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ZWAH

10 DOWNING STREET

From the Principal Private Secretary

11 October 1982

Dear Gordon,

GUANG DONG NUCLEAR PROJECT :  
A CONVERSATION WITH LORD WEINSTOCK

I was very grateful for your informal advice before I returned Lord Weinstock's call this evening about what had passed between the Prime Minister and the Chinese leaders about the Guang Dong nuclear project. You may like a record of our conversation.

Lord Weinstock said to me that he wondered if I could help over what had been said during the Prime Minister's visit to China about this project.

I told him that I had been present at the meeting with Premier Zhao Ziyang and at the meeting with the Governor of Guang Dong Province, Mr Liu Tian-fu, at which the project had been mentioned. At the meeting with Zhao Ziyang the Prime Minister had said that the British Government were deeply interested in the project and ready to work with any nuclear partner of China's choice; and she was glad that a visit to the United Kingdom by the Guang Dong Power Company and China Light and Power had indicated that GEC would be competent to make the turbine island. I said that Premier Ziyang had taken us by surprise by saying that, if the price and agreed terms were favourable, the Chinese were planning to use French made reactor equipment and British generating equipment. The Prime Minister had asked whether this was a decision in favour of the French and against the Americans, and Ziyang had said that his inquiries indicated that the Guang Dong Power Company were not pursuing formal contacts with the United States.

I told Lord Weinstock that the exchange with Governor Liu had been more elliptical, but on reflection, equally significant. The Prime Minister had referred to the project and to her friendship with Sir Walter Marshall. The Governor had responded by paying tribute to Lord Kadoorie, adding that it was largely owing to his enthusiasm that the proposed joint venture was under discussion. I said that I had not understood the significance of this discussion at the time, but, since I had subsequently understood that Lord Kadoorie was associated with the French

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option, and Sir Walter Marshall with the American option, I thought that this might be a further signal in favour of the French alternative.

Lord Weinstock said that he was sure that my interpretation was correct. Lord Kadoorie was the key to making progress with the project, and had been saying for a long time that the Chinese wanted the French system. Sir Walter Marshall on the other hand had been troublesome because he would not give up pressing for the American alternative. Lord Weinstock said that he had had to reassure Lord Kadoorie at regular intervals that too much account should not be taken of Sir Walter Marshall's activities. He asked whether there would be any follow up from 10 Downing Street. I said that no follow up was planned from this office as such. The United Kingdom had, of course, already been invited to present an equipment and finance package, and the outcome of the discussions in China would be taken into account in this. Lord Weinstock said that GEC would also be following the matter up: the message I had given him confirmed what he had heard from others and he was very grateful.

*Yours sincerely,*

*Robin Butler*

A G Manzie Esq.,  
Department of Industry.

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