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MEMORANDUM OF CONVERSATION

December 14, 1976

SUBJECT: Owens-Illinois - Venezuela

PARTICIPANTS: Brent Scowcroft, Assistant to the President
for National Security Affairs
William Spengler, President Owens-Illinois,
International Division
John Andrews, Washington Representative
for Owens-Illinois
David Lazar, NSC Staff *DL*

TIME AND PLACE: 1:15 p.m., Brent Scowcroft's Office

Mr. Spengler used the meeting principally to update General Scowcroft on the current Owens-Illinois situation in Venezuela. He said that the Government of Venezuela had asked O-I to build, at Government expense, two new furnaces to increase the capacity of the present O-I facility in that country. The estimated cost would be about \$45 million. Mr. Spengler said that O-I had made a counter-proposal under which the new furnaces, when built, would be offered for sale to the "private sector" (i.e. Owens-Illinois) so that the resulting package would be owned 51% by the GOV, 49% by O-I. (Comment: It was not clear whether O-I's counter-proposal related only to the new furnaces or to the entire facility as expanded by them but, in context, the latter seems probable.)

According to Mr. Spengler they have discussed this proposal with Laria who so far says "maybe". Mr. Spengler pointed out that the risk to O-I of passing their technology to the Government of Venezuela without being paid for it (the \$45 million would include costs and fees to O-I but nothing for the technology involved in the furnaces) is offset to some extent by the fact that the furnaces would take two years to build during which time O-I would be taking dividends out of the country on their present investment. Mr. Spengler said that O-I this year, for the first time (under the impetus of Section 24 of the Andean Code) had taken \$3 million in dividends out of

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DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES *State Review 3/13/04*
BY *hah* . NADA DATE *7/30/04*

Venezuela and would anticipate a like annual dividend for the next two years. Mr. Spengler indicated that O-I probably will go ahead with the construction of the new furnaces.

Mr. Spengler said that arbitration of the nationalization problem still is supposedly in the game but indicated his opinion that the GOV eventually will back away from arbitration.

General Scowcroft said that, although we didn't pretend to know the intentions of the Venezuelan Government, we find this new initiative on their part a hopeful sign.

Mr. Spengler touched on the Niehous matter. While not denigrating the efforts of the Venezuelan Government to find Mr. Niehous, he did express the wish that they had been and were more capable. He also expressed the hope that the State Department would not let this matter drop but would keep reminding the Venezuelan Government of it. General Scowcroft assured him we would stay in touch with State on this. Mr. Lazar pointed out that the Venezuelan Government had strong reasons of its own for wanting to find Mr. Niehous and solve the case.

Mr. Spengler said there was no action that Owens-Illinois wanted of the U. S. Government now but that he had only wished to bring us up to date. The meeting ended at 1:40 p. m.



NATIONAL SECURITY COUNCIL

TO GENERAL SCONECROFT

FROM: Jeanne Davis

For your approval.

WJ

BJ

GENERAL SCONECROFT

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NSC CORRESPONDENCE PROFILE

DOC		RECD			LOG NUMBER
MO	DA	MO	DA	HR	
12	14	12	14	18	7606501

INITIAL ACTION O

12

SOURCE/CLASS/DESCRIPTION

TO: PRES _____ FROM: SECSTATE _____ S/S _____ UNCLAS LOG IN/OUT _____
 SCOWCROFT X SECDEF _____ LOU _____ NO FORN _____ MODIS _____
 HYLAND _____ DCI _____ X REF _____ C _____ EYES ONLY _____ EXDIS _____
 DAVIS DAVIS STATE EXSEC _____ S _____ CODEWORD _____
 OTHER _____ TS _____ SENSITIVE _____

SUBJECT: *Memocon of Scowcroft mtg w/ Spengler & Andrews on 14 Dec re Owens - Illinois situation in Venezuela*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION					REC CY FOR
ADV CYS S'CROFT/WGH	ACTION	CONCURRENCE	COORDINATE	INFO	
STAFF SECRETARY					
CONGRESSIONAL					
ECONOMIC					
EUR/CANADA/OCEANS					
FAR EAST/PRC					
INTELLIGENCE					
LATIN AMERICA					
MID EAST/NO. AFRICA					
NSC PLANNING					
PROGRAM ANALYSIS					
SCIENTIFIC					
SUB-SAH/AFRICA/UN					

ACTION REQUIRED

MEMO FOR SCOWCROFT. _____

MEMO FOR PRES. _____

REPLY FOR _____

APPROPRIATE ACTION. _____

MEMO _____ TO _____

RECOMMENDATIONS. _____

JOINT MEMO. _____

REFER TO _____ FOR: _____

ANY ACTION NECESSARY? _____

CONCURRENCE. _____

DUE DATE: _____

COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	STATUS	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	DUE	CY TO
12/14	Scowcroft	X	Decision	(12/26)		
01/03	NSC/S	C	Script approved memo	(Orig will be filed with script memo per law)		

NSC/S DISP INSTR

DISPATCH _____ NOTIFY _____

SPECIAL DISPOSITION: _____

SPECIAL INDEXING: _____

SUSPENSE CY ATTACHED YES

MICROFILM & FILE ROOMS

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JAN 07 1977

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