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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister:

*I doubt whether the diary will permit. I must not cut down the time in Hong Kong no*

*Kenneth Baker's minute (attached) arrived after you went on holiday, so I sought fco advice. As you see, they advise you to take up Mr Baker's suggestion to stop off in Canton to mark the establishment of a microwave network by Cable and Wireless. Agree?*

Dear Tim,

26 August, 1982

Prime Minister's Visit to China: Possible Stop-Over in Canton

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In his letter of 11 August to the Prime Minister, the Minister of State for Industry proposed that Mrs Thatcher should pay a brief visit to Canton on her way from Shanghai to Hong Kong on 26 September, in order to mark the recent agreement on cooperation between Cable and Wireless and the Guangdong Provincial authorities for the development of Guangdong's telecommunications facilities.

We support Mr Baker's proposal. Besides the Cable and Wireless contract, two other significant projects are under negotiation between the Guangdong authorities and British companies. These are:

- (a) modernisation of Canton's telephone exchange (STC); and
- (b) modernisation of a rubber tyre factory in Canton (Dunlop).

Whilst it is true that none of these projects of itself merits the Prime Minister's attention, and indeed in no case is there yet anything for the Prime Minister to see, we think it would be helpful to the prospects for further British project business in Guangdong, one of the focal areas of Chinese economic development, if the Prime Minister were to visit the provincial capital and meet local leaders. It would also be an opportunity for a high-level reiteration of our support for (and the triangular-UK/PRC/Hong Kong - benefit of) the Guangdong nuclear project to the authorities who will be responsible for much of the detailed negotiation.

At such a meeting the Prime Minister could also lend her support to the continuing development of general economic and commercial cooperation between Guangdong and Hong Kong. This would be well received not only by local leaders, but also by the central government.

*Yours ever*  
*J E Holmes*

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Private Secretary

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