

PRIME MINISTER

REQUEST FOR A MEETING BY LORD KADOORIE

Mr Prior has telephoned to ask that you should see Lord Kadoorie about the Guangdong contract. This request for a meeting follows one earlier this month, which in the event was not pressed.

Mr Prior told me of "political moves" on Guangdong. Apparently the British and French Ambassadors have been called in to see the Chinese Vice Minister. He went on to say that Lord Kadoorie is seeing Madame Cresson and that you had expressed a willingness to Lord Kadoorie to see him whenever he wanted.

DTI confirmed that the British and French Ambassadors were call in by the Chinese Government in an effort to persuade the two Governments to bring pressure to bear on the contractors to reduce prices. The Department do not regard this as a crisis in the negotiations, but predictable Chinese tactics to try to reduce prices. They also say that the Chinese have written to Mr Heath in an attempt to enlist his support to get prices reduced. Mr Lamont has offered Mr Heath advice on how to reply to the Chinese letter.

Recommendation

DTI see no reason for you to see Lord Kadoorie at this stage. I agree. Your diary is extremely crowded, especially in the period to the end of the first week in September which Mr Prior has suggested.

Shall I therefore telephone Mr Prior and say that in view of your already crowded diary, you are very sorry that it is not possible to see Lord Kadoorie on this occasion?

N.L.W.

27.8.85.

MJ2AYS

*He would have to wait & until I return from Scotland*

*Mrs Rydes. CR. allowed  
In Mr Poyner's absence, I passed  
this to his Secretary.*

*N.L.W.  
30.8*