

UNCLASSIFIED
COMMERCIAL IN CONFIDENCE
FM EAST BERLIN
TO PRIORITY FCO
TELNO 492
OF 161530Z AUGUST 90
INFO PRIORITY DTI (BYRANT 0T3), BM BERLIN, BONN

Prime Minister

X is a small piece of good news. Your letter to de Maiziere was clearly worthwhile.

DM

YOUR TELNO 196: GDR CEMENT WORKS

1. FOLLOWING THE PRIME MINISTER'S MESSAGE OF 24 JULY TO DE MAIZIERE ABOUT RMC'S EFFORTS TO BUY THE RUEDERSDORF CEMENT WORKS WE HAVE FOLLOWED UP REPEATEDLY WITH THE TREUHANDANSTALT. WE HEARD THIS MORNING FROM THEM THAT RMC HAD COME OUT TOP IN A COMPETITION AGAINST SEVERAL OTHER BIDDERS. RMC'S LAWYERS CONFIRM THE NEWS: THEY SAY THAT AN ANNOUNCEMENT WILL BE MADE VERY SOON (AND ASK THAT THE NEWS SHOULD BE TREATED AS CONFIDENTIAL UNTIL ANNOUNCED). RMC WERE EXTREMELY GRATEFUL FOR THE PRIME MINISTER'S INTERVENTION.
2. WE WILL REPORT FURTHER WHEN WE HEAR DIRECTLY FROM RMC.
3. YOU SHOULD KNOW THAT I HAVE HAD A LETTER FROM MR PETER WALKER MP ON BEHALF OF BRITISH GAS TO COMPLAIN THAT THEY SEEM TO HAVE BEEN SHUT OUT OF THE COMPETITION TO ACQUIRE A GAS TRANSMISSION COMPANY (VERBUNDNETZGAS) IN THE GDR, VALUED AT OVER POUNDS 350 MILLION AND ASKING IF I CAN HELP IN ANY WAY. BRITISH GAS FEAR THAT A CONSORTIUM FROM THE FRG LED BY RUHRGAS HAS BEEN ALLOWED IN THROUGH THE BACK DOOR. THEY HAVE WRITTEN IN STRONG TERMS TO GOHLKE AT THE TREUHANDANSTALT. I PROPOSE TO TELL THE TREUHANDANSTALT THAT WE REGARD THESE MATTERS AS COMMERCIAL ONES WHICH SHOULD BE DECIDED ON COMMERCIAL GROUNDS. AT THE SAME TIME WE BELIEVE IT TO BE IN THE GDR'S INTEREST, AND CONSISTENT WITH EC PRINCIPLES THAT AS MANY COMPANIES AS POSSIBLE SHOULD BE ABLE TO COMPETE ON EQUAL TERMS. THAT WAS WHAT THE TREUHANDANSTALT DECIDED TO INSIST ON OVER RUEDERSDORF AND IT SHOULD DO THE SAME IN THIS CASE. ANY OTHER APPROACH WILL NOT BE UNDERSTOOD BY THE UK.

EYERS

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