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FM BTC HONG KONG 040715Z JAN 85

TO IMMEDIATE D T I

TELEGRAM NUMBER INDUS 1 OF 4 JANUARY

INFO PRIORITY F C O, PEKING AND PARIS.

GUANGDONG NUCLEAR PROJECT : EXCO DECISION

AS GENERALLY EXPECTED THE EXECUTIVE COUNCIL ON 3 JANUARY GAVE ITS APPROVAL TO THE PROPOSED ARRANGEMENTS FOR THE NUCLEAR PROJECT. ON THIS BASIS HKG ANNOUNCED THAT IT QUOTE HAD NO OBJECTION UNQUOTE TO HKNIC ENTERING INTO THE JOINT VENTURE WITH GNIC TO BUILD AND OPERATE THE STATION AND HAD NO OBJECTIONS TO HKNIC TAKING POWER FROM THE STATION IN ACCORDANCE WITH THE DRAFT CONTRACTS AGREED BY THE TWO PARTNERS.

2. THE EXCO DEBATE WAS LENGTHY (3 HOURS) AND, ACCORDING TO ECONOMIC SERVICES BRANCH, WAS A TOUGH SESSION WITH A NUMBER OF EXCO MEMBERS RAISING PROBLEM AREAS (SOME PREDICTABLE, E.G. ON SAFETY AND ON THE PRINCIPLE OF HONG KONG BEING RELIANT ON EXTERNAL PLANT, SOME LESS SO). THERE IS SOME RELIEF ON THE PART OF ECONOMIC SERVICES BRANCH THAT AGREEMENT WAS GIVEN WITHOUT THE NEED FOR ANY FORM OF RE-SUBMISSION AND THAT THEREFORE THE WAY IS NOW CLEAR FOR THE FORMAL ESTABLISHMENT OF THE JOINT VENTURE COMPANY ACCORDING TO TIMETABLE.

3. IN ANNOUNCING THE EXCO DECISION HKG HAVE NOT GONE BEYOND THE FORMULA IN PARAGRAPH 1. IN DEALING WITH PRESS ENQUIRIES THEY ARE NOT BEING DRAWN ON THE DETAILS OF THE AGREEMENTS ON THE BASIS THAT THESE ARE STILL IN DRAFT UNTIL THE SIGNATURE OF THE JV CONTRACTS BY THE TWO PARTNERS.

ADAMS

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ADDITIONAL DISTN.
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