend.

James A. Griffin
Secretary
Committee on Foreign Investment
in the United States



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-COPPERWELD COURT HEARING ENDS IN OHIO

COLUMBUS, OHIO-(AP)--A COURT HEARING ON THE STATE'S EFFORT TO STOP A FRENCH HOLDING COMPANY'S TAKEOVER OF COPPERWELD CORP. UNTIL IT COMPLIES WITH STATE SECURITIES REGULATIONS WAS COMPLETED THURSDAY, WITH A DECISION EXPECTED IN NOVEMBER.

ATTORNEYS FOR SOCIETE INETAL, THE COPPERWELD CORP. AND THE STATE OF OHIO COMPLETED PRESENTATIONS THURSDAY. JUDGE PAUL W. MARTIN OF FRANKLIN COUNTY COMMON PLEAS COURT GAVE THE LAWYERS UNTIL NOV. 17 TO FILE BRIEFS, AFTER WHICH HE WILL DECIDE THE CASE.

INETAL HAS MADE PUBLIC OFFERING FOR ALL STOCK IN COPPERWELD. THE STATE OBTAINED A TEMPORARY RESTRAINING ORDER. CONTENDING INETAL FAILED TO COMPLY WITH STATE LAWS REGARDING CORPORATE TAKEOVERS.

INETAL'S BID IS ALSO BEING CHALLENGED IN U. S. DISTRICT COURT IN PITTSBURGH AND IS BEING STUDIED BY VARIOUS CONGRESSIONAL COMMITTEES.

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OCT 23 1975

October 24, 1975

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

SUBJECT: Materials for Committee Meeting of October 24

Attached are the following materials for the CFIUS meeting of October 24.

- (1) Agenda for CFIUS meeting of October 24.
- (2) Summary minutes of CFIUS meeting of September 18, 1975.
- (3) Revised draft paper on suggested CFIUS guidelines.

Other materials for discussion at the meeting have been sent earlier under separate cover.

James A. Griffin
Secretary
Committee on Foreign Investment
in the United States



AGENDA

Meeting of
Committee on Foreign Investment
in the United States
October 24, 1975
3:30 p.m.
Treasury Department, Room 4426

1. Minutes of previous meetings
2. Guidelines for CFIUS
3. Proposed IEA Agreement on Foreign Investment
in U.S. Energy Sector
4. Capital Markets Working Group Report on
APB Opinion 17
5. Report from Commerce Department's New Office
of Foreign Investment in the United States
6. Report on Foreign Investment Study Act
7. Other business:
 - a. New Inouye legislation
 - b. Other



GERALD R. FORD LIBRARY

This form marks the file location of item number 2a,
as listed on the pink form (GSA form 7122, Withdrawal Sheet) at
the front of the folder.

October 20, 1975

Guidelines for
Committee on Foreign Investment in the U.S.

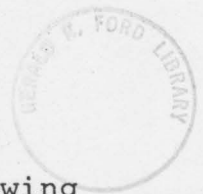
Introduction

Since its inception, the Committee on Foreign Investment in the United States has been operating on the basis of some very general criteria and guidelines for a number of important procedural questions. Our original intention was to leave these criteria and guidelines general in order to avoid giving the impression that establishment of the Committee was the first step toward a U.S. screening mechanism with respect to inward investment. It is becoming apparent, however, that it would be advisable for the Committee to make them more explicit in order to ensure that the Committee operates effectively, and thus reduce the potential for possible misunderstandings of the role of the Committee and for possible mishandling of cases. Accordingly, following some background information, this paper suggests some principles on which review of investments by the Committee should be based, procedures for review, advance consultation procedures for government and private investments, and public information procedures on Committee business.

Review of Foreign Investments

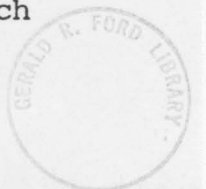
A. Background

The rationale in Executive Order 11858 for reviewing foreign investments in the United States was that the unique circumstances arising from the large accumulations of investable funds by the OPEC countries warranted special



measures tailored to the new situation. The basic premise of the long-standing U.S. policy of neutrality toward foreign investments in this country is that the free inflow of economically motivated investments will be to the economic advantage of the U.S. as well as the rest of the world. With the increase in the OPEC countries' surplus revenues, however, the possibility was raised for the first time that investments which were politically motivated might be made in the United States on a large scale by foreign governments. Consequently, it was decided to establish special measures to deal with potential investments in the United States by foreign governments, viz., advance consultation with them on their prospective individual investments and formation of the Committee to review those which might have major implications for the national interests.

It was not envisioned, however, that foreign investments would be reviewed as a matter of course simply because they were: (1) made by Arab or any other foreign governments; (2) involved large sums of money; or (3) were in companies closely associated with our defense effort (since the Administration believes that other safeguards are adequate for this purpose). Also, as discussed below, the Committee will not automatically review, in any comprehensive sense, every investment of which it is notified by foreign governments. Hence, Executive Order 11858 limits the Committee's terms of reference to those foreign investments "which might have major implications for United States national interests." Furthermore, the

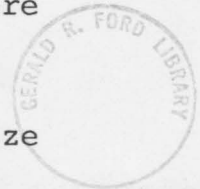


Executive Order leaves it to the Committee to decide which investments fall into this category.^{1/}

The special attention which we give to investments in this country by foreign governments does not mean that such investments are necessarily less welcome than private ones. The economies of many countries are controlled by their central governments, hence any foreign investments by those countries will perforce be governmental in nature. There should be no automatic presumption, however, that investments in the United States by these governments will be politically motivated. The advance consultation and review procedures are designed merely to give the U.S. Government an opportunity to satisfy itself that the investment is politically benign.

The Committee has no legal power to block or modify particular investments by foreign governments that it may find objectionable. In such a case, the Committee would seek the concurrence of the Economic Policy Board or the National Security Council. Should a case get that far, however, it is almost inconceivable, that a foreign government would persist in undertaking an investment in this country over the strong objections of the U.S. Government. Even if it were insensitive to the implications of such actions for its overall relations with the United States, it would realize

^{1/} Section 1 (b) (3) of Executive Order 11858 directs the Committee to "review investments in the United States which, in the judgment of the Committee, might have major implications for United States national interests."



that the U.S. Government could always take action after the fact.

Although the Committee's review procedure was established to cover investments by governments, the possibility of the Committee reviewing foreign private investments could not be excluded for two reasons. First, it was anticipated that it would be quite difficult, if not impossible, to define criteria for determining whether or not a particular investment was governmental. Second, such a limitation would have unduly circumscribed the power of the Committee, and, by implication, that of the U.S. Government. While it is unlikely that any private investments which take place would be viewed as having "major implications" for the national interest, it would obviously be imprudent to exclude the possibility of the Committee's reviewing any that might fall in that category.

Another important consideration in drafting Executive Order 11858 was the danger that the Committee might be drawn into reviewing investments as a matter of course and thus become in effect a general screening board. It was recognized that some parties might conceivably want to exploit the Committee for their own purposes. For these reasons, the words "in the judgment of the Committee" were inserted in Section 1 (b) (3) of the Executive Order so that the Committee would have the authority to determine which



investments it would review.

B. Basis for review

The Committee should scrupulously avoid reviewing any investments which do not qualify as having "major implications" for the national interests. The mere fact that the Committee has reviewed or is reviewing a particular investment may be interpreted as an implication that the U.S. Government is more than neutral on the investment, with adverse effects on foreign investment generally. In addition there is a danger that with each case reviewed, there will develop a presumption in the public mind that the Committee will review similar investments in the future. Also, the more cases the Committee reviews, the greater is the likelihood that it will come to be viewed as a general screening mechanism and find it increasingly difficult to avoid reviewing any case brought to its attention.

We should bear in mind that the establishment of the Committee does not represent a departure from the traditional role of non-intervention by the USG in individual foreign investments. Hence, in observing the numerous investments which have taken place or are in the offing, the Committee has no obligation to make assessments as to whether or to what extent each investment relates to the national interest. Accordingly, it should assume a passive but alert attitude and simply be prepared to select an investment for review from the passing parade whenever major implications for the national interests appear to be involved in it.

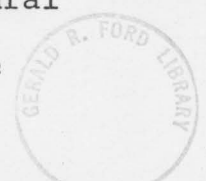


Furthermore, the Committee should operate on the assumption that it would be neither feasible nor desirable to establish criteria for determining what kinds of investments might have major implications for the national interests. Rather the Committee should approach each case on the presumption that it does not have "major implications" and in the review process it will be up to individual member agencies and non-member participants to prove the contrary. Each agency involved in the review of a particular investment will be invited to show whether the investment would affect the national interest, to what extent, whether these effects are adverse, and what action would be appropriate. Since all agencies which have responsibility for the national interest relating to each investment being reviewed will be participating, this approach should be sufficient to assure that the national interest is fully protected in each case.

C. Procedure for Review

The problem the Committee faces is to devise procedural guidelines that will enable it to adhere closely to these principles. One solution might lie in establishing a preview by staff level officials of the agencies represented on the Committee and of interested non-member agencies in the case of investments which are put before the Committee by outside parties.

Under such an arrangement, the Secretary of the Committee



would receive the notification of a projected investment. Upon its receipt, he would consult with the appropriate staff members in other agencies to determine (1) whether the investment in question came within the Committee's terms of reference for review, i.e., might have major implications for the national interest, and (2) how to proceed next.

In the case of an investment that did not merit review under this standard, the Secretary of the Committee would prepare a suitable reply for the signature of the Committee's Chairman and clear it with his staff-level contacts in the other agencies. This would most commonly be in the form of letter or cable to the initiating party which was carefully worded to indicate that the investment in question did not warrant review in the Committee's judgment and to avoid giving the impression that the Committee had actually reviewed it. Where the investor was a foreign government, the message might say, for example, "The Committee has concluded that it has no objections to this investment and no further consultations on this investment will be necessary." In cases in which a private investor was involved, it might say, "the Committee has concluded that there is no basis for it to intervene in this investment."

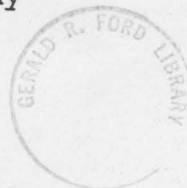
When notification was received of an investment which did appear to have significant national interest implications, the Secretary of the Committee -- after consulting with the relevant staff members in other agencies -- would recommend



to the Chairman that he convene a meeting of the Committee to formally review it. If the Chairman concurred, the Secretary of the Committee, with the assistance of the Commerce Department's Office of Foreign Investment in the United States, would prepare and distribute material relating to the investment to the members of the Committee.

The key questions in the review process will be, of course, what are the implications of the investment under consideration and what action should the Committee (or in the most serious cases, the U.S. Government) take. Although the precise answers to these questions will vary with the specifics of the case under review.

The presumption should be in each case that the investment in question does not have major adverse implications for the national interests and each participant in the review will be invited to / ^{demonstrate} the contrary if he wishes to. In cases where the Committee concluded that the invest-^{adverse}ment under review did not have major/implications for the national interest, an appropriate response to the proffering party would be drafted as outlined in the discussion of the staff-level preview procedure above. In the event that the Committee decided that a particular investment might have adverse ^{for the national interests,} implications /it would refer the case to the Economic Policy Board and the National Security Council, together with any recommendations for action the Committee might consider were appropriate.



Advance Consultations

In some cases the Committee will have available information obtained from consultations with parties associated with the investment under review. The nature of and guidelines for the consultation process are discussed below.

A. Government Investments

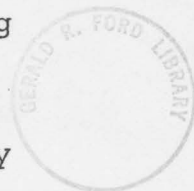
Executive Order 11858 and the May 21 press release issued by CFIUS refer to advance consultations with foreign governments on their "major prospective investments" in the United States. A cable sent to all our embassies on May 23 said, "we expect foreign governments that are contemplating major investments in the U.S. to consult with us on such investments." We have not given any indication of what constitutes a "major" investment, leaving the responsibility for determining whether a particular investment falls in this category up to the foreign governments.

We should, however, have clear guidelines on the procedures foreign government's should follow in notifying us of pending investments, as follows:

(1) Notification should be directed to the Secretary of the Committee on Foreign Investment in the United States and may be sent through whatever diplomatic channel the investor may prefer.

(2) Notification should be given early enough to allow adequate time for consultations should they be required.

(3) We would anticipate that the notification would



include basic information about the proposed investment, including, for example, the following: (a) the name, address, and type of business of the U.S. party (or parties) involved; (b) the form of the investment (debt or equity); (c) the amount of money involved; and (d) the percentage of the total equity of the U.S. enterprise involved which is being obtained in the transaction, plus the percentage already held by the investor (if any).

B. Private investments

The advance consultation and review procedures were originally designed only for foreign government investments in the U.S. However, as explained above, after the Committee was formed it was apparent that the possibility of the Committee reviewing a private investment could not be excluded. The May 21 press statement released after the first meeting of the Committee states: "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." This statement was not intended to be an invitation to private investors to consult on investments in the sense of having the Committee review their investments. Rather it was designed to inform interested persons where they can obtain information and guidance on the Committee's purpose and procedures and on U.S. policy on foreign investment in the United States.

Accordingly, the Secretary should respond to inquiries on

private investments as follows:

(1) The consultations and review procedure is designed primarily as a means to facilitate U.S.G. review of foreign government investments.

(2) The Committee is concerned only with those foreign private investments which might have major implications for the national interest.

(3) If the inquirer feels that his investment is of this nature, he should send a letter to the Secretary of the Committee explaining how and to what extent the national interest is affected.

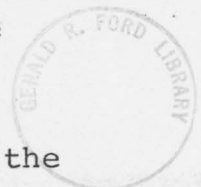
Public Information on Committee Business

Another question on which clearer guidelines are needed is that of how much and what types of information the Committee should make public concerning its operations and, in particular, the cases it reviews. The following guidelines are proposed for four areas on which requests from the outside are likely to be received:

A. Individual Foreign Investments

We may be asked to comment on foreign investment transactions that may or may not have come before the Committee. We should have a rule that we do not comment on either public or private investments, regardless of whether or not the investment has already taken place.

This position is based on the premise that much of the information we will receive in connection with specific investments will be of a private and privileged nature and



investors with whom we deal must have assurances that it will be protected. In addition, if an investment is pending, any comment by the U.S. Government officials or even an indication that the U.S. Government is interested in it could be misinterpreted and affect the transaction. Even after the transaction has taken place, comment by a US official could affect similar investments in the future. False implications could be drawn as to the U.S. Government viewpoint on the importance, lack of importance, or merits of the investment in question or similar investments in the future. Also this would be contrary, at least implicitly, to the basic U.S. policy of neutrality with respect to foreign investment.

B. Review Criteria

If asked about the criteria used in the Committee's review of investments, we should explain that the Committee has none other than the general standard in Executive Order 11858 to the effect that it should review investments which "might have major implications for United States national interests." The discussion of the Committee's philosophy with respect to criteria on page 6 above can be used as a basis for any further discussion on this question.

C. Committee Procedures

The "no comment" guidelines need not apply to questions concerning Committee procedures (as outlined above).

D. Published Reports

Under Executive Order 11858 the Committee is required



to "arrange for the preparation and publication of periodic reports," and the Commerce Department's new office of Foreign Investment in the United States is to submit to the Committee "appropriate reports, data, analyses and recommendations." Since no mention is made, however, of procedures for handling these reports, this question requires some clarification. Consequently, the following are suggested as guidelines the Committee might adopt:

(1) The new Office of Foreign Investment in the United States should periodically, e.g. every six months, prepare a report incorporating the data on inward investment it is collecting on a continuing basis. The Committee will give guidance to the Office from time to time as to the contents and coverage of the report.

(2) These reports will be published along with any reports which the Committee may wish to issue on its activities.

(3) The nature and timing of the release of any other material should be decided by the Committee on an ad hoc basis.





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 24, 1975

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

SUBJECT: Materials for Committee Meeting of October 24

Attached are the following materials for the CFIUS
meeting of October 24.

- (1) Agenda for CFIUS meeting of October 24.
- (2) Summary minutes of CFIUS meeting of
September 18, 1975.
- (3) Revised draft paper on suggested CFIUS
guidelines.

Other materials for discussion at the meeting have
been sent earlier under separate cover.

James A. Griffin
Secretary
Committee on Foreign Investment
in the United States





OFFICE OF
ASSISTANT SECRETARY
FOR INTERNATIONAL AFFAIRS

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JUL 18 RECD
[1976]

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

SUBJECT: Attached Letter to Ambassador Zahedi

Attached is a redraft of the proposed letter to Ambassador Zahedi regarding the Occidental Petroleum Corporation transaction. This letter has also been circulated as background for the briefing of the EPB/ERC on this matter on Wednesday, July 14.

James A. Griffin
Secretary
Committee on Foreign Investment
in the United States





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

Dear Ardeshir:

Thank you for your letter of June 29, 1976 transmitting a copy of the letter of intent regarding the proposed purchase of stock of the Occidental Petroleum Corporation by the Government of Iran. You and your Government have always been most cooperative in consulting with us on significant investments in this country and I want to thank you again for the openness with which you have consulted with my Government on this matter.

This proposed transaction has been brought to the attention of the Committee on Foreign Investment in the United States. Based on the facts presented to it, the Committee concluded that it has no objections to this investment. Should the conditions of this investment change, we would appreciate your consulting with us further.

Thank you again for your help in this matter. I look forward to seeing you again soon.

Sincerely,

Gerald L. Parsky

His Excellency
Ardeshir Zahedi
Ambassador
Imperial Embassy of Iran
Washington, D. C. 20008

