Confidential Filing

Suggestion from Sir K. Joseph that the P.M. neet the Japanere CB.I. (Keidensen).

JAPAN

AUGUST 1987

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10 DOWNING STREET

LONDON SWIA 2AA

From the Private Secretary

22 October 1986

KEIDANREN VISIT TO UK: 18-21 NOVEMBER 1986

Thank you for your letter of 21 October proposing that the Prime Minister should accept a call by Mr. Saito, President of the Japanese Keidanren.

The Prime Minister will see Mr. Saito at 1630 on 19 November. She would like the meeting to be a small one. Mr. Saito should be accompanied only by the Japanese Ambassador. The Prime Minister would be grateful if Mr. Channon could also be present.

I am copying this letter to Tony Kuczys (H.M. Treasury) and Robert Culshaw (Foreign and Commonwealth Office).

CHARLES POWELL

Michael Gilbertson, Esq., Department of Trade and Industry.



PS / Secretary of State for Trade and Industry

1-19 VICTORIA STREET

LONDON SWIH OET 5422

Telephone (Direct dialling) 61-215)

GTN 215) -----

(Switchboard) 01-215 7877

2/ October 1986

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Charles Powell Bsq Private Secretary to the Prime Minister 10 Downing Street LONDON SW1

Dear Charles,

Rine Minster

Civen the importance you attach to getting our views a was to the trapped in the agree in the

KEIDANREN VISIT TO UK : 18-21 NOVEMBER 1986

I am writing to recommend that the Prime Minister accept a call from Mr Saito, President of the Japanese Keidanten, in the course of his visit to the UK with a high level mission on 18-21 November. The Keidanren have approached us through our Embassy in Tokyo.

The Keidanren is the most powerful body representing Japanese business and its remit runs rather more widely than that of the CBI. Saito is a senior figure, formerly Chairman and President of Nippon Steel, commanding considerable influence in Japan. He has only recently taken up his post and should be in office for some years.

Such a meeting would provide a good opportunity for the Prime Minister to stress the UK's concerns on the Japanese trade problem and the need for long term structural and macro economic reforms, whilst reiterating our wish to encourage further appropriate inward investment from Japan.

The Mission will also visit Paris, Brussels and Vienna, and the Keidanren will call on President Mitterand. In the UK, Saito has also asked to call on my Secretary of State and the Chancellor. My Secretary of State is intending to see him.

JF6AIW

1786 1986 BOARD OF TRADE BICENTENARY



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On the Prime Minister's two non-Summit visits to Japan, as Leader of the Opposition in 1977 and as Prime Minister in 1982, she had meetings with the Keidanren.

I am copying this to Tony Kuczys (Treasury) and Robert Culshaw (FCO).

Yours ever, Michael

MICHAEL GILBERTSON Private Secretary

FILE

Jyen

cc DIT ~

14 October 1981

I am writing in the Prime Minister's absence from London to thank you on her behalf for your very kind letter of 12 October.

I am sure the Prime Minister will be most interested to read the points you make, and will be very glad to hear that your visit bere has been such a success.

MICHAEL SCHOLAR

Mr. Yoshihiro Inayama



From the Secretary of State

Mike Pattison Esq Private Secretary 10 Downing Street London, SW1

13 October 1981

Dear M Pattison

KEIDANREN MISSION

... I attach a letter to the Prime Minister from Mr Yoshihiro Inayama, President of the Keidanren Mission which was handed in to the Department of Trade today.

Officials in the Department are studying a copy of the letter and a draft response for the Prime Minister will be sent to you, if this is felt necessary.

Yours sincerely Patricia of Manuthy

Miss P A McNulty Private Office

London. 12th October, 1981. Dear Prime Minister, I thank you most sincerely for your very kind letter, which was handed to me on my arrival in London. I am sorry that, as our visit to your country coincided with a very busy time for you, I could not have the honour of meeting you. However, I was gratified to have the opportunity to meet with many prominent members of your Cabinet as well as leaders of British industry and trade unions, and to have frank and fruitful exchanges of views with them. As you state in your letter, we must not at any cost allow the short-term pursuit of individual gain to destroy the trust and understanding vital to our own survival. In this connection, may I assure you that I fully recognize the difficulties you have been encountering. At a time when the world economy faces serious difficulties, Japan, Europe and the United States, as the three pillars of the free economic system, must understand each other's economic problems, and promote even further the cooperative relationship now existing among them in order to maintain and strengthen the free economic system. I am confident that our visit has contributed to the advancement of the traditional ties between our two countries through the deepening of mutual understanding. On returning to Japan, I shall report to Mr. Suzuki, our Prime Minister, on the requests made by the British side and present my views on how Japan-U.K. economic relations could develop to the benefit of both our peoples. /I

- 2 -I would like to assure you that not only the Government, but also industry desires to make every possible effort to improve and strengthen economic relations between our two countries. I would like to take this opportunity to express my heartfelt gratitude for the warm hospitality extended to our mission by the British Government and people. Yoshihiro Inayama Leader, Japanese Government Economic Mission. The Rt. Hon. Margaret Thatcher, MP., Prime Minister and First Lord of the Treasury, 10, Downing Street, London, SW1.

10 DOWNING STREET

Japan ce Trade

THE PRIME MINISTER

2 October 1981

lean Inayana

May I warmly welcome you and your colleagues to this country. It is a matter of great regret that your visit takes place at a time when my other commitments make it quite impossible for me to meet you. I know that my Ministerial colleagues will ensure that you understand the importance which this Government attaches to the establishment and maintenance of a broadly based and mutually advantageous political and economic relation—ship between Britain and Japan.

As you know, I have recently had useful talks with Prime Minister Suzuki in London and at the Ottawa Economic Summit. The Foreign and Commonwealth Secretary, Lord Carrington, paid a successful visit to Japan in April. On all these occasions we found a wide measure of agreement between us on international political issues. At a time when the world is more dangerous than for many years, we in Britain have been heartened by the manner in which Japan has come to play a greater role in international affairs.

It would be unforgiveable if the industrial democracies allowed short-term pursuit of individual gain to destroy the trust and understanding vital to our own survival. It is therefore all the more important that we should seek to understand each other's economic problems and to make real efforts to find solutions. Sir Keith Joseph's recent visit to Japan

My colleagues, Sir Geoffrey Howe, Patrick Jenkin, Peter Rees exchanges of technology, co-operation in high technology industries and co-operation in Third country markets, and of our strong desire to broaden and develop this close relationship between our industries in the future.

However, serious problems remain. We and other European Community member states are seriously concerned at the state of trade between the United Kingdom and the European Community and Of particular concern, at a time of high unemployyour country. ment in this country, are the effects of the concentration of Japan's exports in narrow industrial sectors and the relatively low level of imports into Japan of manufactured goods.

We welcome the decision of the Ottawa Economic Summit to keep under close review the role played by the participant countries in the smooth functioning of the miltilateral trading system. review will provide an opportunity to examine any problems that arise on trade between the participants. I understand that, as part of this review, the first meeting will be taking place before the end of the year.

Also, we welcome the statement by Mr. Tanaka in July which recognised the need for Japan to expand her imports of manufactured goods. I hope that in your discussions with the CBI and Ministers you will explore ways in which effect can be given to this statement and in which our industrial relations can be placed on a more co-operative footing.

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Mr. Y. Inayama

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FOLLOWING FOR DUTY CLERK, PRIME MINISTER'S PARTY FROM PATTISON, 10 DOWNING STREET

BEGINS

Whitmore is aware that Departments have strongly recommended that the Prime Minister should write to the leader of the Japanese Keidanren Mission to the UK, which is visiting from 8-12 October but which she is unable to meet. Proposed draft is set out below.

Copies to:-

It is important that the signed original of the letter should be available by 8 October, and FCO have advised that the regular bag service cannot guarantee to meet this deadline. They have therefore recommended the use of a courier service provided through a Melbourne commercial airline. The company is DHL, (Melbourne telephone number 03 387 7077 or telex 36746). The

/ contact

contact is Mr. Dillington whose Melbourne home telephone number is 03 578 6925.

Grateful if you could arrange for the Prime Minister to sign letter based on this draft, and then organise its transmission by DHL. Please advise us of transmission arrangements.

Draft is:

"May I warmly welcome you and your colleagues to this country. It is a matter of great regret that your visit takes place at a time when my other commitments make it quite impossible for me to meet you. I know that my Ministerial colleagues will ensure that you understand the importance which this Government attaches to the establishment and maintenance of a broadly based and mutually advantageous political and economic relationship between Britain and Japan.

As you know, I have recently had useful talks with Prime Minister Suzuki in London and at the Ottawa Economic Summit. The Foreign and Commonwealth Secretary, Lord Carrington, paid a successful visit to Japan in April. On all these occasions we found a wide measure of agreement between us on international political issues. At a time when the world is more dangerous than for many years, we in Britain have been heartened by the manner in which Japan has come to play a greater role in international affairs.

It would be unforgiveable if the industrial democracies allowed short-term pursuit of individual gain to destroy the trust and understanding vital to our own survival. It is therefore all the more important that we should seek to understand each other's economic problems and to make real efforts to find solutions. Sir Keith Joseph's recent visit to Japan was a contribution to this important task. Your visit presents British industry and the Government with another opportunity for discussions

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technology, co-operation in high technology industries and co-operation in third country markets, and of our

between our industries in the future.

strong desire to broaden and develop this close relationship

/ However,

However, serious problems remain. We and

Ex European Community Member States are
seriously concerned at the state of trade between
the United Kingdom and the European Community
and your country. Of particular concern,
at a time of high unemployment in this country,
are the effects of the concentration of Japan's
exports in narrow industrial sectors and the/low level
of imports into Japan of manufactured goods.

We welcome the decision of the Ottawa Economic Summit to keep under close review the role played by the participant countries in the smooth functioning of the multilateral trading system. The review will provide an opportunity to examine any problems that arise on trade between the participants. I understand that, as part of this review, the first meeting will be taking place before the end of the year.

Also, we welcome the statement by Mr. Tanaka in July which recognised the need for Japan to expand her imports of manufactured goods.

I hope that in your discussions with the CBI and Ministers you will explore ways in which effect can be given to this statement, and in which our industrial relations can be placed on a more co-operative footing.

ENDS



From the Secretary of State

Mike Pattison Esq Private Secretary 10 Downing Street London SWI

30 September 1981

Dear Mike

My letter of 24 August, referred to the visit of the Keidanren Mission to the UK between 8 and 12 October. The Prime Minister is unable to meet Mr Inayama and his colleagues, during their visit to the UK but, has agreed to send Mr Inayama a letter of welcome.

Attached is a draft letter for the Prime Minister's signature, the text of which has been cleared with the Foreign and Commonwealth Office and Department of Industry. You will see that, in addition to welcoming the Keidanren Mission to the UK, it makes a number of points of substance about economic and trade relations with Japan.

of particular significance are the references to Mr Tanaka's statement on the need for Japan to increase imports of manufactured goods - we are, of course, hoping for something of substance on this to emerge from the Keidanren visit - and to the trilateral discussions to be held later this year. These discussions are to be held, at the invitation of the US, as a follow-up to the review, referred to in the draft, agreed by the Ottawa Summit participants. The Japanese have shown reluctance to participate believing, rightly, that the talks are seen by the other participants as a forum for citicising the Japanese about their bilateral trade problems with the US and the EC. The Prime Minister's letter to Mr Inayama provides an opportunity to state clearly that the UK wishes to see the trade problems discussed at the trilateral talks.

The FCO have advised DOT officials that the Canberra bag cannot be relied upon to get the message back to the UK by 8 October and have therefore recommended that a commercial airline in Melbourne should be approached to bring it back. They are DHL (Melbourne Telephone number 03 387 7077 or telex 36746). The contact is Mr Dillington whose Melbourne home telephone number is 03 578 6925. We are alerting the Post about the problems in getting the message back.

Copies of this letter to go Andrew Wiggins (Tsy) to Roderick Lyne (FCO) and to Ian Ellison (DOI).

Yours sincerely Cathorine Capon

CATHERINE CAPON

Y Inayama Esq Chairman Keidanren

File No.

Copies to:

PS/SOS (I)

PS/Lord Carrington

PS/Chancellor of Exchequer

PS/MFT

PS/MOS for Northern Ireland

(Mr Butler)

PS/Secretary

Mr Gray

Mr Caines

Mr Sunderland CRE 2 Enclosures:x

Mr Abramson CRE 1

Mr Garrod Inf

Mr McLaren FED, FCO

Mr Gent IC (A) DOI

Mr Foster CRE 2

Originated by: (Initials and date)

27/9/81

Seen by: (Initials and date)

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Type for signature of

Prime Minister

(Initials and date)

DEPARTMENT OF

May I warmly welcome you and your colleagues to this country. It is a matter of great regret that your visit takes place at a time when my other commitments make it quite impossible for me to meet you. I know that my Ministerial colleagues will ensure that you understand the importance which this Government attaches to the establishment and maintenance of a broadly based and mutually advantageous political and economic relationship between Britain and Japan.

As you know, I have recently had useful talks with

Prime Minister Suzuki in London in June and at the

Ottava Economic Summit in July. The Foreign and

Commonwealth Secretary, Lord Carrington, paid a successful

visit to Japan in April. On all these occasions we

found a wide measure of agreement between us on

international political issues. At a time when the

world is more dangerous than for many years, we in

Britain have been heartened by the manner in which

Japan has come to play a greater role in international

affairs.

It would be unforgiveable if the industrial democracies alloweshort-term pursuit of individual gain to destroy the trust and understanding vital to our own survival. It is therefore all the more important that we should seek to understand each other's economic problems and to make real efforts to find solutions. Sir Keith Joseph's recent visit to Japan was a contribution to this important task. Your visit presents British industry and the Government with another opportunity for discussions with the most senior representatives of Japanese industry. I am sure that these exchanges of view will further mutual understanding between our countries.

My colleagues, Sir Geoffrey Howe, Patrick Jenkin, Peter Rees and Adam Batler will be telling you and your colleagues of the Government's welcome for what has already been achieved between our countries industries in such areas as inward investment, exchanges of technology, and co-operation in high technology industries and co-operation in third country markets, and our strong desire to broaden and develop this close relationship between our industries and the future.

However, serious problems remain. We and other
European Community Member States are seriously
concerned at the state of trade between the United
Kingdom and the European Community and your country.
Of particular concern, at a time of high unemployment
in this country, are the effects of the concentration
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goods.

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We welcome the decision of the Ottawa Economic Summit
to keep under close review the role played by the
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provide an opportunity to examine any problems that arise
on trade between the participants. I understand that,
as part of this review, the first meeting will be taking
place before the end of the year.

Also, we welcome the statement by Mr Tanaka in July which recognised the need for Japan to expand her imports of manufactured goods Japan intends to support fully the efforts made by exporting countries; and that the Japanese business community will be encouraged to make further efforts to promote imports of parafectured goods. I hope that in your discussions with the CBI and Ministers you will explore ways

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in which effect can be given to this statement, and
in which our industrial relations can be placed on
a more cooperative footing.

15 September 1981

As you know Sir Keith Joseph wrote to the Frime Minister on 10 September about a visit to this country by the Japanese CBI.

about whis and I am afraid it definitely will not be possible for her to meet them. She will not be returning to this country from Australia until Friday 9 October and will be leaving for Blackpool for the Conservative Party Conference on Monday 12 October.

CS

Ian Ellison, Esq., Department of Industry.





10 DOWNING STREET

PRIME MINISTER

The attached is a personal request from Keith Joseph for you to see the Japanese CBI when they are in London between 8 and 12 October.

As you know, you do not return from Australia until the morning of Friday 9 October and you have decided to go to Blackpool for the Conference on Monday 12. You will have your Party speech to prepare and two weeks' worth of boxes.

May I please send Industry a reluctant refusal?

Vegut //s

14 September 1981



KEIDANREN VISIT

I understand that disry pressures may prevent you meeting the members of the Keidanren (Japanese CBI) mission during their visit to London between 8 and 12 October. I hope that in practice you will be able to find half an hour to see them.

- 2 This mission is the only product so far of Mr Tanaka's promise that the Japanese will encourage an increase in imports of our manufactures. The Japanese Ambassador has, however, emphasised to me that the Keidanren have great influence over the Japanese Government and its economic and trading policies. He has suggested that the Keidanren leaders may have greater effective influence than Japanese Ministers. Moreover the mission is heavyweight: for example, the Chairman of Sony ranks only fourteenth in the order of precedence among the eighteen delegates.
- 3 We have been working hard to explain our concern to Japanese Ministers and I shall be in Tokyo next week seeing Ministers. But it seems to me every bit as important to



convince Japanese business leaders of our concern about their trading practices. This mission offers a rare opportunity to speak direct to the most influential level of Japanese business and your own involvement could have great impact. Conversely, if you failed to see the Keidanren leaders, the Japanese might be able to argue that they had made a special effort to understand our concerns but had found the most important door closed against them.

I am copying this minute to Peter Carrington and John Biffen.

KJ

K J

10 September 1981



Foreign and Commonwealth Office

London SW1A 2AH

1 September 1981

Dear Mike,

Keidanren Mission

We have seen a copy of Catherine Capon's letter to you of 26 August about the visit to London from 8 - 12 October by the Keidanren mission from Japan.

This mission is primarily a public relations exercise aimed at mollifying European opinion and is unlikely to produce any improvement in the economic relationship with Japan in the short term. But the kind of improvement we want to see depends as much on the attitudes and actions of Japanese industry as it does on those of the Japanese Government. The mission includes some powerful and influential figures and their visit presents a good opportunity to register our concerns with Japanese industry at the highest level. Previous, less high powered Japanese missions have been received by the Prime Minister of the day,

We therefore hope that despite the difficult timing of the Keidanren visit the Prime Minister will be able to find time for a short meeting with the leading members.

I am sending a copy of this letter to Catherine Capon (DOT) and Ian Ellison (DOI).

Yours ever. Francis Pel

(F N Richards) Private Secretary

Mike Pattison Esq 10 Downing Street LONDON SW1



10 DOWNING STREET

MR. ALBXANDER

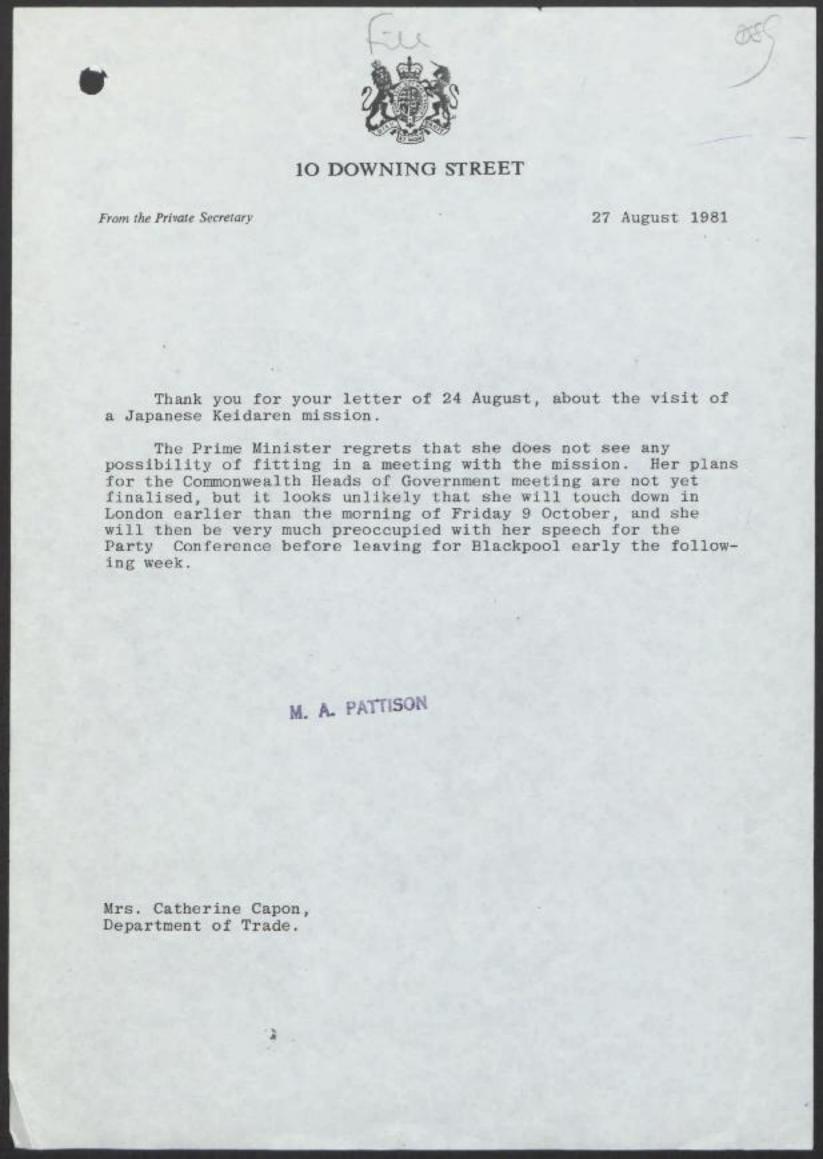
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You may conceivably think
that it is worth having another
go at the Prime Minister about
receiving this particular
mission. For that reason,
I have left the door slightly
ajar as far as DOT is concerned,
despite the Prime Minister's
unusual and firm "no".

No.

/ hus

MAD





Prime Minister You are due to touch down in hardon on the maning of Friday 9 October, and the Carpevence speech will then be your minity. From the Secretary of State lo you want us to fit in a countesy call for this important countesy call for this important form. Tyraneur group - runges 1/2 hour No. Priday P.N.? MN 25/1011 24 August 1981

Dow Mike

Iondon, SW1

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Mike Pattison Esq Private Secretary 10 Downing Street

A mission by the Keidaren (the Japanese CBI), led by Mr Inayama, its President, who is also Chairman of Nippon Steel, will be visting Iondon and several other European capital cities in the period 5-20 October. The President's position is roughly equivalent to that of Sir Raymond Pennock in the CBI but in practice, having more direct links with the Japanese government, he is more powerful. Mr Inayama has been described as the "Prime Minister of Japanese industry"; he and his senior Keidaren colleagues, including several of the heads of the big trading corporations who will be members of the mission, are believed to be highly influential in determining Japanese economic policies.

The aims of the mission are said to be to deepen mutual understanding between Japan and the EC Member States and thereby alleviate trade friction; and, in general terms, to promote industrial co-operation. We understand that the mission has been arranged at the request of the Japanese government, no doubt following up the statement last month by Mr Tanaka, the MITI Minister, that the Japanese government in conjunction with Japanese industry and commerce, will encourage an increase of imports by Japan of manufactured goods. This is not, however, a buying mission and seems most unlikely to bring about any direct or early increase in exports to Japan from Europe.

The group will arrive in Iondon on the afternoon of 8 October and leave on 12 October. The Japanese Embassy in London, on behalf of the Reidaren, have asked whether meetings can be arranged with the Prime Minister, the Secretaries of State for Trade and Industry, and, of course, the CBI, as well as with the TUC and other bodies. Mr Biffen's prior commitmeents do not permit him to meet them, but Sir Keith Joseph and Mr Parkinson have agreed to see them on the morning of 12 October. Sir Raymond Pennock and representatives of the CBI will have discussions with them on the morning of 9 October and entertain them to lunch on that day.

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From the Secretary of State

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We fully recognise that the Prime Minister's diary is likely to be very crowded at that time, when she will just have returned from the COGM and be about to attend the Party Conference. However, as Sir Hugh Cortazzi in Japan has pointed out, the mission offers a rare opportunity to speak directly to the most influential level of Japanese business and to register with them our concern about trade relations with Japan. His advice is that, given the close inter-relationship between government and business in Japan, a call on the Prime Minister by the mission would be an improtant complement to the meetings with the Japanese Ministers in June. In the light of that advice we should be grateful if you would consider whether it would be possible for the Prime Minister to spare the time for a short meeting with Mr Inayama and some of his senior colleagues.

It has not yet been decided at what level the mission will be received in some of the other European capitals which they will visit. It seems likely, however, that they will see President Thorn and the Blegian Prime Minister in Brussels, but not Chancellor Schmidt in Bonn.

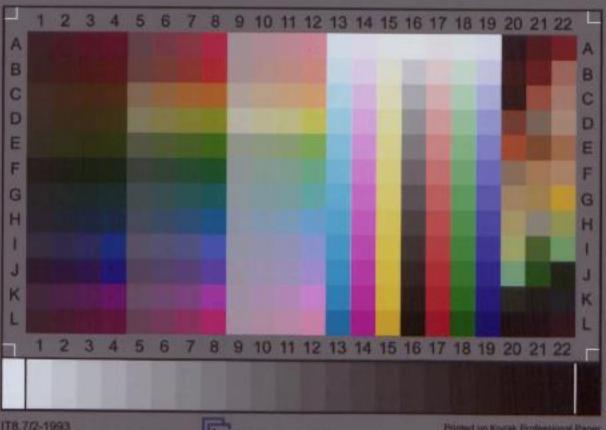
Copies of this letter go to Roderic Lyne (FCO) and to Ian Ellison (DoI).

Your sincery

Certhoine Capon.

CATHERINE CAPON Private Secretary

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