



S. Rosen JS

SUBJECT

10 DOWNING STREET

cc D/Ind
FCO (LPS)
D/Trade

THE PRIME MINISTER

29 June 1980

Cabinet office (Swright)

cc Master ox
ops

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 135/80

I am taking the opportunity of the visit to the Republic of Korea of Sir Ian Gilmour to address Your Excellency on an important commercial matter.

I understand that a decision will shortly be taken on the placing of contracts by the Korea Electric Company (KECO) for the supply of two new nuclear units. I believe that the contracts for the nuclear islands for these stations may be awarded as a result of bilateral negotiations. If this is so, I hope that it will be possible to offer British engineering companies a similar opportunity to negotiate for the supply of conventional islands for these two units and that your Authorities will give full consideration to the advantages which the major British manufacturer, GEC, could offer. For over ten years it has been successfully involved with your country's power programme and has supplied over half the turbine generators installed in your nuclear power stations. GEC has unrivalled understanding of the requirements of your electricity industry, and KECO's knowledge of GEC equipment is considerable. A further contract with KECO could lead to an extension of the licensing arrangements which GEC already has with Hyundai Heavy Industries, to a further transfer of technology, and to an increased share of manufacture in Korea.

These are technical advantages which speak for themselves. I would moreover regard it as firm evidence of the good relations

/our two

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our two countries have always enjoyed if your Authorities were to invite GEC to enter into discussions with a view to the conclusion of a negotiated contract. I very much hope that they will do so.

With best personal wishes,

(Sgd) MARGARET THATCHER

His Excellency Mr. Choi Kyu-hah



10 DOWNING STREET

Prime Minister

You saw this in draft.

"Your Excellency"

'Yours sincerely'.

Amis

27. 6. 50.

[Only clear: This must reach
Mr Comersall in the F.O. as
early as possible on Monday
morning.]



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

cc. cab off. (Gwyneth)

26 June 1980 (1)

Michael Alexander Esq
Private Secretary to the
Prime Minister
10 Downing Street
SW1

Prime Minister

I know you find these letters distasteful
but they do make a difference (so does their
absence!). Agree with?

Dear Michael

Yes out

Print - 26/6

KOREA - TURBINE GENERATORS

As a result mainly of significant political pressure exerted by the French, the contract for the nuclear island for the next 2 units of the Korean power programme is likely to be awarded on a negotiated basis to Framatome. HMG has been actively lobbying on behalf of GEC to assist them to secure a negotiated contract for the non nuclear island (two turbine generators valued at £100m with the possibility of four similar units later).

The Korea Electric Company (KECO) are understood to wish to put the non nuclear island out to tender but the Korean Government are concerned lest this would offend other potential suppliers, notably the UK.

GEC are, of course, well aware that the contract price will have to be competitive but they also hold the view that unless an Anglo-Korean deal can be negotiated GEC stand little chance against the US which will be offering all embracing and attractive finance tied to US suppliers for all the non nuclear equipment.

The forthcoming visits by the Korean Deputy Prime Minister, where Mr Nott will raise GEC's interest, and Sir Ian Gilmour's visit to Korea from 2-6 July will give excellent opportunities to secure the essential political approval for GEC to be permitted a negotiated contract. However we believe - and the view is supported by the FCO and the Department of Trade - that a Prime Ministerial letter to President Choi will significantly enhance the UK's chance of success.

I would therefore be grateful if the Prime Minister would consider writing to the President of Korea on the lines of enclosed draft.

I am copying this letter and enclosure to George Walden at the FCO, and to Stuart Hampson in the Department of Trade.

Yours sincerely
Catherine Bell
CATHERINE BELL
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO

His Excellency President Choi Kyu Hah
President of the Republic of Korea

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With best personal wishes.

CONFIDENTIAL

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