



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

*[Handwritten mark]*

*Prime Minister*

*[Handwritten initials]*

*4/14*

**GUANGDONG NUCLEAR PROJECT**

I have seen Patrick Jenkin's minute to you of 29 October, and we had some discussion about it at your briefing meeting for the Anglo-French Summit on 1 November.

2. I agree with Patrick Jenkin that there is much to be said for trying to reach an exclusive agreement with the French. The financial and other risks of the project would be much less than under the American option, and there is force in the point which Patrick Jenkin made at your meeting that a deal with the French should make it possible to avoid a competition with them on financial terms.

3. As things stand, we have already offered more generous terms than the French. I also understand that at a recent OECD meeting in Paris the French would have been prepared to accept a US proposal for banning the use of mixed credits in relation to exports of nuclear power stations, and that the UK was the only country which could not accept the proposal. In any discussion of financing terms with the French I suggest our line should be that we have offered enough concessions already and would welcome a moratorium on further concessions as part of any Anglo/French agreement.

4. I agree with Patrick Jenkin that we may need a collective discussion of the financing issues after the Summit. I think such a discussion should precede any move to start negotiating direct with the Chinese for the conventional "island".

5. I am copying this minute to the other recipients of Patrick Jenkin's minute of 29 October.

*[Handwritten signature]*

(G.H) NOV 2  
4 October 1982

Hong Kong.

Guangden.



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COMPTON



File BR

Hong Kong

10 DOWNING STREET

*From the Private Secretary*

8 November 1982

GUANGDONG NUCLEAR PROJECT

NOV. 2  
The Prime Minister has noted without comment the contents of the minute of 4 October on the above subject by the Chancellor of the Exchequer.

I am copying this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Secretary of State for Energy, the Secretary of State for Trade, the Chief Secretary, HM Treasury and Sir Robert Armstrong.

A. J. COLES

John Kerr, Esq.,  
HM Treasury