

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

30 October 1985

Dear Charles,

Guangdong Nuclear Project

mb  
 Prime Minister  
 Officials are working on  
 a letter to Zhao Ziyang. But  
 GEC are proving difficult & it  
 may take 2/3 days. C.D.P.

As I mentioned to you on the telephone, we arranged for the Chinese Ambassador to call this morning on the Foreign Secretary to take delivery of an oral message from Premier Zhao Ziyang to the Prime Minister.

The text of the message was as follows:

"I learned that difficulties have arisen on the price question in the Sino-British talks concerning the nuclear power plant. During the October 23-24 talks, the GEC delegation said that they could reduce the price by 18% at the most. Thus, the talks ran into difficulties. The Chinese side had tried to persuade the GEC delegation to stay on in Beijing so that the talks could continue. However, both the GEC and the loan delegations left Beijing on the afternoon of 24 October. In my view, the break-off of the talks resulted from differences on price. The Chinese side is willing to continue the talks and will give preferential consideration to the British side when terms offered for the plant are similar.

It is hoped that the Prime Minister will further exert influence so that the British delegation will continue the talks and further reduce the price".

Mr Benjamin, who led the DTI delegation in Peking, was present at the meeting. DTI will be submitting advice to the Prime Minister next week on a suitable message to send Premier Zhao taking account of this latest message and of representations made by the Chinese to the French Government and the feedback from both British and French commercial interests.

I am copying this letter to Michael Gilbertson (DTI).

Yours ever,

Peter Ricketts

(P F Ricketts)

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