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IMMEDIATE²³⁹⁴⁻¹

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DD 240030Z HONG KONG

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DESKBY 240030Z

FM FCO 231730Z NOV 83

TO IMMEDIATE HONG KONG (PERSONAL FOR GOVERNOR)

TELEGRAM NUMBER 1247 OF 23 NOVEMBER

AND TO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

GUANGDONG NUCLEAR PROJECT

1. DTI ARE DRAFNG REPLY TO KADOORIE'S LETTER TO THE PM REQUESTING THAT HMG TAKE POUNDS 25 MILLION EQUITY IN HKNIC. THEY PROPOSE TO TAKE LINE THAT ALTHOUGH HMG STRONGLY SUPPORTS PROJECT AND WILL HELP WHEREVER POSSIBLE IN OTHER WAYS, TAKING EQUITY WOULD BE INAPPROPRIATE, GIVEN HMG'S PRIVATISATION POLICY.
2. SUBMISSION TO DTI MINISTERS WILL CONTAIN ASSESSMENT OF POLITICAL ARGUMENTS FOR AND AGAINST PROPOSAL BASED ON MANZIE'S RECENT DISCUSSIONS IN HONG KONG AND PEKING TELNO INDUS 122. WE WOULD BE GRATEFUL FOR BOTH YOUR VIEWS ON PROPOSAL DESKBY 241100Z AND IN PARTICULAR FOR :-
 - (A) PEKING'S ADVICE AS TO WHETHER HMG'S PARTICIPATION IN HKNIC WOULD BE LIKELY TO LEAD TO ANY MODIFICATION OF PEKING'S HARD LINE ON THE TALKS ON THE FUTURE OF HONG KONG, RATHER THAN MERELY OF THEIR ATTITUDE TOWARDS GEC'S PARTICIPATION IN THE PROJECT.
 - (B) THE GOVERNOR'S ADVICE ON WHETHER APART FROM SATISFYING LORD KADOORIE THERE ARE WIDER POLITICAL GROUNDS FROM THE POINT OF VIEW OF THE HONG KONG GOVERNMENT FOR HMG'S PARTICIPATION.
3. OUR ADVICE AT OFFICIAL LEVEL TO THE DTI BEFORE MANZIE'S VISIT WAS THAT, WHILE EQUITY PARTICIPATION BY HMG COULD HELP TO CREATE A BETTER GENERAL ATMOSPHERE WITH THE CHINESE, WE DID NOT JUDGE THAT IT WOULD HAVE ANY EFFECT ON CHINA'S BASIC POSITION IN THE TALKS.
 WE HAD IN MIND THAT THEY WOULD NOT AS A RESULT OF THIS BE LIKELY SUBSTANTIALLY TO IMPROVE THE SORT OF GUARANTEES WHICH

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THEY WOULD OFFER FOR HONG KONG'S AUTONOMY.

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