



PM Seen

CONFIDENTIAL

PRIME MINISTER

CABLE AND WIRELESS: GUANGDONG

You will wish to know that Cable and Wireless, in partnership with the Guangdong Posts and Telecommunications Administrative Bureau, have won the contract to install a microwave network in Guangdong running east and west of the Province through Guangzhou. I enclose a background note on the project.

This is a victory for Britain. It has been achieved without Government subsidy. The amount of equipment involved will be small but the contract has tremendous significance in opening the door for further UK involvement in an area of rapid industrial growth. It is a major achievement and the political and economic implications of this partnership venture for Anglo-Chinese relations and for Hong Kong's position as a communications centre in the Far East are significant.

There will be a signing ceremony in London, early in September, which Patrick or I will attend, but in view of the contract's importance Eric Sharp, the Chairman of Cable and Wireless, has asked if you would consider stopping off in Canton for a ceremony to mark the establishment of the microwave network.

I know that the planning for your visit is well advanced but I wonder whether there is any possibility of fitting this in.

I am copying this to Francis Pym.

kb.

KENNETH BAKER
(1) August 1982

Cable and Wireless plc is embarking on a major new initiative in Guangdong, the Chinese province with over 60 million population which has been selected by the Government in Beijing as an area where dynamic industrial growth will be accelerated in the immediate future.

An agreement in principle between Cable and Wireless and the Guangdong Posts and Telecommunications Administrative Bureau (GPTB) for collaboration in the construction of a 960-channel microwave radio system already exists. The formal contract will be signed in London in early September by Mr Eric Sharp, Chairman of Cable and Wireless and Mr Li Qingwan, Director of the GPTB.

The microwave system will stretch nearly 1,000 km along the entire length of the province from Shantou in the east to the island of Hainan in the west (see map attached).

Opportunities are certain to arise for manufacturers and it is the intention of Cable and Wireless, if possible, to bring a team of about eight senior Chinese engineers involved in the project to fly to the UK and visit interested companies (GEC, Lucas, STC, etc.).

Although the microwave system is the biggest project in which Cable and Wireless has so far been involved in mainland China, it is hoped that it will be only the first of a number of joint schemes in which the company will be involved in Guangdong and the neighbouring province of Fujian. The Guangdong microwave system will provide a telecommunication backbone system for the entire province and, judging by past experience, its construction will be a powerful stimulus to further development. The backbone will link the key centres of the South China Sea offshore oil fields (Shenzhen, Mo Ming, Guangzhou and Chi Wan) as well as the new Special Economic Zones. The latter will depend on good communications with industrial and commercial entrepreneurs in Hong Kong, Macau and elsewhere who will provide funding for a series of joint ventures which are at the heart of plans for very rapid economic development of the province.

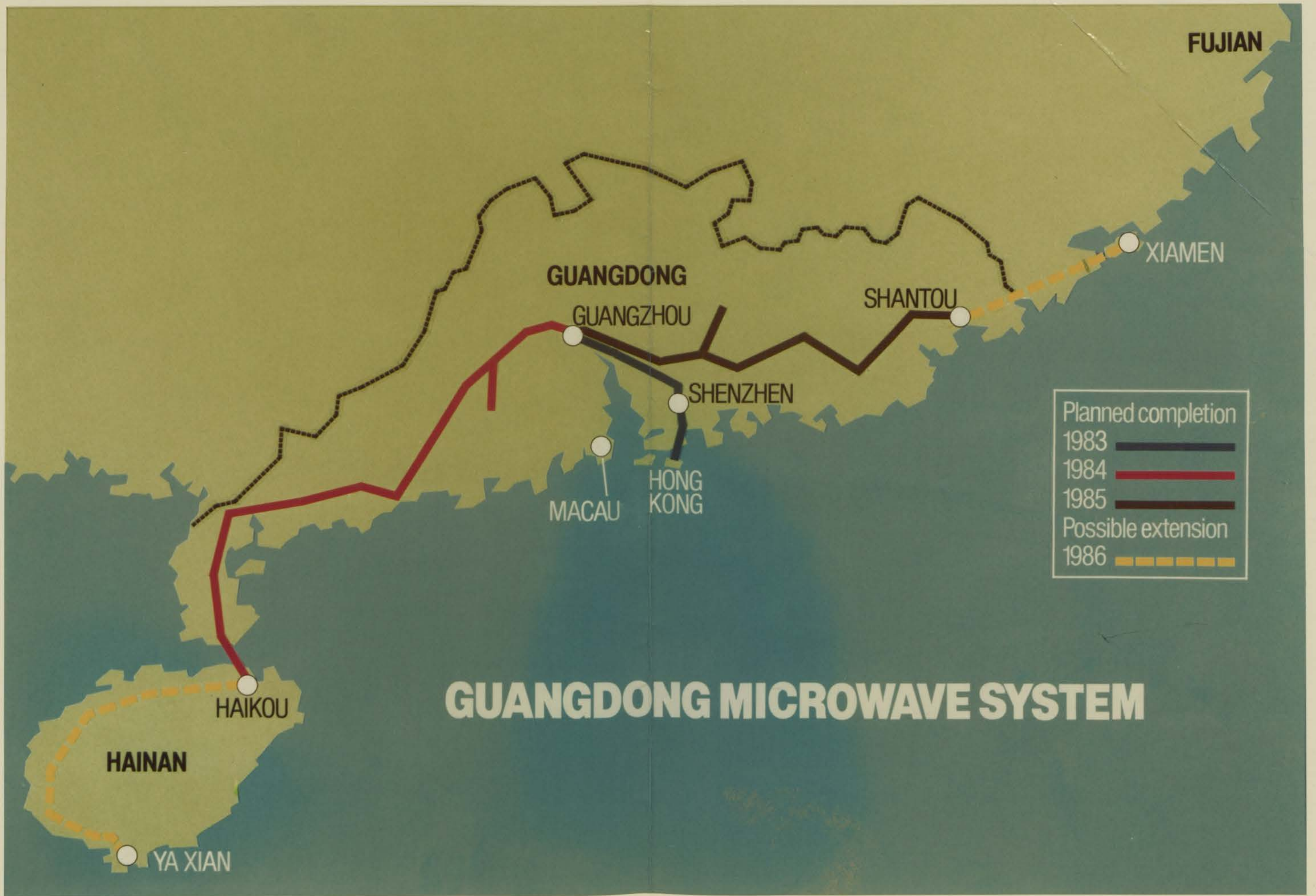
Cable and Wireless is already involved in a major microwave link between Guangzhou and Hong Kong through which external traffic from the proposed internal backbone system will flow. This Guangzhou-Hong Kong microwave link is one of the largest capacity microwave systems in the world which, when it is completed by the middle of next year, will provide 2,700 voice channels between Guangzhou and Hong Kong.

(NOTE: The above information must not be released without prior reference to:

Mr E Sharp
Chairman and Chief Executive
Cable & Wireless plc)

11.1 AUG 1987





Planned completion	
1983	
1984	
1985	
Possible extension	
1986	

GUANGDONG MICROWAVE SYSTEM