



10 DOWNING STREET

From the Private Secretary

15 November, 1983.

As you will know from our recent telephone conversation, Lord Rhodes is seeking a meeting with the Prime Minister to discuss the Guangdong Power Station project. He would propose to bring Lord Kadoorie with him.

When we spoke, you expressed some doubts about whether the Prime Minister should accede to this request. I have explained to Lord Rhodes that in any case a meeting will not be possible before December because of the Prime Minister's overseas commitments. Having now seen the note of the meeting between your Secretary of State, Lord Rhodes and others on 1 November, I think it would be helpful if you could kindly provide written advice, in consultation with the Foreign and Commonwealth Office.

I am sending a copy of this letter to Peter Ricketts (Foreign and Commonwealth Office).

David Barclay

Miss Ruth Thompson,
Department of Trade and Industry.



10 DOWNING STREET

From the Private Secretary

15 November 1983

I promised to come back to you about your request for a meeting with the Prime Minister to discuss the Guangdong Power Station project, to which you said you would like to bring Lord Kadoorie.

As I explained when we spoke, the Prime Minister is about to depart for the Commonwealth Heads of Government Meeting at Delhi, after which she will attend the European Council at Athens. So I am afraid that any meeting could not take place until mid-December at the earliest. I will write to you again as soon as I have had an opportunity to put your request to the Prime Minister.

The Rt. Hon. Lord Rhodes, KG, DFC.

MR COLES

Lord Rhodes (04577-4500) - Who's Who entry attached - telephoned to ask whether he and Lord Kadoorie could come and see the Prime Minister about the Guangdong Power Station project. I explained that the diary was impossible until mid-December, but he seemed quite relaxed about timing. I promised to consult the Prime Minister and go back to him.

X I discovered that Lord Rhodes met Mr. Tebbit on this subject on 1 November with Lord MacLehose but without Lord Kadoorie. Having seen the note of this meeting (copy attached) it seems probably^e that Lord Rhodes would want to use his interview to press the views so recently greeted with scepticism by Mr. Tebbit. Unfortunately, it also makes it more difficult to deflect his request by suggesting that he should see the Secretary of State instead.

Not surprisingly DTI advise against a meeting with the Prime Minister. I have not sought Foreign Office advice but will do so if you wish,

Agree we set out this background for the Prime Minister and leave it for her personal decision?

DMS

14 November 1983

Mr. Darby.

I think that we should seek the joint advice of the F./C.O. and the J.T.I. on whether the Prime Minister should receive them. The Guangdong project has well moved on a bit since 1 November. We need a letter.

A.S.C. $\frac{14}{11}$

RHODES, Baron *et* 1964, of Saddleworth (Life Peer); **Hervey Rhodes**, KG 1972; PC 1969; DFC and Bar; DL; *b* 12 August 1895; *s* of John Eastwood and Elizabeth Ann Rhodes; *m* 1925, Ann Bradbury; two *d.* *Educ*: Greenfield, St Mary's Elementary Sch.; Huddersfield Technical College; evening classes. Woollen worker pre-1914; joined King's Own Royal Lancs, 1914, commissioned, seconded to Flying Corps (wounded, DFC and Bar). Discharged from Hospital, 1921. Commenced business as woollen manufacturer. Served on Local Authority. Chairman of Urban District Council, 1944-45. Chairman, Saddleworth War Charities. Commanded 36th West Riding Bn Home Guard. Contested Royton Division of Lancs, 1945; MP (Lab) Ashton-under-Lyne, 1945-64; PPS, Min. of Pensions, 1948; Parliamentary Secretary, Board of Trade, 1950-51, 1964-67. Led all-party Party delegns to China, 1978, 1979, 1981. Lord Lieutenant of Lancaster, 1968-71; DL Lancs, 1971. Freedom of Borough of Ashton-under-Lyne, 1965, and of Saddleworth, Yorks, 1966. KStJ 1968. Fellow, Huddersfield Polytechnic, 1976. Hon. DTech Bradford, 1966; Hon LLD Manchester, 1971. *Address*: Cribbstones, Delph, near Oldham, Lancs. *T*: Saddleworth 4500.

Reference.....

JF4725

MRS BELL

cc PS/Mr Baker
PS/Mr Channon
PS/Sir Brian Hayes
PS/Sir Anthony Rawlinson
Mr Roberts
Mr Manzie
Mr Mingay MEE
Mr Corley OT4
Dr Dobbie MEE

SECRETARY OF STATE'S MEETING WITH LORD RHODES AND OTHERS ON
THE GUANGDONG NUCLEAR POWER STATION, 1 NOVEMBER 1983

You and Mr Manzie were present when Lord Rhodes, Lord Maclehorse, Mr Bill Benyon MP and Mr Roger Sims MP came to see the Secretary of State about the Guangdong nuclear power station.

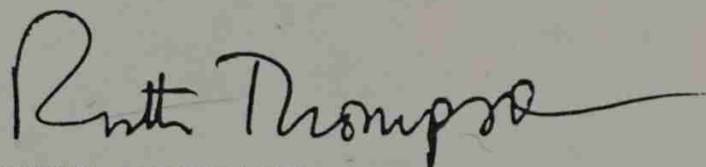
2 Lord Rhodes explained at length the talks he had had with Lord Kadoorie and Mr Stones of China Light and Power (and left a summary with Mr Manzie). He strongly believes that an injection of equity by HMG would push this unique project forward: there was need for a gesture. He stressed that the power station was a political, as well as a commercial, commitment. Lord Maclehorse said he was aware of the good work that the DTI had done on this project. He pointed out that it would be some time before any question of providing equity would arise; the Hong Kong Government had yet to agree to take the electricity that Guangdong would be producing. He urged the Secretary of State to keep an open mind on the question of HMG equity. He believed this could be crucial, both for the contract, and for political relations with China; he also suggested that it might help us in winning further contracts for additional power stations in China. He asked the Secretary of State to listen very carefully to local (Hong Kong) advice.

3 The Secretary of State said he fully recognized the importance of the project, and he knew that the Prime Minister herself took a close interest in it. He, too, believed that the importance of the project was both political and commercial. However, the Secretary of State said he was not convinced he could persuade his colleagues that they should take equity in this project, when the Government's overall policy was quite the reverse. The UK was already making important political gestures to the People's Republic of China on the future of Hong Kong, and on the commercial side there were a number of joint ventures

Reference.....

under consideration. The Secretary of State said that he would indeed listen most carefully to local advice on the matter of Government equity, but that he did not want to create any precedence for the future. Lord Macle hose thought that this would not be a risk, since the Guangdong project was unique in that it involved both the PRC and Hong Kong: the Secretary of State expressed doubts about whether the Chinese would make the same distinction between Hong Kong and the People's Republic.

4 The meeting ended with Lord Rhodes and his party reiterating their concern, and their belief that the only way to secure progress on the project was for HMG to offer some equity: the Secretary of State remained unconvinced, but thanked them for coming to put their point of view.



RUTH THOMPSON
PS/Secretary of State for Trade & Industry
Room 803, 1 Victoria Street
215 5422

3

November 1983