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DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

18 January 1982

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Mike,

OFFICIAL OPENING OF CASTLE PEAK "A" POWER STATION

... I enclose an invitation which Lord Kadoorie, the Chairman of the China Light and Power Company (CLP) of Hong Kong, has requested we forward to the Prime Minister asking whether she would be willing to perform the official opening ceremony of the Castle Peak "A" Power Station in Hong Kong during her visit to the Far East in September of this year.

2 The project is of special significance to the UK for a number of reasons. As a result of an approach by Lord Kadoorie, the Department of Industry has co-ordinated the expertise of UK manufacturing industry, the electricity supply industry and the financial institutions in the City of London in securing for the UK orders with a present day value in excess of £1,000 million. The Prime Minister may recall that the latest of these orders was for the "sister" Castle Peak "B" power station, placed in August 1981: this was perhaps the largest single export contract ever awarded to the UK. There are excellent opportunities for the UK to continue this mutually beneficial relationship. As part of their ambitious development programme CLP are now planning joint ventures with the Chinese authorities on a nuclear power station and a pumped storage scheme in the adjacent province of Guangdong. If successful, these will have considerable political significance for the future relationship between Hong Kong, the UK and the People's Republic of China after the expiry of the UK lease on the New Territories in 1997. Accordingly we strongly recommend that the Prime Minister accept his invitation.

3 Lord Kadoorie suggests that it would be useful for the Prime Minister to discuss the Guangdong nuclear power station project with Mr Stones, CLP's senior executive, when Mr Stones accompanies a delegation from the Guangdong Power Company which

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intends to visit the UK in February. However, we do not believe that it is appropriate for the Prime Minister to agree to see Mr Stones: the visit and its timing are somewhat uncertain and there may be few substantive new developments to report. We suggest that Mr Stones should be invited to give his report to a Department of Industry Minister.

... 4 If the Prime Minister is willing in principle to undertake the opening ceremony of the Castle Peak "A" station she may care to reply to Lord Kadoorie along the lines of the attached draft letter.

Yours,

Caroline Varley

CAROLINE VARLEY
Private Secretary

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DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

Lord Kadoorie *CBF*
 St George's Building
 Hong Kong

It is kind of you to invite Denis too. I am sure that he would love to be present if we travel together on this occasion. May I bear this in mind until the final shape of my visit is settled.

Thank you for your letter of 23 December inviting me to perform the official opening ceremony of the Castle Peak "A" power station in Hong Kong during my proposed visit to the Far East in September of this year. ~~Subject to any over-riding and unpredictable commitments that may occur I am delighted to accept your kind invitation.~~ *I should be delighted to and* Perhaps some provisional dates for the ceremony could be explored through your contacts in the Department of Industry. *very much look forward to the occasion. We can consider precise dates later.*

I ~~am~~ ^{was} interested to learn from your letter that the Guangdong Power Company intends to send a delegation to this country in February to visit the GEC turbine works in connection with the projected nuclear power station in Guangdong Province.

I would have liked to hear a first-hand report
~~I am sure that I would find it of great interest to hear at first hand from your senior executive, Mr Stones, when he visits the UK but I am afraid my diary is already heavily committed in February. However, I would be most grateful if Mr Stones could call on one of my Ministers in the Department of Industry to discuss progress on the project. and I have asked that the necessary arrangements be made. I shall certainly ask for a report on the outcome of the visit.~~ *I know they would be interested to hear.*

Meanwhile I look forward to ^{seeing you} taking up your kind invitation and to visiting Hong Kong in the Autumn *if not before.*

AKL 25/1



10 DOWNING STREET

From the Private Secretary

19 January 1982

OFFICIAL OPENING OF CASTLE PEAK "A" POWER STATION

You wrote to Mike Pattison on 18 January.

As it happens, the Chief Whip, who has recently visited Hong Kong, told the Prime Minister yesterday that Lord Kadoorie had also expressed to him the hope that Mrs. Thatcher, during her own visit to Hong Kong in September, would be able to inaugurate the Castle Peak "A" Power Station. The Prime Minister told the Chief Whip that she would very much like to do this. Subject to confirmation from the Foreign and Commonwealth Office that they see no difficulty in incorporating this event in the programme, I shall therefore place your letter and the proposed reply to Lord Kadoorie before the Prime Minister soon.

Lord Kadoorie also discussed with the Chief Whip the latest situation regarding the Guangdong nuclear power station. He apparently argued that the only way of the UK obtaining a share of this business was to follow the approach which I understand he and Lord Weinstock had recommended earlier, namely that of a UK/French package. He believed that the line advocated by the UK Atomic Energy Authority, while it envisaged a bigger share of work to UK firms, had little or no chance of success. The Prime Minister made no comment on this point, but would be grateful for an assessment of the situation.

I am sending copies of this letter to Roderic Lyne (Foreign and Commonwealth Office) and John Rhodes (Department of Trade).

A. J. COLES

Ms. Caroline Varley,
Department of Industry.

Handwritten initials

cc Suno. British Embassy RM
china. May 1979



etc
Dlud

CF

10 DOWNING STREET

THE PRIME MINISTER

26 January 1982

Thank you for your letter of 23 December inviting me to perform the official opening ceremony of the Castle Peak "A" power station in Hong Kong during my proposed visit to the Far East in September of this year. I should be delighted to and very much look forward to the occasion. We can consider precise dates later. It is kind of you to invite Denis too. I am sure that he would love to be present if we travel together on this occasion. May I bear this in mind until the final shape of my visit is settled.

I was interested to learn that the Guangdong Power Company intends to send a delegation to this country in February to visit the GEC turbine works in connection with the projected nuclear power station in Guangdong Province.

I would have liked to hear a first-hand report from your senior executive, Mr Stones, when he visits the UK but I am afraid my diary is already heavily committed in February. I wonder if Mr Stones could call on one of the Ministers in the Department of Industry to discuss progress on the project. I know they would be interested to hear.

I look forward to seeing you in the Autumn if not before.

(SGD) MARGARET THATCHER

The Rt Hon the Lord Kadoorie, CBE, JP

B



Foreign and Commonwealth Office

London SW1A 2AH

22 January 1982

Dear John,

Official Opening of Castle Peak
'A' Power Station

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fa.

Thank you for the copy of your letter of 19 January to Caroline Varley. As a project of great significance to the UK and to Hong Kong, the Castle Peak 'A' Power Station deserves to have attention drawn to it by a prestigious opening ceremony. We strongly support the proposal that the Prime Minister perform the inauguration and foresee no difficulty in incorporating this in her programme in Hong Kong.

I am sending copies of this letter to Caroline Varley (DOI) and John Rhodes (DOT).

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

A J Coles Esq
10 Downing Street



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
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LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-2123301
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PS/ *Secretary of State for Industry*

23 February 1982

John Coles Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

~~Prime Minister~~

A.T.C. 24.

Dear John,

mf

A.T.C. 33

INVITATION TO THE PRIME MINISTER TO OPEN CASTLE PEAK
A POWER STATION *f.u.*

I enclose a letter from Lord Kadoorie in reply to
the Prime Minister's acceptance of the invitation to
open Castle Peak A Power Station.

Yours ever,

Caroline Varley

CAROLINE VARLEY
Private Secretary

FROM: The Rt. Hon. the Lord Kadoorie, CBE, JP

*St. George's Building
Hong Kong*

February 9, 1982

The Rt. Hon. Mrs. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
London SW1
ENGLAND

Dear Prime Minister,

Many thanks for your letter dated January 26, 1982, giving me the good news that you would be prepared to perform the official opening ceremony of Castle Peak 'A' Power Station and related transmission system during your forthcoming visit to the Far East in September of this year.

Needless to say, all here are delighted and we hope that both you and your husband will enjoy a pleasurable and interesting stay in Hong Kong.

With kindest regards,

Yours sincerely,

Kadoorie:

Kadoorie

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Sir E Youde

Mr Goodison

X-12

FM BTC HONG KONG 240347Z DEC 81

TO IMMEDIATE D O I

TELEGRAM NUMBER INDUS 193 OF 24 DECEMBER

INFO IMMEDIATE F C O

INFO SAVING PEKING

M I P T

FOLLOWING IS TEXT OF LETTER DATED 23 DECEMBER TO LORD WEINSTOCK.

mf

BEGINS

DEAR ARNOLD,

PROPOSED NUCLEAR POWER STATION FOR GUANGDONG PROVINCE

THIS LETTER IS WRITTEN IN ORDER TO BRING YOU UP-TO-DATE AS TO THE LATEST POSITION REGARDING THE PROPOSED NUCLEAR POWER STATION FOR GUANGDONG PROVINCE.

LAST WEEK-END, MR. STONES ATTENDED A MEETING IN CANTON AT WHICH HE WAS TOLD THERE WAS NOW A LIKELIHOOD OF THIS GOING AHEAD.

FOLLOWING THIS MEETING AND OUR ADVISING BOTH BOB DAVIDSON AND MR. MANZIE OF WHAT HAD TAKEN PLACE, YOUR PEOPLE TELEXED MR. CHEN GANG INVITING THE CHINESE TO SEND A DELEGATION TO ENGLAND TO SATISFY THEMSELVES AS TO SUITABILITY OF UTILISING GEC TURBINES IN THIS PROJECT.

SUFFICE TO SAY THAT THE TURBINES GEC ARE OFFERING ARE REGARDED BY THE CHINESE SOMEWHAT AS PROTOTYPES, AND THAT THEY ARE LOOKING TO CHINA LIGHT AND POWER CO. LTD., FOR ADVICE AND GUIDANCE. IT IS AT THEIR INSISTENCE MR. STONES WILL BE ACCOMPANYING THE DELEGATION.

BY THE CHINESE SOMEWHAT AS PROTOTYPES, AND THAT THEY ARE LOOKING TO CHINA LIGHT AND POWER CO. LTD., FOR ADVICE AND GUIDANCE. IT IS AT THEIR INSISTENCE MR. STONES WILL BE ACCOMPANYING THE DELEGATION.

THE RELATIONSHIPS BETWEEN MR. SHIH, CHAIRMAN OF GUANGDONG POWER COMPANY (GPC) AND MYSELF, AND BETWEEN MR. STONES AND HIS OPPOSITE NUMBER, MR. CHEN GANG, WHO WILL BE HEADING THE CHINESE DELEGATION, ARE PARTICULARLY CLOSE AND ARE BASED ON IMPLICIT TRUST. NEITHER PARTY WILL DO ANYTHING THAT WOULD IN ANY WAY PREJUDICE THE INTERESTS OF THE OTHER.

I AM CONVINCED THAT IT IS TO THE MUTUAL INTEREST OF ALL OF US TO ELIMINATE COMPETITION AND TO CREATE THE RIGHT CLIMATE FOR A NEGOTIATED CONTRACT ALONG SIMILAR LINES TO CHINA LIGHT'S NEGOTIATIONS FOR THEIR CASTLE PEAK POWER STATION AT TAP SHEK KOK.

WITH THIS IN MIND, I AM PARTICULARLY ANXIOUS TO AVOID INTERFERENCE IN THE FORM OF A HYBRID PROPOSAL, UNDER THE GUISE OF A BRITISH PACKAGE, BEING SUBMITTED TO OUR FRIENDS DURING THEIR VISIT TO ENGLAND.

IF A UK/WESTINGHOUSE/BECHTEL PACKAGE IS PROPOSED IT WILL MEAN THAT A NUMBER OF OTHER PACKAGES FROM INTERNATIONAL SUPPLIERS WILL HAVE TO BE CONSIDERED IN WHICH CASE I AM CONFIDENT ALL BRITISH PARTICIPATION WILL BE ELIMINATED.

THE ADDAGE THAT HALF A CAKE IS BETTER THAN NO CAKE AT ALL IS PARTICULARLY APPROPRIATE AT THE PRESENT TIME.

I AM GRATEFUL TO YOU FOR HAVING SENT ME A COPY OF YOUR LETTER TO OUR MUTUAL FRIEND AND WISH YOU TO KNOW THAT MY VIEWS, WHICH ARE FULLY SHARED BY MR. STONES, HAVE NOT CHANGED AND HAVE BEEN REINFORCED IN THE LIGHT OF EXISTING CIRCUMSTANCES.

SEASON'S GREETINGS AND BEST WISHES,

LAWRENCE.

ENDS

MARCH

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[Ltd Distn + Guangdong A/D]
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Mr Goodison
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* DOI (2)

TO IMMEDIATE DOI

TELEGRAM NUMBER INDUS 192 OF 24 DECEMBER

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INFO IMMEDIATE FCO

INFO SAVING PEKING

M I P T

FOLLOWING IS TEXT OF LETTER DATED 23 DECEMBER TO PRIME MINISTER:-
BEGINS

DEAR PRIME MINISTER,

FROM A RECENT ANNOUNCEMENT APPEARING IN THE PRESS I WAS GLAD TO LEARN THAT THERE IS A POSSIBILITY OF YOUR VISITING CHINA SOMETIME DURING 1982.

WITH THIS IN MIND, AND KNOWING YOU WILL BE PASSING THROUGH HONG KONG, MAY I, AS CHAIRMAN OF CHINA LIGHT AND POWER CO LTD (CLP), EXTEND TO YOU AN INVITATION TO INAUGURATE OUR NEW POWER STATION AT TAP SHEK KOK WHILST YOU ARE IN THIS PART OF THE WORLD.

TO CASTLE PEAK POWER COMPANY LTD (CAPCO), YOUR ACCEPTANCE WOULD BE BOTH AN HONOUR AND A PLEASURE. WE ALSO BELIEVE THAT COMING AT THE TIME OF YOUR VISIT TO CHINA IT COULD DO MUCH TO ENCOURAGE FURTHER PROJECTS WHICH WOULD BE OF BENEFIT TO BRITISH INDUSTRY.

THE GUANGDONG POWER COMPANY (GPC) WILL SHORTLY BE SENDING A DELEGATION TO THE UNITED KINGDOM TO VISIT THE GEC TURBINE WORKS AT RUGBY. THIS, IN CONNECTION WITH THE PROJECTED NUCLEAR POWER STATION FOR GUANGDONG PROVINCE.

OUR SENIOR EXECUTIVE, MR STONES, WHO HAS BEEN VERY CLOSE TO THIS PROJECT SINCE ITS INCEPTION WILL BE ACCOMPANYING THEM.

MR MANZIE OF YOUR DEPARTMENT OF INDUSTRY IS FULLY IN THE PICTURE. HOWEVER, IN VIEW OF THE IMPORTANCE OF THE PROJECT TO

THIS PROJECT SINCE ITS INCEPTION WILL BE ACCOMPANYING THEM.

MR MANZIE OF YOUR DEPARTMENT OF INDUSTRY IS FULLY IN THE PICTURE. HOWEVER, IN VIEW OF THE IMPORTANCE OF THE PROJECT TO BRITAIN, IF YOU COULD SPARE THE TIME FOR A BRIEF INTERVIEW, BELIEVE IT WOULD BE CONSTRUCTIVE FOR YOU TO SEE MR STONES AND HEAR FROM HIM, FIRST HAND, OF THE VERY SENSITIVE RELATIONSHIP WHICH HAS DEVELOPED BETWEEN CLP AND THE GPC OVER THE PAST EIGHTEEN MONTHS.

WITH SEASONS GREETING AND ALL GOOD WISHES FOR 1982.

YOURS SINCERELY,

KADOORIE.

ENDS

MARCH

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TO IMMEDIATE DOI

TELEGRAM NUMBER INDUS 191 OF 24 DECEMBER

INFO IMMEDIATE FCO

INFO SAVING PEKING

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Ps/PUS
Sir G Youde
Mr. Goodison

X-12

MY INDUS 183 AND 189. PRIME MINISTER'S VISIT.
KADOORIE HAS JUST SENT ME LETTERS TO THE PRIME MINISTER AND LORD
WEINSTOCK FOLLOWING THE DEVELOPMENTS ON THE GUANGDONG PROJECT
REPORTED IN MYTELS INDUS 187 AND 188. SEE MIFTS FOR TEXTS.
ORIGINALS PLUS A FURTHER PERSONAL LETTER TO THE PRIME MINISTER
EXTENDING THE INVITATION TO HER HUSBAND FOLLOW BY BAG LEAVING HERE
ON 28 DECEMBER ADDRESSED TO HAVELOCK.
2. YOU WILL NOTE THE FIRM RE-STATEMENT OF KADOORIE'S OPPOSITION
TO A UK/WESTINGHOUSE/BECHTEL NUCLEAR ISLAND.

MARCH

NNNN

FROM The Rt. Hon. the Lord Kadoorie, CBE, JP

*St. George's Building
Hong Kong*

December 23, 1981

The Rt. Hon. Mrs. Margaret Thatcher, MP
Prime Minister
10 Downing Street
London SW1
ENGLAND

Dear Mrs. Thatcher,

I have today sent you an official invitation to inaugurate our new power station on your next visit to this part of the world.

Should you be able to accept, I should like to add a personal invitation to your husband, as we would be delighted to show him Hong Kong at this most interesting period in its historical development.

Needless to say, it would give us great pleasure if you are both able to fit this into your busy schedules.

Sincerely yours,

Kadoorie

Kadoorie

FROM The Rt. Hon the Lord Kadoorie, CBE, JP

*St. George's Building
Hong Kong*

December 23, 1981

The Rt. Hon. Mrs. Margaret Thatcher, MP
Prime Minister
10 Downing Street
London SW 1
ENGLAND

Dear Prime Minister,

From a recent announcement appearing in the Press I was glad to learn that there is a possibility of your visiting China sometime during 1982.

With this in mind, and knowing you will be passing through Hong Kong, may I, as Chairman of China Light & Power Co. Ltd. (CLP), extend to you an invitation to inaugurate our new power station at Tap Shek Kok whilst you are in this part of the world.

To Castle Peak Power Company Ltd. (CAPCO), your acceptance would be both an honour and a pleasure. We also believe that coming at the time of your visit to China it could do much to encourage further projects which would be of benefit to British industry.

The Guangdong Power Company (GPC) will shortly be sending a delegation to the United Kingdom to visit the GEC Turbine Works at Rugby. This, in connection with the projected nuclear power station for Guangdong Province.

Our senior executive, Mr. Stones, who has been very close to this project since its inception will be accompanying them.

Mr. Manzie of your Department of Industry is fully in the picture. However, in view of the importance of the project to Britain, if you could spare the time for a brief interview, I believe it would be constructive for you to see Mr. Stones and hear from him, first hand, of the very sensitive relationship which has developed between CLP and the GPC over the past eighteen months.

With Season's Greetings and all good wishes for 1982.

Yours sincerely,

Kadoorie