

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA

Security:.....RESTRICTED.....

No:.....447.....

FROM: THE CHARGE D'AFFAIRES A.I.,
.....CANADIAN LEGATION, VIENNA.....

Date: September 28, 1955.....

Enclosures:.....

Reference: Your letter No. E-318 of August 31,
our letter No. 427 of September 14 and
Subject: your telegram No. 51 of September 16

Air or Surface Mail: Air.....

Post File No: 6-2-W.....

Woodcot Estates Ltd. (Robert Bentley
et al.): Brucker Zuckerfabrik Clemens
Auer

Ottawa File No.	
9156-ED-40	"L"
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Reference	E
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*Referred to
European
with MB*

*Caplan files: 9156-40
9156-EL-40*

As I suggested in the second paragraph numbered 5 of my letter under reference, I had another conversation with State Secretary Bock on Saturday, September 24, following receipt of your telegram No. 51. As it was already a month since I had my first conversation with him and no action had been taken to grant the former shareholders any status in the interim administration of the Brucker Zuckerfabrik Clemens Auer, I gathered the impression that Dr. Bock was not at all surprised that I wished to see him again.

Internal
Circulation

2. While the State Secretary again expressed his agreement with the suggestion that the former shareholders could reasonably expect appropriate representation in the administration of their property, he blamed Socialist political opposition to the appointment of Mr. Bentley as a third administrator and he expressed his own opinion that the alternative proposal outlined in the first paragraph numbered 5 in my letter under reference was not legally possible. He therefore suggested that I should discuss the matter with the Socialist State Secretary in the Foreign Department, Dr. Kreisky, although I also suspect that the People's Party, which has its own representative on the present administration of the factory in the person of Mr. Rigal, is glad to be able to foist the blame onto the Socialists. In answer to my specific questions, Dr. Bock said there could be no legal objection to the appointment of a representative of the former owners either in relation to the restitution proceedings or in respect of the citizenship status of the proposed representative.

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3. I next discussed the position with Dr. Kreisky, on Monday, September 26. To my surprise he was quite frank in admitting that the Socialists who control the Austrian Consumer Cooperatives and who have insisted on the appointment of Herr Labak as an administrator of the sugar factory, were responsible for holding up the appointment of a representative of the former owners. He said, however, that he was not prepared to exercise any pressure on them to change their views. (This is of course not surprising as there is considerable evidence of a rift within the ranks of the Socialists and Dr. Kreisky and Vice Chancellor Schärf,

in particular, are feeling a little uncertain of their positions as a result of the stands they have taken on the army issue and on the nationalization issue.) Dr. Kreisky even went so far as to say that "after all the cooperatives had to fight for their own interests." As their avowed purpose is to achieve permanent control of the Brucker Zuckerfabrik--which is responsible for nearly 20% of all Austrian sugar production--I thought this a quite shocking admission but there seemed to be no further point in seeking Dr. Kreisky's cooperation. On the other hand, he suggested that the Foreign Department should take note of my enquiry and said that it would be helpful if I could put it in writing in a personal letter to Foreign Minister Figl.

4. I therefore discussed the matter with Secretary-General Schöner of the Foreign Department. (Dr. Schöner has now been confirmed in his position as Secretary-General and promoted to the rank of Ambassador.) Dr. Schöner also asked me to write to Dr. Figl and said that while the Foreign Department would be anxious to support the granting of appropriate representation in the administration of the property to the former owners, the officials concerned would only be able to make progress with the opposing political elements by making the most out of the fact that I had enquired about the matter. A personal letter would therefore give them the support he thought they would require. As this seemed a reasonable step to take, I sent a brief personal letter to Foreign Minister Figl today simply saying that I had been asked to enquire concerning the intentions of the Austrian authorities with respect to appropriate representation for the former shareholders in the administration of the Brucker Zuckerfabrik, but that, as a result of the discussions I had had with the authorities concerned, it seemed, at the moment, that the response was negative, and I asked Dr. Figl to look into the matter and let me know what sort of reply he would like me to send to Ottawa. (I know that Dr. Figl is personally acquainted with the case--as Dr. Bock said: "Who in Austria isn't?")

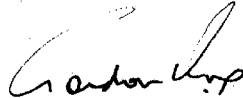
5. I gathered the impression that nearly everyone concerned, with the possible exception of Dr. Kreisky, was rather ashamed of the manner in which this matter has been handled. This is not surprising as the two administrators already appointed represent interests that are quite opposed to those of the rightful owners of the company. However, I have just learned that Finance Minister Kamitz, whose own objective is said to be to get rid as quickly as possible of the administration of as many of the former Soviet-controlled enterprises as he can, has arranged a meeting on Friday, September 30, between all the parties interested in the Brucker Zuckerfabrik (including Dr. Rinesch who is counsel for Woodcot Estates Ltd.).

6. I think I have now gone as far as I can in supporting the interests of the Woodcot Estates Ltd. and if the matter is not satisfactorily settled on Friday as a result of the action I have already taken I think you will have to instruct me to make a formal protest unless you are prepared to let the matter drop. Meanwhile, I trust that it will be possible not to take any steps relative to possible Canadian accession to the Austrian

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State Treaty as any move in that direction, in the absence of any reasonable treatment of the Canadian interests concerned with the Brucker Zuckerfabrik would obviously weaken the position of those whose sympathies we now have in this regard. It would also be taken as an indication that we do not take seriously the rather cavalier fashion in which these Canadian interests have been treated so far. In this regard I might also mention that a reasonable settlement of the van Sickle oil interests is still a long way off and Colonel van Sickle's position would also be weakened if we show any disposition not to support fully the interests of Woodcot Estates Limited.



Chargé d'Affaires a.i.

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