

PREM 19/3834

MT

Confidential filing

Visits of Japanese Ministers

JAPAN

MAY 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
See Relations							
PREM 19/3834							
9-6-81							
12-6-81							
15-6-81							
25-6-81							
26-6-81							
4-2-82							
29-4-83							
19-2-86							
26-2-86							
11-12-87							
24-12-87							
29-1-88							
3-7-88							
29-12-88							
25-1-89							

CLOSED

MINISTER OF FINANCE
TOKYO

May 15, 1992

The Right Honorable
John Major, MP
Prime Minister
U. K.

Dear Prime Minister:

I wish to express my sincere gratitude to you for so graciously making time available in your busy schedule to see me during my recent visit to London. I appreciated the opportunity to hear your views on the various issues which we have been facing.

Upon returning home, I visited Prime Minister Miyazawa and conveyed to him your message that you would like to have a bilateral meeting with Mr. Miyazawa prior to the forthcoming Economic Summit in Munich, asking him to try to make such an arrangement on his schedule.

I also conveyed your best regards to former Prime Minister Kaifu. Then Mr. Kaifu asked me to return his best wishes to you.

As regards the comment made by Mr. Nelson, who was attending you at the time of our meeting, that competitions are rather restricted in Japan in such a field as pension fund management and investment trust, I would like to take this opportunity to inform you with pleasure that some progress was made recently in these fields. I am informing Mr. Nelson of the details of the progress in another letter addressed to him.

I expect to see that due to such progress, foreign entries will be further promoted into the fields of pension fund management and investment trust.

Once again, I thank you very much for your courtesy, and look forward to having the pleasure of seeing you again.

With my warmest personal regards,

Respectfully yours,

畑 田 敏 五

Tsutomu Hata



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 May 1992

VISIT OF THE JAPANESE MITI MINISTER, MR. WATANABE,
TUESDAY, 5 MAY

As you know, the Japanese have been in touch about the visit of Mr. Watanabe seeking a meeting with the Prime Minister.

Given Japanese importance to us, and the fact that the Prime Minister has had to postpone his own visit for several months, the Prime Minister will see Mr. Watanabe for about 20 minutes at 1115 on Tuesday, 5 May. You have briefing in hand, in conjunction with the DTI to reach me by this afternoon.

Perhaps you could let me know if anybody will be with Mr. Watanabe. Do we need an interpreter?

I am copying this letter to Peter Smith (Department of Trade and Industry).

(J.S. WALL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

UNCLASSIFIED

143720
MDHIAN 2113

UNCLASSIFIED
FM TOKYO
TO IMMEDIATE FCO
TELNO 306
OF 300530Z APRIL 92
INFO PRIORITY UKREP BRUSSELS
INFO ROUTINE WASHINGTON, BONN, MUNICH

file
Mr Hall, No 10
Hold firm?
[Signature]
1/5

FOR FED

YOUR TEL NO 257:
VISIT OF JAPANESE PRIME MINISTER TO BILATERAL AND EC/JAPAN SUMMIT

1. NISHIGAHIRO (SECOND WEST EUROPE DIVISION, MFA) HAS CONFIRMED THAT MIYAZAWA WILL INDEED VISIT THE U K ON 3-5 JULY, ALTHOUGH THIS IS NOT YET TO BE ANNOUNCED PUBLICLY.

2. HE ADDED THAT MIYAZAWA HOPED TO LEAVE FOR MUNICH IN THE EARLY AFTERNOON OF 5 JULY. TRYING THEREFORE TO SQUEEZE IN BOTH THE BILATERAL AND EC/JAPAN MEETINGS ON THAT DAY WOULD GIVE LITTLE TIME FOR EITHER. TRYING TO DO BOTH ON 4 JULY WOULD ALSO MEAN A LONG PROGRAMME OF DISCUSSIONS ON THAT DAY. THE JAPANESE WERE THEREFORE KEEN TO HAVE THE TWO MEETINGS ON SEPARATE DAYS. THIS WOULD ENSURE THAT THE BILATERAL SESSION WAS NOT OVERSHADOWED BY THE EC MEETING, BOTH IN TERMS OF SUBSTANCE AND OF MEDIA COVERAGE. IN RESPONSE, WE STUCK TO THE LINE IN PARA 2 OF YOUR TUR.

THORPE

YYYY

DISTRIBUTION

56

MAIN

51

FED
ECD(E)
ECD(P)
ECD(I)
EPC UNIT
PROTOCOL D
NEWS D

PS/MR GAREL-JONES
PS/MR GOODLAD
PS/PUS
SIR J COLES
MR APLEYARD
MR BURNS
MR JAY

PAGE 1
UNCLASSIFIED

UNCLASSIFIED

143720
MDHIAN

PS

MR CROWE

ADDITIONAL 5

PS/NO 10.
HMT//MS C SPECK
DTI//MR D LOVE, OT2

DTI//MR P LAWRENCE, OT2/2A
CAB OFF//MS H DUNSTON

NNNN

PAGE 2
UNCLASSIFIED

**SUBJECT
MASTER**

Filed on:

CONFIDENTIAL



*File
to
ECL*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 April 1992

Oca Sina,

CALL ON THE PRIME MINISTER BY THE
JAPANESE FINANCE AND DEFENCE MINISTERS

Thank you for your letter of 29 April with briefing for the meeting between the Prime Minister and the Japanese Finance and Defence Ministers which took place today. Mr Goodlad and the Economic Secretary were present.

Mr Hata expressed gratitude for the organisation of his visit and the UK/Japan event for which he had come to London. He also said how grateful he was for the organisation of the Japan Festival.

The Prime Minister said that Anglo-Japanese relations were excellent - as good as at any time. He wanted to maintain them and develop them. We attached enormous importance to the trading relationship and to Japanese investment. We had supported the free export of goods made at Japanese-owned factories throughout the European Community. The Prime Minister was very sorry about the injuries to Japanese employees in the City.

The Prime Minister asked Mr Hata about the Japanese economy. Mr Hata described recent trends. With e.g. housing construction higher in Japan than in the United States and car production a million units higher last year than the previous year it was inevitable that the economy should have reached a ceiling and that compared with the exceptional growth of previous years, there was now a slight downturn. The Japanese Government did not want to let enterprise and consumer demand cool too quickly. They had therefore reduced the discount rate four times, had increased expenditure on public building and had ensured that 75 per cent of all public expenditure would be spent in the first half of the year. The Prime Minister asked whether the Japanese Government had done enough or whether they envisaged further measures. Mr Hata thought that further reductions in interest rates would have an adverse effect. They would create too much liquidity and the Japanese were very wary of inflationary pressures. Labour market measures would be introduced by the autumn to boost the economy.

Mr Miyashita said that the fall in industrial output had not been as steep as expected. The trend in individual consumption had not grown as quickly as expected but it was picking up again, especially in luxury goods. If it was possible to stimulate

CONFIDENTIAL

to

CONFIDENTIAL

- 2 -

individual expenditure that would give a boost to the economy as a whole. The general view was that there would be an upward trend by the end of the autumn. Japan expected a real GNP growth of 3.5 per cent although some of the private indications were lower.

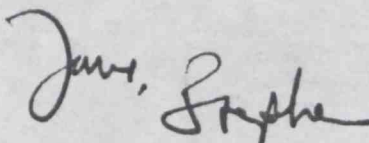
Mr Miyashita said that his had been the first meeting between the Japanese Defence Minister and the British Defence Minister and reflected our close identity of view on the collapse of the former Soviet Union, the transformation of NATO and the development of CSCE. He had been impressed by Mr Rifkind's consideration and understanding of the Northern Territories issue. He had explained that the Northern Territories were an integral part of Japanese territory. The Japanese were negotiating with the Russian authorities. Mr Miyazawa would raise the issue at the G7 Summit. Japan was concerned at the Soviet military presence in the Far East.

The Prime Minister said he was very familiar with the problem of the Kurile Islands and had discussed it in the past with both Gorbachev and Yeltsin. He would be happy to raise the issue again with Yeltsin bilaterally in the margins of the G7 Summit. He understood and was sympathetic with the Japanese position and had made that clear. He had also advised the Russians that it would be wise to negotiate a settlement. At the same time, we needed to bear in mind the strong nationalist pressures on Yeltsin. Yeltsin's position would be strengthened by Russian membership of the IMF and by his attendance at the G7 Summit. That was good. The last thing we wanted was chaos. The more sure Yeltsin's position was the easier it would be for him to negotiate a satisfactory settlement. International help for Russia would help a settlement over the Islands.

Mr Nelson said that Britain was well poised for economic growth and he hoped that was the message the Japanese would take back with them. We were working hard to achieve the Single European Market and to ensure that it was not an exclusive club. It was much easier to argue the case on behalf of Japan if there was reciprocity. The UK had recently allowed Japanese firms to lead-manage sterling issues for any borrowers. We hoped that UK firms in Tokyo would be able to increase their share of underwriting Japanese yen bond issues.

Mr Hata said he took the point. Japan hoped to make steady progress and to address the issue in the next diet session. He would certainly try his best on pension fund management.

I am copying this letter to Sheila James (HM Treasury) and Simon Webb (Ministry of Defence).


(J.S. WALL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



*YFC
Bup*

Foreign &
Commonwealth
Office

CONFIDENTIAL

London SW1A 2AH

29 April 1992

Pat Stepan

Prime Minister
A consolidated list of points
to make will follow tomorrow
morning - 26 2/4

**CALL ON THE PRIME MINISTER BY THE JAPANESE FINANCE AND
DEFENCE MINISTERS**

Thank you for your letter of 27 April about the joint call on the Prime Minister by the Japanese Finance and Defence Ministers on Thursday 30 April. I understand that the call has been rescheduled for 16.00-16.30 on the same day.

The two Ministers will be accompanied by the Ambassador, Mr Kitamura, by their respective interpreters and by an official from each of their Ministries (names to follow). I enclose brief background notes on the two Ministers. We know of no particular issues they plan to raise on this occasion. Mr Hata is however likely to seek the Prime Minister's views on the state of the world economy and Mr Miyashita will be interested in European security issues.

UK/JAPAN

The Prime Minister may wish to make some general introductory remarks:

CONFIDENTIAL



CONFIDENTIAL

- UK/Japan relations are in excellent shape. Valuable meeting with Miyazawa at the United Nations in January and the Foreign Secretary met Foreign Minister Watanabe in Washington. Warm messages exchanged after the General Election.

- We intend to develop the EC/Japan relationship yet further during our Presidency of the EC. There will be an EC/Japan Summit and I am looking forward to a bilateral meeting with Mr Miyazawa at the start of our Presidency before the G7 Summit in Munich.

- Sorry to hear of injuries suffered by employees of Japanese banks in the recent bomb explosion in the City. Hope they all are now recovered. Much appreciate the presence of Japanese banks in London. Fact that the city got straight back to work indicates our determination not to allow such outrages to disrupt normal activity.

JAPAN/ECONOMY

The Japanese economy slowed sharply through 1991. Japan may now experience a recession, with output declining in two successive quarters. The business mood remains depressed despite the announcement on 31 March of a package of measures aimed at improving confidence and supporting the economy. On 1 April the Bank of Japan reduced the official discount rate by 0.75% to 3.75%. These measures were generally welcomed by business leaders but have failed to curb further falls in the

CONFIDENTIAL



CONFIDENTIAL

equity market to its lowest level for five years. The Prime Minister could ask:

- What impact the decline of the Nikkei Index is likely to have on the real economy in Japan?
- Whether the package of fiscal measures introduced at the end of March and the cut in the official discount rate have improved business confidence? *Any further measures envisaged?*
- What the prospects are for Japan achieving the 3.5% growth in fiscal year 1992 which the Government has forecast? *— and which was discussed between Miyazawa and Bush.*

THE FORMER SOVIET UNION

Mr Hata was at the G7 Finance Ministers meeting in Washington. Agreement was reached early this week at the IMF/World Bank spring meetings on full membership of the IMF and World Bank for Russia and other states of the former Soviet Union. G10 Ministers also reached agreement on the activation of the General Arrangement to Borrow (GAB) to fund a possible rouble stabilisation fund. Negotiations between the fund and the Russian Government on a formal programme will now take place.

There have been question marks over Japan's willingness to provide large scale assistance to Russia because of the outstanding dispute over the Northern Territories. The Prime Minister discussed the issue with Prime Minister Miyazawa on 31 January in New York. On

CONFIDENTIAL



CONFIDENTIAL

25 March HMA Moscow passed to Yeltsin an oral message from the Prime Minister expressing the hope that a solution could be found. Our view is that, while the Russian occupation of the islands is unjustified, Japan's best hope of regaining the islands lies in avoiding the replacement of the present Russian administration by successors with more strongly nationalistic policies and that they ought therefore to play their full role in giving macroeconomic aid to the FSU. In practice the Japanese have not obstructed aid to the FSU by the international financial institutions but have not offered substantial bilateral financial help.

The Prime Minister might like to say the following:

- Welcome the recent agreement on full IMF/World Bank membership for Russia and the other FSU states. Next step is for Russian Government and IMF to agree on a formal programme. Must also encourage other FSU states to agree programme.

- Also welcome agreement by G7 and G10 to activate GAB to finance a stabilisation fund for the rouble. Once the conditions for it to be effective are in place, believe that stabilisation fund will have an important role to play.

- Eager to see an early resolution to the Northern Territories dispute, which would be of benefit to international community as a whole. Sympathise with Japanese position, but important to be aware of strong

CONFIDENTIAL



CONFIDENTIAL

nationalist pressures on Yeltsin, against background of economic discontent.

DEFENCE SALES

Turning to Mr Miyashita, the main point to get across is our interest in defence sales. Japan's defence equipment comes from Japan or the US. However, in August 1991 the Japan Defence Agency (JDA) announced that it would place orders in 1992 for BAe 125-800 jets (in a search and rescue role) and Rolls Royce marine engines (destroyer programme) to the value of £400 million and £60 million respectively (spread over 5/6 years). A £20 million order for Royal Ordnance for 81mm mortars is also expected to be placed in 1992. There has been considerable Japanese interest in the Harrier.

The Prime Minister might like to say the following:

- We are glad that the Self Defence Force selected the BAe 125-800 for search and rescue operations and the Rolls Royce Spey marine gas turbine engines for the destroyer programme. We hope the Japanese will look at other fields in which the UK has a world lead, such as the Harrier.

PEACE-KEEPING OPERATIONS OVERSEAS

If time permits, Mr Miyashita could be asked about prospects for Japanese participation in UN peace-keeping. The draft legislation to allow the Japanese Self Defence

CONFIDENTIAL



CONFIDENTIAL

Force (JSDF) to participate in UN peace-keeping operations was originally put forward last November but despite attempts by the LDP to get the cooperation of two minor parties, passage was blocked by the opposition. Attention has again turned to this issue. The Japanese Government sees Japan's inability to participate militarily in UN peace-keeping forces as detrimental to its claim for a permanent seat on the Security Council and is pushing for legislation to be passed in the present Diet session.

The Prime Minister may like to ask:

- What are the prospects for the passage of the Peace-Keeping Operations Bill?

- What are the main sticking points?

CSCE: ASSOCIATE STATUS FOR JAPAN

The Japanese are seeking some form of association with the CSCE. We are sympathetic but it is important to find the right form. There are indications that they may seek some kind of special arrangement whereby Japan would be represented at CSCE Ministerial and senior official meetings. These might not be welcomed by all.

If the Japanese raise the subject, the Prime Minister might like to give the following response:

CONFIDENTIAL



CONFIDENTIAL

- We are sympathetic to the Japanese desire for some form of association with the CSCE. The precise details of that association will of course have to be worked out by the experts.

I am copying this letter to Simon Webb (MOD) and Jeremy Heywood (HMT).

(S L Gass)

Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

CONFIDENTIAL

MIYASHITA, Shohei

Director-General of the Defence Agency (since November 1991)

Miyashita was born in Nagano Prefecture on 10 November 1927. He graduated from Tokyo University's Law Department in 1953 and joined the Ministry of Finance, where he rose to the rank of Counsellor. Among other positions, he served as the Director of the General Affairs Division of the Budget Bureau and later, in the same Bureau, was official responsible for the budgets of the Ministry of Agriculture, Forestry and Fisheries and the Defence Agency. He also served as Private Secretary to the Chief Cabinet Secretary.

Well versed in the relationship between the bureaucracy and politicians, he left the Ministry of Finance and was elected as Lower House member for Nagano No. 3 constituency. He has since been re-elected four times. He is a leading member of the Mitsuzuka faction.

He is considered to be an expert on the tax system and has served as Deputy Chairman of the LDP Tax Reform Committee. He considers defence affairs to be the one of the fundamentals of politics and, because of this and his bureaucratic experience, he has served as a Director on the Special Committee on Security. and as Director of the LDP's Defence Division. In the latter post he was instrumental in having the Party abandon the 1% of GNP ceiling on defence spending. He has also served on the Lower House Foreign Affairs Committee. He became Director-General (Minister of State) for the Defence Agency in November 1991.

In 1980 he was involved in a traffic accident and came very close to death. Since then he has considered that life is a gift from heaven and that there is very little worth getting angry about.

HATA, Tsutomu

Finance Minister (from 5 November 1991)

Hata was born in Tokyo on 24 August 1935. His father was a Diet member. He graduated from the Economics Department of Seijo University and then spent 11 years working for the Odakyu Bus Company.

He was first elected to the Lower House of the Diet in 1969 and has since been elected a further 7 times for Nagano No 2 Constituency. He has served as Parliamentary Vice Minister for Posts and Telecommunications and for Agriculture, Forestry and Fisheries and Minister for Agriculture, Forestry and Fisheries twice (1985-86 & 1988-89). He also headed the Party's General Affairs Bureau in the early 1980s, when he played a major role in trying to pass electoral reform legislation, and recently, as Chairman of the Party's Electoral Reform Research Commission, he played a similar role again. He became Finance Minister in the Miyazawa Cabinet on 5 November 1991.

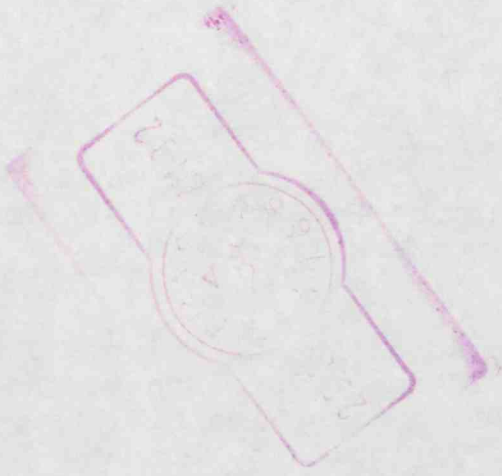
Hata is one of the top agricultural experts in the LDP and has served in a variety of agriculture-related party posts. As Chairman of the LDP Agricultural Committee he proved a tough negotiator in the Japan/US disputes over liberalisation of agricultural imports. Despite this he is internationally-minded and has a number of friends in the US Congress and from the former Reagan administration.

Hata is a leading member of the Takeshita faction. He is almost universally affable with a strong sense of humour. He has been tipped as a possible candidate to lead the Party in the future but, because of his character, there are some politicians who suggest that he is not ruthless enough to be Party leader when there are difficult tasks to be undertaken within the Party. He has also been linked with the Recruit scandal because he admitted taking money from Recruit after the scandal surfaced.

He is married with two sons.

His hobbies are music, and "eating while walking around" (sic).

He speaks little English and made a successful Category II visit in 1964.





Hato - Lia.
Miyashita - Ref.

POINTS TO MAKE

Miyazawa

UK/Japan

- UK/Japan relations in excellent shape. Both the Prime Minister and the Foreign Secretary have had valuable meetings with their Japanese counterparts this year. Warm messages exchanged after General Election testify to genuine determination by both sides to build the relationship further.
- There will be opportunities for more high level contacts during our Presidency of the EC beginning on 1 July, during which we intend to develop the EC/Japan relationship yet further. There will be an EC/Japan Summit in early July, prior to the G7 Summit in Munich.
- UK/Japan relations becoming closer not just on a governmental level but across the board. The Japan Festival last year demonstrated growing will in both countries to understand the other. Our attitude towards Japan is positive in the political, economic and commercial fields.
- Sorry to hear of injuries suffered by employees of Japanese banks in the recent bomb explosion in the City. Hope they all are now recovered. Much appreciate the presence of Japanese banks in London. Fact that the city got straight back to work indicates our determination not to allow such outrages to disrupt normal activity.

Japan/Economy

- What impact is the decline of the Nikkei Index likely to have on the real economy in Japan?



- Have the package of fiscal measures introduced at the end of March and the cut in the official discount rate improved business confidence? *Any further measures envisaged?*
- What are the prospects for Japan achieving the 3.5% growth in fiscal year 1992 which the Government has forecast? *and which was dismissed by Miyazawa and Bush*

The Former Soviet Union

- Welcome the recent agreement on full IMF/World Bank membership for Russia and the other FSU states. Next step is for Russian Government and IMF to agree on a formal programme. Must also encourage other FSU states to agree programme.
- Also welcome agreement by G7 and G10 to activate CAB to finance a stabilisation fund for the rouble. Once the conditions for it to be effective are in place, believe that stabilisation fund will have an important role to play.
- Welcome Japanese commitment to provide large scale assistance to Russia and other FSU states. Japan also has an important role to play in surrounding growth of private sector and foreign investment. Encourage Japan to play a full role.
- Eager to see an early resolution to the Northern Territories dispute, which would be of benefit to international community as a whole. Sympathise with Japanese position, but important to be aware of strong nationalist pressures on Yeltsin, against background of economic discontent. In nobody's interest to undermine him. Any successors likely to be more authoritarian, nationalist and unhelpful on the Northern Territories. On the other hand, if reform succeeds, Yeltsin may be well placed to take action towards a settlement.



Defence Sales

- We are glad that the Self Defence Force selected the BAe 125-800 for search and rescue operations and the Rolls Royce Spey marine gas turbine engines for the destroyer programme. We hope the Japanese will look at other fields in which the UK has a world lead, such as the Harrier.

Peacekeeping Operations Overseas

- What are the prospects for the passage of the Peace-keeping Operations Bill?
- What are the main sticking points?
- What are the feelings among Japan's neighbours?

Asia Pacific Security

- The role of the United States in Asia Pacific security is crucial. We, particularly given our P5 membership, Hong Kong, the Five Power Defence Agreement and Vietnamese Migrants, are watching events with great interest. How do you see Asia Pacific Security dialogue developing? Do you see a need for new structures or relationships?

CSCE: Associate Status for Japan (if raised)

- We are sympathetic to the Japanese desire for some form of association with the CSCE. The precise details of that association will of course have to be worked out by the experts.



Foreign &
Commonwealth
Office

29 April 1992

London SW1A 2AH

Dear Stephen,

Call on the Prime Minister by the Japanese Finance
and Defence Ministers: 1600, Thursday 30 April

You asked about attendance at this meeting. This will
be as follows:

Mr Hata, Finance Minister
Mr Miyashita, Defence Minister
Mr Kitamura, Japanese Ambassador
Mr Takashima, Director General for
International Affairs
Mr Chino, Vice Minister for Finance
(International Affairs)
Mr Tanaka, Counsellor Japanese Embassy
Mr Tsukada, Interpreter

From our side there will be:

Mr Goodlad
Mr Nelson, Economic Secretary, Treasury
Mr Ian Dawson, AUS(POL), MOD
Mr Burns

Dawson
S L Gass

(S L Gass)
Private Secretary

Stephen Wall Esq
10 Downing Street

CALL ON THE PRIME MINISTER BY THE JAPANESE FINANCE AND DEFENCE
MINISTERS

JAPAN

Internal Politics

1. Support for the ruling Liberal Democratic Party (LDP) remains high, at 58% in one recent poll. No other political party offers a credible alternative. The level of support for the Cabinet of Prime Minister Miyazawa, however, has fallen dramatically mainly due to a spate of scandals, and lack of confidence in Miyazawa's willingness, and ability, to carry out the measures necessary to reduce the level of political corruption. Recent by-election wins however have provided an important boost to the Government reducing the pressure on Miyazawa to resign. The real test will come at the end of July when half of the members in the House of Councillors will stand for election. The LDP is expected to lose some seats, but if this becomes a rout Miyazawa may be forced to take responsibility and go.

2. One of the main causes for voter dissatisfaction is the latest spate of political scandals. Miyazawa himself resigned from his position as Finance Minister at the end of 1989 because of his involvement in the Recruit scandal but, despite Opposition demands, has still not fully explained his involvement with Recruit. He became Prime Minister after the main factions of the LDP, including his own, forced the abandonment of the political reform measures on which Prime Minister Kaifu had staked his political future. These problems might have faded into insignificance had it not been for the arrest of an LDP Dietman, Fumio Abe, on charges of accepting bribes from Kyowa, a bankrupt steel frame company. Abe, a former Secretary-General of the Miyazawa faction, was one of the leading figures behind Miyazawa's election as Prime Minister.

3. These scandals are thought to be behind LDP by-election losses in February and early March. But opposition attempts to maintain their attack on LDP corruption backfired when several members of the

/main

main Socialist opposition party were implicated in new scandals. One involving Sagawa Kyubin, the country's second largest parcel delivery company, is said to involve 100 politicians from both LDP and opposition parties. But, because of cross-party involvement, it is unlikely to achieve the same prominence as earlier scandals. LDP candidates easily won seats in the most recent by-elections.

4. The record of Miyazawa's five month old government so far does not look good. It has been unable to pass legislation on participation by the Self Defence Forces in UN peacekeeping operations and its handling of the Kyowa scandal brought the Diet to a halt, disrupting important parliamentary business. Full scale political reform, abandoned last year because the opposition parties and much of the LDP resisted the government's proposals, has returned as the focus of political attention. A more modest package involving new limits on political donations and a partial correction of the uneven distribution of Diet seats, is now being worked out but is already stirring controversy within the LDP.

FAR EASTERN DEPARTMENT

29 APRIL 1992



copy

Treasury Chambers, Parliament Street, SW1P 3AG

DIRECT LINE FAX 01 839 2029 Unclassified material only
SECURE LINE FAX 01 270 5589 Classified material only
OPERATOR NUMBER 01 270 5016

CLASSIFICATION _____

FROM: MISS S. JAMES

TO: MR WALL

DATE: 30/4/92

NUMBER OF PAGES FOLLOWING: 17

PLEASE CONFIRM RECEIPT OF DOCUMENTS: ~~YES~~ / NO

COPY ALSO SENT BY POST: ~~YES~~ / NO

UNCLASSIFIED

12/2

FILE: WEP A13

FROM: STEPHEN HANKS (IF2)
DATE: 29 April 1992
x5546

PS/CHANCELLOR

cc PS/Economic Secretary
Mr Budd
Sir N Wicks
Mr Evans
Mr Sedgwick
Mr Melliss
Mr Pratt
Mr Taylor
Ms Young
Ms Speck
Mr Guest
Mr Parker

VISIT BY JAPANESE FINANCE MINISTER

I am attaching briefing for the Chancellor's meeting with Tsutomu Hata, the Japanese Finance Minister, at 9.00 am tomorrow.

2. The following briefs are attached:

- (i) The Japanese economy
- (ii) Japan and GATT
- (iii) Financial services
- (iv) Japan and the former Soviet Union
- ~~(v) Incentive travel~~

3. The last brief covers an item which our embassy in Tokyo asked to be raised if time permits. I am grateful to Ms Speck (EC1), Mr Guest (FIM2) and Mr Deane (IF3) for their contributions to this briefing.

Stephen Hanks
STEPHEN HANKS

UNCLASSIFIED

UNCLASSIFIED

JAPANESE ECONOMY

Questions to ask

- What impact is the decline in the Nikkei index likely to have on the real economy in Japan?
- What are the prospects now for Japan achieving the 3.5 per cent growth in Fiscal Year 1992 that the Government has forecast?
- What impact is the recent package of fiscal measures likely to have?
- How much room for manoeuvre in terms of fiscal policy has the Japanese government got if output turns out to be weaker than currently expected?

Background

1. The table below compares the latest Treasury WEP forecast for Japan with that of the IMF.

Table 1: Recent economic indicators and forecast

per cent	1991	1992		1993	
		WEP	IMF	WEP	IMF
GNP growth	4.5	2.2	2.3	4.1	3.0
Inflation	3.3	1.4	2.2	1.1	2.4
Unemployment	2.1	2.3	2.1	2.4	2.2
General government financial surplus (per cent of GNP)	3.0	-	3.0	-	3.0
Current account (US \$ billion)	73	71	93	72	88

Source: Budget WEP and IMF WEO, April 1992.

2. The Japanese economy slowed sharply through 1991. GNP grew (quarter on quarter) by 2.7 per cent in the first quarter, but

UNCLASSIFIED

UNCLASSIFIED

declined marginally in the fourth. It is now possible that Japan will experience a recession, with output declining in two successive quarters. Industrial production in the first quarter of 1992 was down 3 per cent on the previous quarter, retail sales have been weak and monetary growth has been at an all-time low. The downturn in Japan has been led by a decline in investment and business surveys indicate that investment intentions remain depressed. Consumer confidence fell sharply in the fourth quarter last year. However, the Japanese labour market remains tight and capacity utilisation is still relatively high. There is a danger though that in the light of the latest fall in equity prices, growth forecasts may again have to be revised downwards.

3. In January of this year, Presidents Bush and Miyazawa issued a joint communique on world growth during President Bush's trip to Japan. This communique has been taken as implying that the Japanese would take fiscal action if growth were to slip below the official forecast rate of 3.5 per cent in FY (Fiscal Year) 1992. In the face of mounting evidence that the slowdown in the Japanese economy was faster than expected, the Government announced a package of measures on 31 March. The package involves ensuring that expenditure on public works in FY 1992 is concentrated in the first-half of the year, and extending low interest loans to small and medium-sized companies through government financial institutions. It comes within the constraints of the FY 1992 Budget and offers no new money. Any boost to the economy as a result is likely to be very modest.

4. Inflation has declined substantially from its peak of 4.5 per cent in January 1991. In February 1992 it was down to 2 per cent and wholesale prices fell by 1.6 per cent on a year earlier. Yen appreciation, slowing activity and lower food and oil prices have all been factors in the decline. The annual wage round, the "shunto", is now under way. Settlements are expected to be below last year's 5.7 per cent and it seems possible that they will be limited to around 5 per cent.

5. Monetary policy has eased gradually since last summer. The 75 basis point cut in the discount rate on 1 April was the fourth

UNCLASSIFIED

UNCLASSIFIED

reduction in interest rates since last July. The discount rate has declined from 6 per cent to 3.75 per cent. The Bank of Japan has been under pressure to ease faster and further than it has done, but Governor Mieno insisted that activity remained strong and that previous cuts needed time to work their way through the system. Whether interest rates have bottomed out with the latest cut will largely depend on whether or not the economy recovers as expected.

6. The current account surplus rebounded strongly in 1991. It doubled from \$36 billion in 1990 to \$73 billion. Factors contributing to the enlarged surplus include slowing domestic demand; the J-curve effect from the yen's appreciation; and some shift from US to Asian and European export markets. The continued slowing of domestic demand suggests that the surplus is likely to rise again in 1992, possibly fuelling protectionist pressures in the US.

7. Japan maintains a tight fiscal stance: the central government runs a small budget deficit which is more than offset by social security fund surpluses producing a general government surplus. The recent slowdown in activity has, however, led to a slackening of the growth of tax revenues and a modest rise of 0.1 per cent of GNP is expected in the central government budget deficit to 1.5 per cent of GNP in 1992. There is speculation though that the government will introduce a supplementary budget in September. In the past, Japan has always introduced a supplementary budget whenever early action has been taken to bring forward public expenditure.

8. Japanese equity prices have fallen by about 25 per cent since the beginning of this year and by over 50 per cent compared with their peak in 1989. Until quite recently the fall in equities could be regarded as a reaction to the speculative bubble in 1989, with only small and tenuous effects on the real economy - the weakness of business confidence and investment being the most noticeable. The further sharp fall in recent weeks, especially as it is being led by bank shares, may have more serious consequences. Japanese banks hold the equity of those companies

UNCLASSIFIED

UNCLASSIFIED

to which they lend, and also these companies in turn will typically hold bank shares. Unrealised capital gains can be counted as part of banks' tier 1 capital for the purposes of the Basle ratios. Equity losses therefore reduce their tier 1 capital and Japanese banks' capital ratios have now fallen below the 8 per cent threshold as the Nikkei has fallen below about 18,000. This will encourage banks to reduce their loans. In addition, the slowdown in activity and the fall in land prices have increased bad debts, and will also add to the pressure for retrenchment by the banks. However in contrast to the position in the US and UK, Japanese banks remain profitable.

10. Whilst there has been a ripple effect on other stock markets of the plunge in the Nikkei, its main impact on the world economy may come about through retrenchment by Japanese banks and property companies in overseas markets. A reduced willingness to undertake long-term investment outside Japan could depress further property prices in such centres as London.

UNCLASSIFIED

JAPAN AND GATT

The deadlock between the EC and US over agriculture has meant that Japan's trading policies have not been centre stage in the latest Uruguay Round negotiations. The main area of contention is market access. Japan maintains non-tariff barriers on key products in both the agricultural and industrial sectors, and is resisting pressure to remove these.

2. Agriculture Japan has submitted a schedule listing offers on agriculture tariffs, conditional on reciprocal commitments by other participants. An average tariff cut of 36% is offered, with some additional concessions, including a 50% cut on duties on whiskey. There are a number of significant exclusions from tariff cuts, however, - most meat and meat products, dairy products and rice (which are subject to quotas), as well as another 80-90 individual items.

3. Japan, in common with many other developed nations, subsidises and protects a highly inefficient, although politically sensitive, agricultural sector. Its import quotas on rice are a major grievance of its Asian neighbours and it is one of the common goals of this Round that Japan should accept tariffication of rice imports. It is one of the principles of GATT that tariffs should be the only form of protection. Japan has, at times, hinted that she might be prepared to convert the quotas into tariffs, but this has never been officially acknowledged.

4. Industrial Japan has offered reductions on all industrial tariff headings (with the exception of leather and leather footwear) of around 33% of the "bound" rate. Since the bound rate is in practice much higher than the applied rate, the real reductions are much lower. The Commission is threatening to adjust the EC offer downward in respect of items of interest to Japan, unless this offer is improved.

5. Japan has offered to reduce tariffs on leather and leather footwear from 60% to 40%. The UK would like 30% (in addition to elimination of quotas).

6. Services (It is hoped that the Uruguay Round will result in services being subject to multilateral trade disciplines for the first time, with a framework agreement on rules and procedures, and commitments to liberalisation by each signatory). Japan's original offer on service liberalisation was unacceptable to the EC and has been much improved in subsequent negotiations. There is still scope for further concessions in areas such as financial and legal services and insurance, but Japan is negotiating seriously.

7. Japan has supported the EC's efforts to prevent sectors from being excluded from the services agreement, and we hope that the US list of proposed MFN exemptions will not tempt Japan to follow suit.

8. Non-GATT Issues There are separate trade agreements between Japan and the EC covering sensitive areas such as car imports. The latest agreement provides for the gradual reduction of trade restrictions over ten years, but in the meantime there are "voluntary" restraints, which are negotiated in advance. The level of direct Japanese exports to the EC in 1992 has just been agreed. Although there is on-going friction over intra-EC sales of UK based production by Japanese firms the Commission has assumed that this will grow relatively slowly.

9. Action We need to emphasise once again the importance of a successful GATT round, and the potential benefits to all parties.

(i) Although the main issue has been the EC/US deadlock on agriculture, an agreement will require concessions from all parties, and Japan must accept tariffication of rice imports.

(ii) Japan and the EC have worked closely together to avoid service sectors being excluded from the agreement. We hope that Japan will join the EC in resisting US moves to seek exemptions, and encourage other parties, such as the ASEAN nations, to improve their offers on liberalisation.

(iii) On market access, we welcome Japan's latest offers on tariffs, but hope that she can apply the reductions to the actual tariff rates, rather than the higher bound rates. We would also like Japan to remove quotas on leather and leather footwear.

RECENT DEVELOPMENTS IN UK-JAPAN AND EC-JAPAN FINANCIAL SERVICES
DISCUSSIONS

Sterling Lead Management

Line to Take

Note recent decision by the UK to allow Japanese firms to lead manage sterling issues for any borrowers. Hope that UK firms in Tokyo will be able to increase their share of underwriting Japanese yen bond issues. Also that the restrictions on pension fund management will be relaxed, particularly those relating to 'new money'.

Background

The Japanese have raised the question of their eligibility to lead sterling capital market issues at the regular UK-Japan bilateral discussions for some years. In March 1991 the Bank relaxed the rules to allow Japanese houses to lead manage sterling issues made by Japanese firms. On 6 March this year, the Bank fully liberalised the rules, to allow Japanese houses to lead manage sterling issues for any borrowers.

Although no direct link was drawn between sterling lead management and yen bond underwriting in Tokyo, when making the recent relaxation, we expressed the hope that foreign houses would increase their share of the Japanese market. Although the Japanese Ministry of Finance had in the past taken the line that the participation of foreign houses in Tokyo was a matter for the issuers themselves to decide, they responded to our request by expressing the hope that the proportion of foreign participation will improve in the future. They have also issued 'advice' to issuers encouraging this development.

The share of the pension fund market for which foreign investment management companies (IMCs) can compete is severely limited by the 'new money' restriction, under which foreign IMCs are unable to

take over management of existing investment portfolios. There have been, since 1990, some relaxations in restrictions in other areas (such as minimum contract size) but British houses consider the 'new money' issue as the prime target for liberalisation.

GATT: Uruguay Round - Financial ServicesBackground

As part of the GATS discussions, the EC have held bilateral talks with the Japanese and exchanged opening offers and requests on liberalisation. Japan's offer on financial services contains no specific commitments in terms of fresh liberalisation. The EC has sent Japan a detailed request list which covers most of the UK's objectives on market access, including those relating to investment and pension fund management and to insurance.

Financial ReformLine to Take (if subject raised)

The breaking down of barriers should lead to increased and healthy competition, subject to the putting in place of appropriate safeguards. Welcome assurances given by Japanese authorities that the package will not result in discrimination against foreign houses.

Background

The Japanese MoF have recently presented a Bill to the Diet aimed at financial reform, including dismantling Article 65 barriers between banking and securities business. The main proposal in the package would allow banks and securities houses to enter each other's areas of business through subsidiaries. The reform would also open up trust banking business to other types of banks and to securities houses.

Currently foreign banks wanting to undertake securities operations (including brokerage) in Japan have had to set up, outside the country, a 50/50 subsidiary with a non-financial partner which has then been allowed to branch into Japan. The new proposals would relax these restrictions, though houses with a bank as a majority shareholder would be subject to firewalls in the same way as the securities subsidiaries of domestic banks. If a securities subsidiary established in Japan was wholly owned by a foreign bank it would also have to get a new licence from the authorities. It is not yet clear whether foreigners in these arrangements would be allowed to do brokerage (there is no real attraction without it, in which case they will presumably opt to stay with their existing arrangements).

The effect of these reforms may be to attract business away from London and to Tokyo. We do not, however, have any grounds for objecting to the proposals as they are non-discriminatory in nature.

City BombLine to Take

Express sympathy over injuries sustained by employees of Japanese firms by bomb explosion on 10 April. In particular, saddened by tragic death of the daughter of a Sanwa Bank employee. Trust that the companies involved are settling in to alternative premises. Appreciate the presence of Japanese firms in the City, even more so at times such as this.

Background

The IRA bomb which exploded in the City on 10 April damaged the premises of two Japanese banks - Daiwa and Sanwa. About eighteen of Sanwa's employees were injured. The young girl who was killed in the incident was the daughter of the Chief Executive's chauffeur. Her sister was also injured. Two of Daiwa's employees suffered injuries.

On 22 April, the Economic Secretary wrote to the General Managers of both banks taking the line above.

Japan and the FSU

Objectives:

- to encourage the Japanese to play a full role in providing assistance to the FSU.

Line to take:

- Welcome the recent agreement on full IMF/World Bank membership for Russia and almost all of the other FSU states. Very helpful that Japanese (along with other partners) were able to agree in principle at G10 meeting to activate the GAB to finance a stabilisation fund for the rouble. Hope that negotiations between Russia and IMF on a formal programme can be completed soon.
- G7 must also encourage other FSU states to start serious negotiations on programmes, and implement economic reforms.
- Japanese contacts with Russia and other FSU states?

On stabilisation fund:

- Stabilisation fund cannot be put in place until a formal IMF programme is in place, the Russian authorities have significantly tightened monetary and fiscal policies, and suitable arrangements have been put in place to manage the rouble. However, once the conditions for it to be effective are in place, believe that stabilisation fund will have an important role to play.
- Need to reach early agreement on mechanics. Next steps are for G7/G10 to discuss how the stabilisation fund should be managed (look forward to IMF staff paper) and for the Russians to reach agreement with the IMF on a suitable exchange rate regime and operating conditions for the fund.
- Look forward to constructive Japanese role in debate over these important issues.

Background:

Agreement was reached at the Spring Meetings on full membership of the IMF and World Bank for Russia and most of the other states of the former Soviet Union (arrangements for Azerbaijan and Turkmenistan will be completed next week). G10 Ministers also reached agreement in principle on the activation of the General Arrangement to Borrow (GAB) to fund a possible rouble stabilisation fund.

2. There have been question marks over Japan's willingness to provide large scale assistance to Russia because of the outstanding dispute over the Northern Islands. The Prime Minister discussed this issue with Prime Minister Miyazawa on 31 January in New York. Following this discussion, our ambassador in Moscow spoke to Ryurikov, Yeltsin's foreign policy advisor. The UK's view is that, while Russia's occupation of the islands is unjustified, Japan's best hope of regaining them lies in avoiding the replacement of the current Russian administration by a more nationalistic government. You might thus wish to encourage the Japanese to play a full role in providing assistance to Russia.

3. Japan has pledged large scale assistance to the FSU, but disbursement has been slow (but we do not have full details). Japan has pledged:

Food aid: \$650 million. \$100 million was announced early in 1991. A further package of \$500 million in credits and \$50 million in grants was announced in October.

Bilateral credits: \$2 billion. Export credit cover of \$1.8 billion and investment protection insurance of \$200 million were both announced in October. We do not believe that any of this has been made available yet.

Technical assistance: Japan has a technical assistance programme, but we have no details of funding.

On bilateral assistance to the FSU:

- Welcome Japanese commitment to provide bilateral assistance to Russia and other FSU states. Japan also has important role to play in promoting growth of private sector and foreign investment. Encourage Japan, and Japanese industry, to play a full role.
- Details of plans to disburse aid? Interest of Japanese industries in investing in FSU?

On Northern Islands [if necessary]

- Sympathise with Japanese position over Northern Islands, but important to be aware of nationalist pressures on Yeltsin, against a background of economic discontent. Hope that Japan will not allow dispute to hold up disbursement of economic assistance.
- International community must be prepared to provide the resources necessary to underpin radical transformation of Russian economy. Must all be prepared to play our part.

4. It is likely that Japan will seek to sponsor the interests of the central Asian states in international discussions. You might like to ask for details of Japan's relations with these states.

PROGRAMME FOR THE VISIT OF THE JAPANESE MINISTER FOR DEFENCE,
MR SOHEI MIYASHITA. 29 APRIL TO 1 MAY 1992

Wednesday 29 April

- 1555Hrs Arrive Heathrow Airport by Flight NH201 from Tokyo
- 1630 Leave by car
- 1710 Arrive at the Ministry of Defence Horse Guards Avenue
entrance
- Met by the Head of Protocol, Ministry of Defence,
Group Captain J L Dillon RAF(Retd)
- 1715 Call on the Secretary of State for Defence,
The Rt Hon ~~MALEOLM RIFKIND~~ QC MP
- 1745 Leave the Ministry of Defence
- 1800 Arrive at the Ritz Hotel,
Piccadilly, W1
- 1925 Leave the hotel
- 1935 Arrive at Lancaster House,
St James's
- 1930 Dinner given by Her Majesty's Government
for Host: The Minister of State for Defence Procurement
1945 Johnathan Aitken MP
- Dress: Lounge Suit
- 2130 Leave Lancaster House
(approx)
- 2140 Arrive at the hotel

Thursday, 30 April

- 0915 Leave the hotel
- 1030 Arrive at the West Gate, Royal Naval College
Greenwich
Met by Lieutenant Commander M J Greene, RN
- 1035 Arrive at the Royal Naval College, Greenwich
Met by the Commander of the College,
Commander E F M Searle, RN

1040 Conducted tour of the College by the Commander,
Commander E F M Searle, RN

1130 Coffee followed by a short brief on the Staff
College curriculum

1215 Meet Lieutenant Commander Utsuru

1230 Pre-Luncheon drinks
Queen Mary Anteroom

1245 Luncheon in the Painted Hall
Host: The Commander of the College,
Commander E F M Searle, RN

1400 Leave the Royal Naval College, Greenwich

1430 Arrive at HM Tower of London,
East Gate, EC3

Met by the Resident Governor and Keeper of the Jewel
House,
Major General Christopher Tyler

Conducted Tour of the Jewel House, The Oriental
Gallery and the Historic Rooms of the Queen's House

1530 Leave HM Tower of London

1555 Arrive No 10 Downing Street

1600 Talks with the Prime Minister
The Rt Hon John Major MP

1630 Leave 10 Downing Street

1635 Arrive at the Foreign and Commonwealth Office
Ambassadors' Door, L-Shaped Road

Call on the Minister of State for Foreign and
Commonwealth Affairs
Alastair Goodlad MP

1700 Leave the Foreign and Commonwealth Office

1715 Arrive at the hotel

1950 Leave the hotel

2000 Dinner given by the Ambassador of Japan,
His Excellency Mr Hiroshi Kitamura

Dress: Lounge Suit

File: em



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 April 1992

Dear Sir,

**REQUEST FOR A CALL ON THE PRIME MINISTER BY
THE JAPANESE FINANCE AND DEFENCE MINISTERS**

Thank you for your letter of 22 April about the visit of the Japanese Finance Minister. Since then you have told me that the Japanese Defence Minister would like to call on the Prime Minister at the same time. The Prime Minister will see both men together from 1800 to 1830 on Thursday 30 April.

[Handwritten mark]

I should be grateful for a brief for the meeting to reach me by 1200 noon at the latest on Wednesday 29 April. Perhaps you could also let me know who will interpret at the meeting. We shall need to discuss attendance.

I am copying this letter to Simon Webb (Ministry of Defence).

Jens,
Stephe
J S WALL

S L Gass Esq
Foreign and Commonwealth Office

men



CCPC
SP

Foreign &
Commonwealth
Office

CONFIDENTIAL

London SW1A 2AH

22 April 1992

Dear Stephen,

Request for Call on Prime Minister by Japanese Finance Minister

Mr Tsutomu Hata, the Japanese Finance Minister will visit the UK on 29 and 30 April on his way back to Tokyo from IMF meetings in Washington. He will be delivering a speech at the centenary dinner of the Japan Society on the evening of 29 April and leaving London some time the next day. A call on the Chancellor has been requested.

The Japanese Embassy have also asked for a brief courtesy call on the Prime Minister, which could take place either early morning or in the afternoon after Prime Minister's questions.

I enclose a profile of Mr Hata. His visit to London will be his first since becoming Finance Minister in Mr Miyazawa's Cabinet in November. It seems very likely that Mr Hata will meet the Prime Minister at the G7 Summit in Munich in July. In recent months ministerial meetings with the Japanese have been relatively rare, and the Japanese would view a meeting between the Prime Minister and Mr Hata as a sign of the Prime Minister's continuing interest in Japan following his lunch for the UK-Japan 2000 Group at the beginning of March.

We hope therefore that the Prime Minister will be able to see Mr Hata briefly on 30 April. Sir J Whitehead agrees, and I enclose a copy of Tokyo telno 285 which supports the proposal.

I am copying this letter to Jeremy Heywood (HM Treasury) and Martin Stanley (Department of Trade and Industry).

S L Gass
(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

CONFIDENTIAL

HATA, Tsutomu

Finance Minister (from 5 November 1991)

Hata was born in Tokyo on 24 August 1935. His father was a Diet member. He graduated from the Economics Department of Seijo University and then spent 11 years working for the Odakyu Bus Company.

He was first elected to the Lower House of the Diet in 1969 and has since been elected a further 7 times for Nagano No 2 Constituency. He has served as Parliamentary Vice Minister for Posts and Telecommunications and for Agriculture, Forestry and Fisheries and Minister for Agriculture, Forestry and Fisheries twice (1985-86 & 1988-89). He also headed the Party's General Affairs Bureau in the early 1980s, when he played a major role in trying to pass electoral reform legislation, and recently, as Chairman of the Party's Electoral Reform Research Commission, he played a similar role again. He became Finance Minister in the Miyazawa Cabinet on 5 November 1991.

Hata is one of the top agricultural experts in the LDP and has served in a variety of agriculture-related party posts. As Chairman of the LDP Agricultural Committee he proved a tough negotiator in the Japan/US disputes over liberalisation of agricultural imports. Despite this he is internationally-minded and has a number of friends in the US Congress and from the former Reagan administration.

Hata is a leading member of the Takeshita faction. He is almost universally affable with a strong sense of humour. He has been tipped as a possible candidate to lead the Party in the future but, because of his character, there are some politicians who suggest that he is not ruthless enough to be Party leader when there are difficult tasks to be undertaken within the Party. He has also been linked with the Recruit scandal because he admitted taking money from Recruit after the scandal surfaced.

He is married with two sons.

His hobbies are music, and "eating while walking around" (sic).

He speaks little English and made a successful Category II visit in 1964.

FCS 010/1

✓ JDL

RESTRICTED
FM TOKYO
TO IMMEDIATE FCO
TELNO 285
OF 211530Z APRIL 92

REQUEST FOR A CALL ON THE PRIME MINISTER BY THE JAPANESE FINANCE MINISTER

1. I UNDERSTAND THAT THE DEPARTMENT HAS RECOMMENDED THAT THE PRIME MINISTER AGREE TO SEE THE JAPANESE FINANCE MINISTER, TSUTOMU HATA, FOR A COURTESY CALL ON 30 APRIL. I VERY MUCH HOPE THAT THAT WILL BE POSSIBLE. HATA IS RELATIVELY YOUNG (MID-50S AND LOOKS YOUNGER) AND WIDELY RESPECTED AND LIKED IN JAPAN. HE HAS BEEN PARTICULARLY HELPFUL TO US IN STARTING UP, AND ACTING AS CHAIRMAN OF, A JAPAN/HONG KONG PARLIAMENTARY GROUP, AND HIS VISIT TO LONDON IMMEDIATELY FOLLOWS A VISIT TO HONG KONG WITH A DELEGATION FROM THE GROUP. HATA'S NAME HAS OFTEN BEEN TOUTED AS A POTENTIAL PRIME MINISTER. HE IS RATHER IN THE KAIFU MOULD IN TERMS OF OPENNESS, SERIOUSNESS AND GENUINE INTEREST IN REFORMING THE POLITICAL SYSTEM, BUT ENJOYS STRONGER FACTIONAL BACKING (TAKESHITA FACTION) AND HAS A DEEPER GRASP OF POLICY ISSUES.

2. JAPANESE FINANCE MINISTERS HAVE IN THE PAST CALLED ON BRITISH PRIME MINISTERS WHEN VISITING LONDON. AT PRESENT THERE WOULD BE PARTICULAR ADVANTAGE IN SUCH A CALL IN ORDER TO HELP ENSURE JAPANESE COOPERATION OVER CURRENT INTERNATIONAL ISSUES SUCH AS HANDLING THE ECONOMIC PROBLEMS OF THE FORMER SOVIET UNION.

3. SUCH A CALL WOULD ALSO, AS THE DEPARTMENT ADVISE, HELP TO DEMONSTRATE HMG'S INTEREST IN JAPAN AT THE HIGHEST LEVEL AFTER WHAT HAS INEVITABLY BEEN A SOMEWHAT LEAN PERIOD FOR HIGH-LEVEL CONTACTS.

WHITEHEAD

YYYY

RESTRICTED

1 31
MDHIAN 1055

DISTRIBUTION

15

MAIN 15

FED
PS
PS/PUS
PS/MR GOODLAD

SIR J COLES
MR BRUNS

NNNN

PAGE 2
RESTRICTED

Subject cc Master

File SM
ccPC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 January 1989

Dear Bob,

PRIME MINISTER'S MEETING WITH THE JAPANESE FOREIGN MINISTER

The Prime Minister had a meeting this morning with the Japanese Foreign Minister. Mr. Uno was accompanied by the Japanese Ambassador and a senior official. H M Ambassador, Tokyo was also present.

The Prime Minister extended her condolences on the death of the Emperor, which was a deeply sorrowful event for the Japanese people. Mr. Uno expressed his great gratitude for the message of condolence which the Prime Minister had sent to Mr. Takeshita and for the prompt decision to be represented at the Emperor's funeral by His Royal Highness the Duke of Edinburgh and the Foreign Secretary. The Prime Minister commented that she was sure it had been right to take a decision quickly.

The Prime Minister said that she wished to congratulate Mr. Takeshita on his success in piloting the tax reform measures through the Diet. We were, of course, especially grateful for the action taken on whisky. We very much hoped that the matter of seats on the Tokyo Stock Exchange could soon be resolved. Mr. Takeshita had assured her that he would take a personal interest in this matter. Mr. Uno handed over a message from Mr. Takeshita (copy enclosed). Mr. Takeshita appreciated the Prime Minister's message of congratulations at the time of the passage of the tax reform. Following Mr. Mizayawa's resignation as Finance Minister, Mr. Takeshita had himself taken personal charge of steering the measures through the Diet, spending long hours in the Chamber. It had been a major personal effort.

The Prime Minister said that Japanese companies were very welcome in the United Kingdom and were doing well. The Japanese style of management and the British workforce seemed to blend together very well. Britain was determined that completion of the single European market in 1992 must not mean the creation of new barriers against the Community's trading partners. The United Kingdom was a good deal more positive about this than a number of other Member States, who spoke of openness but practiced restrictive policies. Britain and Japan shared strong views in favour of opening up world trade and were both committed to the success of the GATT round of

SM

negotiations including agriculture. Mr. Uno said that Japan and the European Community had much in common on these issues. But he believed that relations between Japan and the United Kingdom were deeper than with other EC countries. This was a development which he welcomed and hoped would continue. The same applied to the United Kingdom's efforts to ensure that the European Community remained open to outside countries after 1992.

The Prime Minister recalled her discussion with both Mr. Takeshita and Mr. Nakasone about East/West relations. Japan had a specific problem with the Soviet Union. She understood that the Russians were showing some signs of readiness to talk. She was encouraged to find that Britain and Japan took very similar attitudes towards the Soviet Union. We welcomed the changes being made by Mr. Gorbachev but were cautious about his prospects of success. Meanwhile we kept our defences strong as members of NATO. We both agreed that it was Soviet actions rather than speeches which would count. Mr. Uno said that he had conveyed a similar message to Mr. Shevardnadze. He had welcomed perestroika and the reductions in Soviet forces announced by Mr. Gorbachev at the United Nations, while stressing that it was actions not words which would count. The territorial issue was crucial for Japan and unless that was settled Japan would not conclude a Peace Treaty. He had also made clear, on the subject of economic co-operation with the Soviet Union, that Japan considered politics and economics indivisible. Japan's attitude to economic co-operation would be proportionate to the Soviet Union's willingness to co-operate on the territorial issue.

The Prime Minister said that she understood that the Soviet Union was seeking a rapprochement with China. But she was not sure how far this would go. Her impression was that the Chinese remained very wary. Mr. Uno said that he had gained a similar impression from his contacts with the Chinese leaders. They had told him that they were pursuing some improvements in relations but there would be no reversion to the sort of relationship which existed in the 1950s. Both the Soviets and the Chinese Foreign Ministers had confirmed to him in Paris recently that they would meet each other in March and that Cambodia would be on the agenda. The Prime Minister commented that the issue would be a very difficult one to resolve. There must be a clear commitment by China to exclude Pol Pot and his associates from Cambodia if there was to be a settlement.

The Prime Minister said that she would study Mr. Takeshita's message carefully. She looked forward to meeting him at the Economic Summit. She hoped to travel to Japan for the meeting of the International Democratic Union in September. She would very much like to have a talk with Mr. Takeshita on that occasion and see something of Japan. Mr. Uno replied that Mr. Takeshita was looking forward to seeing the Prime Minister then.

Mr. Uno then brandished (but did not hand over) a hand written message from Mr. Takeshita on the Tokyo Stock Exchange. This was to the effect that he had made a personal telephone call to the new Chairman of the Stock Exchange to convey his strong wish that a solution should be found to the problem of additional seats for British firms. The new Chairman had promised to do his utmost to achieve this result but would need some time. The Prime Minister said that she was grateful for the message.

I am sending a copy of this letter to Alex Allan (H M Treasury), Neil Thornton (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

Yours sincerely,
C. D. Powell

C. D. POWELL

R. N. Pierce, Esq.,
Foreign and Commonwealth Office

*cele
celebr*



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

- You will want to do:
- condolences on the Emperor's death
 - congratulations on tax reform & whisky
 - looking forward to your visit 12 January 1989
- You will then want to get stuck in on Japan's continuing surplus.

Sen Charles

CBP 12/1

Call by the Japanese Foreign Minister
9.30 am Friday 13 January

The Prime Minister has agreed to receive the Japanese Foreign Minister, Mr Uno (OONOH) for a 30 minute call. Mr Uno will be accompanied by the Japanese Ambassador, Mr Chiba, a note taker (Mr Togo) and an interpreter. Our Ambassador in Japan, Sir John Whitehead, will also attend.

Since interpretation will be required, time will be short, and the Prime Minister might aim to make three or four brief points:

- condolences on the Emperor's death.
- our welcome for Mr Takeshita's success on tax reform. The arrangements which he and the Prime Minister agreed for whisky are a part of this package (which also contains some changes in the way cars are taxed which will eliminate discrimination against larger and, in practice, mainly imported cars). The reform as a whole shifts the taxation burden towards indirect taxes, and will contribute to sound fiscal management in Japan. The Prime Minister's message to Mr Takeshita congratulating him on his success has been welcomed; Mr Uno has referred to it publicly;
- our cautious approach to East/West questions, and our support for Japan in its efforts to persuade the Soviet Union to restore the Northern Islands to it. (During the war the allies stated more than once that they sought no territorial gains. The Soviet Union, which entered the war against Japan two days before its end, nevertheless occupied a number of islands. Some of these were territory which had changed hands several times in the preceding hundred years. The islands

/currently



currently under dispute, had, however, never been anything except Japanese before. We believe they should be restored to Japan). In December Mr Uno stuck to his guns through several tough sessions with Mr Shevardnadze. He will have met him again in the margins of the Paris CW Conference;

- our determination to play a leading role in the development of the European Community, (some Japanese analysts have interpreted the Prime Minister's Bruges speech as a sign of diminishing UK influence); our determination that it will remain an open community; and our solid support for Nissan;
- the Prime Minister's hope to visit Japan in September.

Yours ever

R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street



121
AM-9

CONFIDENTIAL

137546
MDHIAN 7549

CONFIDENTIAL
FM TOKYO
TO DESKBY 060930Z FCO
TELNO 13
OF 060835Z JANUARY 89
AND TO DESKBY 061100Z MUSCAT
INFO ROUTINE WASHINGTON, PARIS, ROME

AMENDED DISTRIBUTION 6 JAN

MUSCAT FOR SECRETARY OF STATE'S PARTY
MEETING BETWEEN SECRETARY OF STATE AND MR UNO

SUMMARY

1. YOU ARE LIKELY TO FIND UNO IN BOUYANT FORM, OPTIMISTIC ABOUT THE INTERNATIONAL SCENE IN 1989 AND INCREASINGLY SELF-CONFIDENT ABOUT JAPAN'S ROLE. MANAGEMENT OF THE US/JAPAN RELATIONSHIP STILL TOPS HIS AGENDA BUT THE SOVIET UNION, EUROPE AND ASIAN ISSUES WILL COMPETE INCREASINGLY FOR HIS ATTENTION. YOUR DIALOGUE IS A VALUABLE OPPORTUNITY TO INFLUENCE UNO'S THINKING AT THE START OF AN IMPORTANT NEW YEAR.

DETAIL

2. YOU MAY FIND IT USEFUL TO HAVE A VIEW FROM HERE ON UNO'S MAIN CURRENT PREOCCUPATIONS IN ADVANCE OF YOUR MEETING ON 13 JANUARY. SOME MORE DETAILED COMMENTS ON INDIVIDUAL AGENDA ITEMS FOLLOW IN MIFT (FOR FED).

3. IN THE DOMESTIC POLITICAL ARENA, THE LDP HAVE SCORED A NOTABLE SUCCESS WITH THE PASSAGE OF THE TAX REFORM BILLS. BUT THEIR USE OF STRONGARM TACTICS AND BACKROOM DEALS WITH SOME OF THE OPPOSITION PARTIES HAVE COST THEM DEARLY IN PUBLIC SUPPORT. FURTHERMORE, THE RESIGNATION OF PRIME MINISTER TAKESHITA'S NEW JUSTICE MINISTER IMMEDIATELY AFTER HIS APPOINTMENT IS BOTH EMBARRASSING AND PROOF THAT THE RECRUIT SCANDAL IS STILL VERY MUCH A LIVE ISSUE. HOWEVER, TAKESHITA HAS ANNOUNCED THAT POLITICAL REFORM IS TOP OF HIS DOMESTIC AGENDA FOR 1989 AND HE HAS TIME BEFORE THE UPPER HOUSE ELECTIONS IN JULY TO REPAIR THE PUBLIC DAMAGE TO HIS AND THE LDP'S STANDING.

4. LATER THIS MONTH THE JAPANESE GOVERNMENT WILL FINALISE THE DRAFT BUDGET AND PUBLISH AN OFFICIAL ECONOMIC FORECAST FOR 1989. THEY HAVE GOOD REASON TO BE GENERALLY CONTENT WITH LIFE: 5% GROWTH THIS YEAR AND MAYBE NEXT, BOUYANT DOMESTIC DEMAND AND NEGLIGIBLE INFLATION. BUT PRIVATELY THEY RECOGNISE THAT THE EXTERNAL SURPLUS, WHILE FALLING AS A PERCENTAGE OF GNP, LOOKS SET TO REMAIN HIGH,

PAGE 1
CONFIDENTIAL

THUS RE-KINDLING INTERNATIONAL CRITICISM. IN THE FIRST ELEVEN MONTHS OF 1988 THE TRADE SURPLUS US DOLLARS 84 BILLION (86 BILLION IN THE SAME PERIOD OF 1987) AND THE CURRENT ACCOUNT SURPLUS US DOLLARS 70 BILLION (77 BILLION). BUT IN RECENT MONTHS SURPLUSES HAVE BEEN RUNNING AT HIGHER ANNUALISED RATES, REFLECTING RISING EXPORTS AND SLOWER (BUT STILL HIGHER) IMPORT GROWTH.

5. UNO HAS NO MAJOR DOMESTIC POLITICAL WORRIES. HE HAS SO FAR BEEN UNTOUCHED BY RECRUIT. HIS STANDING IN THE NAKASONE FACTION IS ASSURED. HE WILL BE ABLE TO CONCENTRATE HIS ENERGIES FULLY ON FOREIGN AFFAIRS OVER THE NEXT SIX MONTHS. DESPITE THE PALL CAST BY THE EMPEROR'S ILLNESS, UNO HAS A FULL PROGRAMME OF BILATERAL CONTACTS IN THE COMING YEAR. DURING HIS VISIT TO PARIS HE WILL HOLD TALKS WITH BOTH SHULTZ AND SHEVARDNAZE. POSSIBLE TOP LEVEL VISITORS TO JAPAN, IN ADDITION TO THE PRIME MINISTER, INCLUDE BOTH BUSH AND GORBACHEV, CHINESE PREMIER LI PENG AND ROK PRESIDENT ROH.

6. THE MFA IS PUTTING A DETERMINEDLY OPTIMISTIC GLOSS ON US/JAPAN RELATIONS. IN AN INTERVIEW WITH SELECTED JOURNALISTS ON 3 JANUARY UNO STRESSED THAT THERE WERE NO PARTICULAR OUTSTANDING BILATERAL ISSUES (ALTHOUGH HE ACKNOWLEDGED THAT THE US WOULD BE LIKELY TO PRESS ON BURDEN-SHARING). IN GENERAL QUOTE OPPORTUNITIES FOR COOPERATION BETWEEN JAPAN AND THE US WILL INCREASE UNQUOTE. YET, AS KURIYAMA DISCUSSED WITH SIR JOHN FRETWELL, THE JAPANESE ARE WELL AWARE THAT THE PRESSURES IN THE US FOR REDUCTIONS IN BOTH THE BUDGET AND TRADE DEFICITS WILL LEAD TO CONTINUING BILATERAL TENSIONS UNLESS HANDLED SENSITIVELY. FOR ITS PART, JAPAN CONTINUES TO AFFIRM THAT WHILE JAPAN-US RELATIONS REMAINS AT THE CENTRE OF ITS FOREIGN POLICY ANY PRESSURE FOR BURDEN-SHARING MUST BE STRICTLY IN THE NON-MILITARY FIELD. IT IS ENCOURAGING TO SEE FROM WASHINGTON TALNO 24 THAT THIS SEEMS TO BE THE POLICY THAT THE BUSH ADMINISTRATION WILL FOLLOW. TAKESHITA'S PLANNED VISIT TO THE US ON 5 JANUARY WAS POSTPONED DUE TO CONTINUING DOMESTIC PRESSURES ON RECRUIT COSMOS AND BECAUSE OF THE EMPEROR'S ILL HEALTH. BUT JAPAN IS KEEN THAT IT BE REINSTATED AS SOON AS POSSIBLE AFTER BUSH'S INAUGURATION: MARCH IS NOW THE FAVOURED TIMING.

7. 1989 IS ALSO LIKELY TO SEE GREATER JAPANESE ATTENTION TO THE SOVIET UNION. AS REPORTED IN MY TELNO 1121, SHEVARDNAZE'S VISIT LAST MONTH IMPROVED THE ATMOSPHERE BUT THE SOVIETS MAINTAINED A TOUGH LINE ON THE KEY ISSUE OF THE NORTHERN TERRITORIES. UNO WILL BE SENSITIVE TO SOME SUBSEQUENT DOMESTIC PRESS CRITICISM THAT THE AMBIGUOUS WORDING ON THIS IN THE JOINT COMMUNIQUE DID

NOT GO FAR ENOUGH. HE WILL BE SEEING SHEVARDNAZE IN THE MARGINS OF THE PARIS CW CONFERENCE AND AGAIN IN MOSCOW IN MAY. THE BUREACRACY REMAINS UNWILLING TO BE HURRIED BUT THE PRESSURE OF MINISTERIAL MEETINGS (AND PROSPECT OF A GORBACHEV VISIT TO TOKYO LATER IN THE YEAR), TOGETHER WITH ANY MOMENTUM SET UP AS A RESULT OF THE JOINT WORKING GROUP ON THE PEACE TREATY, MAY LEAD TO DOMESTIC PRESSURES FOR MORE RAPID THAW THAN UNO MIGHT WISH.

8. ELSEWHERE, UNO WILL BE ANXIOUS TO BE SEEN TO BE PUTTING FLESH ON THE BONES OF THE FOREIGN POLICY PRIORITIES SET OUT IN THE MFA'S 1988 DIPLOMATIC BLUE BOOK. THIS WILL MEAN IN PARTICULAR GIVING PRIORITY TO STRENGTHENING RELATIONS WITH EUROPE SO AS TO CREATE A QUOTE STRONG AND BALANCED TRILATERAL RELATIONSHIP UNQUOTE WITH THE US. BUT IT WILL ALSO REFLECT A REASSERTION OF JAPAN'S ASIAN IDENTITY, WHERE JAPAN SEES A NEED TO MAKE ACTIVE USE OF ITS ECONOMIC STRENGTH TO ENHANCE THE STABILITY OF THE ASIA-PACIFIC REGION.

FIELD

YYYY

DISTRIBUTION

421

MAIN 421

FCO/WHITEHALL
FED (-)

NNNN

Subject cc MASTER
OPS

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T9A/89

5th January 1989

(Translation)

Dear Prime Minister,

I am very happy to be able to write to you on recent developments in bilateral relations on the occasion of the visit to the United Kingdom by Mr. Sousuke Uno, our Minister for Foreign Affairs, for the foreign ministerial consultations.

I consider that developments in Anglo-Japanese relations in the past year could be termed truly epoch-making and they indicate how relations between our two countries will be in the years to come.

First of all, cordial relations between our Imperial Family and the Royal Family have been enhanced. Prince Fumihito, following Prince Naruhito, has been studying in Great Britain since August 1988. The Japanese Government and people have been grateful for the warm hospitality and care, including security arrangements, which have been accorded the Prince by the British side. I would be most grateful if you would continue your kind consideration in this regard.

In the political sphere, in addition to our talks, a wide range of dialogue has taken place. At the ministerial level, the Foreign Ministers, Ministers of Trade and Industry and others have exchanged visits. High-ranking officials

such as Vice-Ministers for Foreign Affairs have conducted consultations with their counterparts. I have been informed that these meetings have provided occasions for useful and policy-orientated exchanges of views. I earnestly hope that such frequent political dialogue between the two countries will continue and develop further, contributing to the consolidation of mutual understanding, as well as providing effective guidance for bilateral collaboration in concrete terms in the international community.

On the economic and trade front, as I mentioned in my message to you dated 28th December 1988, I am indeed pleased that the liquor tax issue, which has for long been pending between our two countries, is now resolved. I will continue to give my personal attention to another outstanding problem, the issue of membership of the Tokyo Stock Exchange, but I hope that you will appreciate the need for some more time before a solution is reached.

Recent trade trends show that the ratio of increase in UK exports to Japan is larger than that of the increase in Japan's exports to the UK. Against such a background, I look forward to the success of the "Opportunity Japan" campaign.

The UK-Japan 2,000 Group has become the core of non-governmental interchange. Its activities, since its founding in 1985, have become increasingly effective from meeting to meeting. I am told that, in March of this year, the 5th meeting of the Group will be convened in Japan; I would like

to take this opportunity to inform you that it has been decided to have Mr. Motoo Shiina, Member of the House of Representatives, take over from Mr. Tadao Kato as Acting co-Chairman of the Japanese side at the forthcoming meeting. This Group, I hope, will continue to be the core of non-governmental dialogue and also function as a fulcrum supporting further exchanges at the private level.

In the field of cultural interchange, worthy of special mention is the "Japan Festival", which is due to be held in the United Kingdom in 1991. The "Japan Festival 1991", marking the centenary of the Japan Society which has contributed to strengthening relations between Japan and the United Kingdom, will be a cultural event on an ambitious scale, introducing Japan in a comprehensive perspective.

I firmly believe that such a project will help to enhance mutual understanding between Japan and the United Kingdom, and thus between Japan and Europe. I therefore earnestly want the project to be successful. I understand that, in the United Kingdom as well as in our country, preparations for the Festival are in progress, with cooperation between the government and private sectors. I am hoping that you will appreciate the importance of the project and take a personal interest in supporting it.

Finally, I am looking forward to seeing you at the Paris Summit in July this year. I am delighted to have learned that you are considering a visit to Japan on the occasion of

the International Democratic Union Party Leaders Meeting in Tokyo in September. I would wholeheartedly welcome your visit to Japan and look forward to having a frank and close exchange of views again with you at that time.

Yours sincerely

Noboru Takeshita
Prime Minister of Japan

Her Excellency The Rt. Hon. Mrs. Margaret Thatcher
Prime Minister of the United Kingdom

拝啓

今回、外相定期協議出席のため、宇野外務大臣が訪英する機会に、日英関係の最近の展開につき御連絡しえることは私の喜びであります。

一九八八年における日英関係の進展は、画期的とも言えるものであり、今後の両国関係のあり様を示すものと受けとめています。

両国皇・王室間の御交流も活発であり、一九八八年八月には礼宮殿下が英国での御修学に入られております。浩宮殿下に続く我が国皇室よりの英国御修学ですが、英国側の対応は警備面を始めとして誠に心温まるものであり、政府、国民ともに感謝致しております。今後とも引き続き御配慮方お願い致します。

政治面では、私と閣下との会談以降、今回の外相定期協議を含め外相、通産相等閣僚の往来、外務次官等の高級事務レベル協議等、実に幅広い分野に亘る対話が進んでおり、それぞれに有意義な政策指向的意見交換が行われたとの報

告を受けています。この様な頻繁な両国間の政治の対話が、一層発展的に継続され、両国間における円滑な意思疎通を図るばかりではなく、国際社会での両国間の具体的協力の方向を引き出していくことを希求しています。

経済・貿易面では、別途私より貴首相に宛てたメッセージにても申し述べました如く、両国間における永年の懸案であった酒税問題が解決されることになりましたのは、私にとっても誠に喜ばしい限りであります。また、もうひとつの懸案たる東証会員権問題につきましても、引き続き個人的関心を払ってまいりたいと思いますが、解決までもうしばらくの時間を頂きたいと思えます。

貿易面でも、英国より我が国への輸出が我が国から貴国への輸出を上廻る伸びを見せており、オポチュニティ・ジャパン・キャンペーンの成果があがることを期待しております。

日英民間交流面の中核的存在である日英二〇〇〇年委員会は、一九八五年の

発足以降、会合を重ねるにつれ、活動も活発化の傾向を示しております。本年三月には、日本で第五回会合が開催されると報告を受けていますが、この機会を利用して、加藤座長に替わり、椎名素夫衆議院議員が次回の日本側座長代行に決定されたことを御連絡致します。本件委員会が民間対話の中核となり、民間交流を一層活発化させていく梃子ともなることを期待しております。

文化交流面で特筆すべきは、一九九一年に英国において開催が予定されているジャパン・フェスティバルであります。ジャパン・フェスティバル一九九一年は、日英関係の進展に貢献してきたジャパン・ソサエティの百周年を記念し、日本の全体像を総合的に紹介する大規模な文化行事であります。

私は、かかる構想こそ、日英間、ひいては日欧の相互理解促進に寄与するとの観点から本構想の成功を強く祈念するものであります。フェスティバルの準備は、英国側のみならず我が国でも官民力を合わせ進めつつあると聞きま

すところ、私は閣下が、本企画への意義を認識され、個人的関心を持って支援していただくことを希望しています。

最後に、今年七月のバリ・サミットでの閣下との再会を楽しみにしております。また、九月のIDU党首会合東京開催を機会に訪日を検討されていると伺いました。私は、閣下の訪日を心より歓迎するものであり、その際は是非再び閣下と忌憚のない意見交換を行えることを心待ち致しております。

敬
具

昭和六十四年一月五日

日本国内閣総理大臣

連合王国首相

マーガレット・サッチャー

閣下

竹

下

登

MR POWELL

Prime Minister
Agree to see the
Japanese Foreign Minister.
I think it would be
useful

Bob Peirce spoke to me this morning about
the forthcoming visit by the Japanese Foreign
Minister, Mr Uno. He will here late
afternoon on the 11th to the 13th. The
Prime Minister's diary for that period is
attached. I think we could manage any of
the time I have marked in red. Do you want
to put this to the Prime Minister?

view
of your
proposed
visit

in
September.

COO
29/12

NPB

Yes not

P.A. Bearpark

29 December 1988

Andy.
I've selected 0930
on Friday 13 January &
old F.O. COO.

Lunch in flat
1600-1700 Sultan of Brunei + CDP

Sunday 8 January

Lunch at Chequers

Monday 9 January

0830 Hair
1000 Week ahead meeting
1030 Diary meeting
1100-1115 Receive presentation gift from Madame Tussauds + DM
1230 Meeting with colleagues
1300 Followed by lunch
1430 Keep free for AT
1730-1800 Baron Richtofen + CDP
1930 for 2000 Dinner for CTC Sponsors + DT

Tuesday 10 January

0900 Questions briefing team
0930 Lord Young + PG
1300 Lunch and Questions briefing
1515 QUESTIONS
1545-1615 KEEP FREE FOR MPs
RETURN TO NO.10
1700 George Guise + PG
1745 Mr. Thomas + CDP

Wednesday 11 January

0930 Sir Angus Fraser +AT
1000-1100 VFM Seminar
1115-1200 Interview with Thames Valley Police
1430 Keep free for CDP
1630 Chancellor of the Exchequer +PG
1700-1800 Keep free +CDP

18.30

Thursday 12 January

0830 Hair
0900 Questions briefing team
0930 Cabinet
After Meeting of Ministers
1300 Lunch and Questions Briefing
1515 Questions
1545 Keep free for MPs
Return to No.10
1700 Governing Mayor of Berlin +CDP
1735-1800 Chief Buthelezi +CDP
1930 for 2000 DINNER WITH THE ARCHBISHOP OF CANTERBURY +DT?
LAMBETH PALACE

18.00

Friday 13 January

0930 Professor Griffiths +PG
1000 Sir Robin Butler +AT
1045-1115 Rob Shepherd +TP
1200c Early lunch in Flat
DEPART NO.10
1400 OPEN NEW SPRINGDENE HOME FOR THE ELDERLY
ENFIELD SOUTH
1500-2100 FINCHLEY
TO CHEQUERS

09.30

01-493 6030.

cd/c

EMBASSY OF JAPAN,
46, GROSVENOR ST.,
LONDON,
W1X 0BA

Mr. C. D. Powell
Private Secretary to the Prime Minister
10 Downing Street

CDD
19/1

Dear Mr. Powell,

Please find enclosed, for your reference,
a message of Japanese Prime Minister Noboru Takeshita to
Mrs. Thatcher whose original will be handed to her tomorrow
by Japanese MITI Minister H. Tamura.

Yours sincerely,



Mikio Shibata
Minister (Commercial)
Japanese Embassy in London

OFFICE OF THE PRIME MINISTER
TOKYO

(Translation)

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 710/88

SUBJECT cc MASTER
OPS

Dear Prime Minister,

It gives me very great pleasure to write to you on the occasion of the visit to the United Kingdom of Mr. Hajime Tamura, Minister of International Trade and Industry.

I very much regret that my existing official commitments and our heavy parliamentary calendar should have made it impossible for me to accept your very kind invitation to visit the United Kingdom this month. I am now seeking to ensure that it would be possible for me to make such a visit at some time before the Summit meeting in Canada.

I am happy and gratified to see how the friendly and cooperative relationship between Japan and your country has in recent years been continuously strengthened in every field, most notably those of political affairs, the economy and culture.

The Secretary of State for Foreign and Commonwealth Affairs, Sir Geoffrey Howe, had very meaningful consultations with our Minister for Foreign Affairs, Mr. Uno, when he visited Japan recently. I confidently hope that our two countries will be able to deepen our relationship yet further, and together make an increasingly effective joint contribution.

Mr. Tamura is one of my most able and trusted colleagues, and I hope that frank exchanges of views between the members of your Cabinet and Mr. Tamura will significantly promote our mutual understanding and cooperation.

Her Excellency
Mrs. Margaret Thatcher
Prime Minister of the U.K.
London

Regarding the liquor tax, which is one of the major pending issues we have to address, the basic policy direction for tax reform in this area has, in fact, already been decided upon and announced, a direction which is in line with the GATT RECOMMENDATION. An overall tax reform is now one of the most urgent tasks in the area of domestic policy in Japan, and my Government is making every effort for its prompt realization. It is intended to make the necessary changes in the liquor tax in the context of that overall reform of Japan's tax system.

Yours sincerely,

Noboru Takeshita
Prime Minister of Japan

一九八八年一月十一日

日本国内閣総理大臣

竹下登

連合王国首相
マーガレット・サッチャー閣下

今回、貴国を訪問する田村通商産業大臣は、私の最も信頼する閣僚の一人であります。同大臣が貴国閣僚との間で率直な意見交換を行い、両国間の相互理解と協力がこの機会に一層促進されることを心から期待しております。

なお、日英関係の主要懸案であるアルコール飲料問題につきましては、既にガット勸告を踏まえた酒税法改正の基本方針を定め、内外に明らかにしたところであります。我が国においては、税制改革が国政上の最重要課題であり、政府を挙げてその速やかな実現に向けて積極的に取り組んでいるところであり、酒税制度の改革についても税制改革の一環としてこれを成し遂げる所存であります。

首相閣下

今般田村元通商産業大臣が貴国を訪問するに当り、貴首相に対しこの書簡をお届けできますことは私の大きな喜びとするとところであります。

私は国内政治日程上、先般の貴首相よりの招待を残念ながらお受けすることができませんでしたが、できればサミット以前に貴国を訪問させて頂くという方向で検討を進めさせております。

貴国と我が国との友好協力関係は、政治、経済、文化などあらゆる分野で、最近益々緊密なものとなっており、これは私の大きな喜びとするところであります。今般は貴国よりハウ外務大臣を迎え、宇野外務大臣との間で極めて有意義な協議が行われたと承知しております。今後とも両国がこの友好協力関係を一層深化させると共に、相携えて世界の平和と経済の再活性化のために貢献し得るよう希望しております。

Box
Japan

Liberal Democratic Party
Nagata-cho, Chiyoda-ku
Tokyo, Japan

CF

8
30

June 26, 1981

Dear Prime Minister,

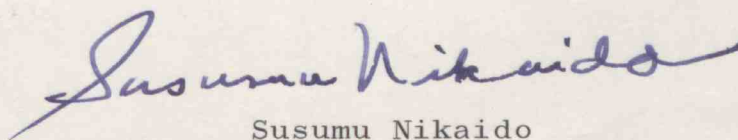
I am indeed grateful for sparing your precious time to see me. My colleagues are also very much appreciative of the occasion.

Thanks to your government's kind invitation, I have been able to take full advantage of my five day stay in the United Kingdom to study and expose myself to various problems confronting your country as well as its relations with our country.

I, for my part, will try my best for the further improvement of the already well established friendly relations between our nations.

I would like to wish you for all the best and success in overcoming this series of most difficult challenges of our time.

Yours sincerely,



Susumu Nikaido
Chairman
Executive Council
Liberal Democratic Party

The Rt. Hon. Mrs. Margaret Thatcher, MP.
Prime Minister
10 Downing Street
London, SW1A 2AL
United Kingdom



BK

Japan

CP

25 June 1981

The Prime Minister has asked me to say how much she enjoyed her talk with you the other week and to thank you most sincerely for the beautiful plate that was delivered to 10 Downing Street this morning.

She is delighted with it and has asked me to send you her very best wishes.

Mr. Susumu Nikaido CAROLINE STEPHENS

MS

ARITA·IMAEMON YAKI
IMAIZUMI-TOEN

SOGO BLDG NO.1.11 28 NAGATA CHŌ

CHIYODAKU - TOKYO

TEL (581) 7008

TETSUDOKAIKAN NO.1-9-1 MARUNOUCHI

CHIYODAKU - TOKYO

TEL (231) 1603

3-5 KARUIZAWA

KARUIZAWA-MACHI-NAGANO

TEL (02674) 2-5574





cc FCO

vb

CF
[Handwritten signature]

Japan

10 DOWNING STREET

THE PRIME MINISTER

Alan

15 June 1981

*You agreed to keep a CF.
I have cross-referenced. Kay*

Dear Julian

17/6

Thank you for your letter of 2 June. Sadly, as I think you have already heard from Caroline Stephens, my programme is simply too crowded to make it possible for me to see either Mr. Tanaka or Mr. Komoto. As you know, their visits are taking place almost simultaneously with that of the Japanese Prime Minister. I will of course be meeting and entertaining Mr. Suzuki. I have also seen Mr. Nikaido a day or two ago.

signed

MT

Sir Julian Ridsdale, C.B.E., M.P.

jfh

RESTRICTED



Jagan
file Kb

10 DOWNING STREET

From the Private Secretary

12 June 1981

VISITS BY JAPANESE MINISTERS

The Prime Minister has seen your letter to me of 9 June. As I have already told you on the telephone, she has decided that her programme is too full to allow her to see either Mr. Tanaka or Mr. Komoto during their visits later this month.

The Prime Minister will be writing accordingly to Sir J. Ridsdale.

M. O. B. ALEXANDER

R. M. J. Lyne, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

010
Japan
10/6

Japan



Foreign and Commonwealth Office

London SW1A 2AH

9 June 1981

Handwritten initials/signature

Dear Michael,

Lunch for the Japanese Foreign Minister

/ We spoke. I attach a list of the major British
exporters to Japan, and of companies with substantial
/ manufacturing ventures there. I also attach the first
supplementary list of businessmen suggested by the
Department of Trade. The Department of Trade are
producing a further list of names, which will match
the companies listed in the first enclosure (except
where, as in the case of ICI, you already have a name
and address for the company concerned).

yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

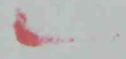
M O D'B Alexander Esq
10 Downing Street
LONDON
SW1

1981 JUN 9 11 58 AM

1981 JUN 9 11 58 AM



9 JUN 1981





Foreign and Commonwealth Office

London SW1A 2AH

9 June 1981

Prime Minister.

If they are so keen to see you as Sir A. (Tanaka's) telegram (attached) suggests, it may be better to do so. We could fit them in for 15 minutes each. Agree?

Dear Michael, I have amended draft letter to Sir V. Ridsdale accordingly. (C. Flanagan)

I really cannot go on seeing every Minister who arrives here especially from Japan. This month the last. Please tell F.O. not.

Visits by Japanese Ministers

Mike Pattison asked for advice on Sir J Ridsdale's request to the Prime Minister that she should see two senior Japanese Ministers, Mr Tanaka (Minister of International Trade and Industry) and Mr Komoto (Director General of the Economic Planning Agency) who will be here on 18 and 19 June.

I mentioned the wish of these two Ministers to call on the Prime Minister in my letter of 26 May. Since then the representatives of the Ministry of International Trade and Industry in the Japanese Embassy here have been putting pressure on Sir J Ridsdale and others to arrange a call by Mr Tanaka and Mr Tanaka himself has renewed his request to HM Ambassador in Tokyo (Tokyo telno 369 - copy enclosed). There have been no further requests on behalf of Mr Komoto but his interest was expressed very clearly to the Ambassador at an earlier stage.

Our advice remains as set out in my previous letter. Mr Tanaka and Mr Komoto are political rivals, and since they are both here at the same time the Prime Minister could scarcely see one and not the other without causing offence; and it would not be appropriate for her to receive the two of them together. If the Prime Minister were able to find time to see each of them for 10 minutes or so on the afternoon of 18 June or on 19 June we should of course welcome it. Both Ministers are of a seniority to warrant this treatment; Mr Tanaka's current position is a key one for UK interests, and Mr Komoto is regarded as a potential Prime Minister. But the Prime Minister's other commitments and her discussions with Mr Suzuki on 17 June will be sufficient explanation if the Prime Minister is unable to meet them.

/I enclose

RESTRICTED



/ I enclose a draft reply to Sir J Ridsdale on the assumption that the Prime Minister will not wish to alter her original decision.

yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

RESTRICTED



10 DOWNING STREET

THE PRIME MINISTER

Thank you for your letter of 2 June about the visits here by Mr. Tanaka, the Japanese Minister of International Trade and Industry and Mr. Komoto, the Director General of the Economic Planning Agency.

I hope to be able to see both Mr. Tanaka and Mr. Komoto.

Sir Julian Ridsdale, C.B.E., M.P.

DRAFT: ~~minute/letter/tel/letter/despatch/note~~

TYPE: Draft/Final 1+

FROM:

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Sir Julian Ridsdale CBE MP
House of Commons

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your letter of 2 June about the visits here by Mr Tanaka, the Japanese Minister of International Trade and Industry and Mr Komoto, the Director General of the Economic Planning Agency. I take your point about the importance of these Ministers, and in other circumstances I should have been happy to see them. But they are coming in a very busy week, and immediately after their Prime Minister, and I really couldn't find time for two separate meetings (I understand that it could cause offence if I were to see one and not the other, or ask them to come together). I hope that they will understand.

*I shall be seeing
~~have been arranged to see both Ministers~~
 I hope to be able to see both Mr Tanaka +
 Mr Komoto.*

Enclosures—flag(s).....

File

es

Japan

cc. Mast at net.

SUBJECT.



10 DOWNING STREET

From the Private Secretary

9 June 1981

Mr. Nikaido

Mr. Nikaido, the Chairman of the Executive Council of the Japanese Liberal Democratic Party, accompanied by three Liberal Democratic Members of the Doet and by the Japanese Ambassador, called on the Prime Minister this morning.

Owing to the fact that the House was still sitting, Mr. Nikaido's call was extremely brief. There was, however, time after the exchange of courtesies, for the Prime Minister to tell Mr. Nikaido that she was looking forward to Prime Minister Suzuki's forthcoming visit and that she would be emphasising then her hope that Japan would find it possible to provide as open a market for British imports as we provided for Japanese imports. She stressed the political difficulties being caused in this country by the fact that access to the Japanese market was more restricted than access to our own.

I am sending a copy of this letter to John Rhodes (Department of Trade).

M. O'D. B. ALEXANDER

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

ms



10 DOWNING STREET

Prime Minister

Mr. Nishida has asked, somewhat insistently, whether he can bring with him to his meeting with you the three Japanese Members of Parliament who are accompanying him. Since it is only a courtesy call I have agreed.

Amud 8/6



Foreign and Commonwealth Office

London SW1A 2AH

8 June 1981

P/w brief.

Dear Michael,

Call by Mr Nikaido

You kindly agreed to the Japanese Embassy's request the Mr Nikaido should be accompanied by three members of the Diet when he calls on the Prime Minister at 10.00 am tomorrow.

The gentlemen concerned are Mr T Kosaka, Mr Y Hayashi and Mr M Hosokawa. Mr Kosaka is a former Cabinet Minister (he was Director General of the Economic Planning Agency) and could return to the Cabinet in the future. Mr Nikaido suggested to Lord Carrington that Mr Hayashi might also be elevated to a Government position.

During his meeting with Lord Carrington, Mr Nikaido at times used the interpreter for the benefit of his non-English speaking colleagues. (He speaks good English himself.) We have suggested that, as time is short for his courtesy call at No 10, the meeting with the Prime Minister should as far as possible be conducted in English, with the interpreter on hand in case Mr Nikaido gets into difficulties.

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

JUN 8 1981





Foreign and Commonwealth Office

London SW1A 2AH

5 June 1981

Dear Michael,

Mr Nikaido

Mr Nikaido, the Chairman of the Executive Council of the Japanese Liberal Democratic Party, is paying a short courtesy call on the Prime Minister at 10 am on Tuesday 9 June. He will be accompanied by the Japanese Ambassador (Mr Fujiyama) and an interpreter (Miss Koyada).

Mr Nikaido, one of the most influential Japanese politicians, is visiting the UK as a guest of the FCO. I enclose a personality note and brief details of his programme.

In so far as time allows, the Prime Minister may wish to:

- a. refer to Prime Minister Suzuki's forthcoming visit (16-18 June; talks and lunch on 17 June);
- b. stress the need for early Japanese action to improve EC/Japan and UK/Japan economic relations, which are becoming a growing obstacle to better political relations;
- c. welcome the closer political contacts with Japan over Afghanistan, Iran and the Middle East; it is important that Japan and Europe should take the same approach to events in Poland (Mr Nikaido may not be fully aware of the discussions with Japan about contingency planning and it would be best not to mention these specifically).

Mr Suzuki's visit will be generally seen in Europe more in the context of the trade problems than the political relationship, while the Japanese Prime Minister himself will wish to stress the latter. The atmosphere for the visit would be better if Mr Suzuki could say publicly that the Japanese intend to moderate their exports to Europe (especially cars) and, particularly, to increase their imports of European manufactures. A long term improvement in the relationship, not just temporary palliatives, is needed. Industrial collaboration and inward investment (which is one of Mr Nikaido's interests in visiting the UK) can make a

/major



major contribution. Mr Nikaido could be encouraged to take this message back to Japan. These matters will be discussed in detail with other Japanese visitors: Mr Tanaka, Minister of International Trade and Industry (18-20 June) and Mr Komoto, Director General (ie Minister) of the Economic Planning Agency (18-19 June).

The EC deficit in visible trade with Japan in 1980 was \$9.8 billion and has increased 46% in the first 4 months of 1981. The UK deficit was £1.1 billion (not counting a surplus of about £200 million on invisibles - the Japanese claim it is much higher).

Mr Nikaido will have very much on his mind the current political difficulties facing Prime Minister Suzuki. The latter's judgement in foreign affairs and ability to manage his government have been questioned following the resignation of Foreign Minister Ito in May. This followed a disagreement over whether the 'alliance' between Japan and the US referred to in the communique issued during Suzuki's visit to Washington had military connotations or not (Suzuki, a dove, initially said no; the MFA yes). The sensitivity of defence issues in Japan has since been reinforced by a former US Ambassador's revelations that American nuclear weapons were regularly brought into Japan in contravention of Japan's 'non-nuclear principles'. In the circumstances, the Prime Minister may not wish to press Mr Nikaido too much on the desirability of greater Japanese defence efforts (Japan is still likely to increase her defence spending - now less than 1% of GNP - but not dramatically; and will remain inhibited from playing a military role beyond Japan's own defence perimeter).

Yours ever
Rodric Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

PERSONALITY NOTE

MR SUSUMU NIKAIIDO

Chairman of the Executive Council of the Liberal Democratic Party (since July 1980).

Born 1909

Educated at the University of California. Entered the Lower House of the Diet in 1946. One-time Director General of the Science and Technology Agency; Chief Cabinet Secretary; Secretary General of the LDP.

A close associate of former Prime Minister Tanaka. On Tanaka's resignation from the LDP because of the Lockheed bribery scandal, he became the effective leader of the Tanaka faction (the largest in the LDP). Now also a close adviser to Prime Minister Suzuki, particularly on foreign affairs.

Married with one son and one daughter. Speaks fair English.



MR NIKAIKO'S VISIT TO THE UK: 7-12 JUNE 1981

OUTLINE PROGRAMME

Sunday 7 June	arrive from Japan golf stay at hotel in the New Forest
Monday 8 June	calls on Lord Carrington Mr Biffen
Tuesday 9 June	calls on the Prime Minister (Mr Nikaido only) the Conservative Party (Lord Thorneycroft) Lunch at the House of Commons (given by Sir J Ridsdale MP) Prime Minister's Question Time travel to Cardiff dinner given by Secretary of State for Wales
Wednesday 10 June	Wales (including visit to Japanese company)
Thursday 11 June	briefing by Northern Ireland Office in London
Friday 12 June	depart for Paris

CO
2
Ridsdale 14/6
12/6
Sir J. RIDSDALE MP

4 June, 1981

I enclose a copy of a self-explanatory letter the Prime Minister has received from Sir Julian Ridsdale, MP. I should be grateful if you could let us have a draft reply for the Prime Minister to send to Mr Ridsdale, to reach us here by 12 June.

MAP

R Lyne, Esq
Foreign and Commonwealth Office

RPL

4 June, 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 2 June. I will place your letter before the Prime Minister at once.

MAP

Sir Julian Ridsdale, CBE, MP

BR.

FROM SIR JULIAN RISSDALE. C.B.E. A.P.



2 June 1981.

R3

Dear Prime Minister.

I know you have
an impossible Programme, but
if you could give five minutes
equal to Mr. Tanaka, & Mr. Roberts,
I think it may pay good
dividends!

We take so much trouble
in Japan as I am sure you
know.

I am sure to press this!

Yours ever

Julian.

RESTRICTED

vb

Japan

BF 8.6.81

29 May 1981

Visits by Japanese Ministers

The Prime Minister has seen your letter to me of 26 May. She has agreed to receive Mr. Nikaido for a courtesy call from 1000-1015 on Tuesday 9 June. I should be grateful if you could let me have a brief the previous day.

MODBA

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

Sp

RESTRICTED

(1)



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

It would be relatively easy
to fit in Mr Nikaido for 15 minutes
on 9 June. Agree?

26 May 1981

Dear Michael,

Ans - 27/5

Visits by Japanese Ministers

As you may know, the Japanese Prime Minister's visit to London on 16 - 18 June is to be followed immediately afterwards by visits by two other Japanese Ministers: Mr Tanaka (Minister of International Trade and Industry) who will be here on 18 - 19 June for discussions with Mr Biffen and Sir K Joseph and perhaps other Ministers; and Mr Komoto (Director-General of the Economic Planning Agency) who will also be here on 18-19 June and will be seeing Sir K Joseph as well as his host, the Chancellor of the Exchequer. Another senior Japanese politician, Mr Nikaido, who is currently Chairman of the Executive Council of the Liberal Democratic Party (LDP) will be visiting Britain as the guest of HMG from 7 to 12 June together with 3 other influential members of the LDP.

Messrs Tanaka and Komoto have both expressed a wish to call on the Prime Minister while they are in London. They are senior Ministers and in other circumstances we might have wished to recommend that the Prime Minister should receive them. But since they will be here the day after her talks with Mr Suzuki we have assumed that Mrs Thatcher would not ~~wish to do so~~ (it would not be possible, without causing offence, for her to see one and not the other or for her to receive them both together). We have explained the position to the Japanese Embassy, who understand it; and HM Ambassador in Tokyo has spoken similarly.

Mr Nikaido's case is a little different. Though not currently a Minister, he heads the largest faction of the LDP and is clearly senior to Tanaka and Komoto in party terms. He is a key figure in the formulation of Japanese Government policies and is expected to be given a senior ministerial portfolio again, perhaps fairly soon. His visit to this country is separated from that of Mr Suzuki by over a week; he is coming at the specific invitation of HMG (under the FCO Category I visitors scheme); and he has made it clear to HM Ambassador that he attaches great importance to a call on the Prime Minister, which would be the highlight of his stay. He was the principal Japanese guest at the Ambassador's dinner when the Foreign and Commonwealth Secretary visited Japan last month, and Lord Carrington is likely to see him in London. He will also be calling on Mr Biffen and (during a visit to Northern Ireland) Mr Atkins.

/If



If the Prime Minister could spare say 10-15 minutes for him at some point during his visit it would certainly be appreciated by Mr Nikaido and could pay dividends. He will be in London on 8 and 9 June and is at present scheduled to spend the afternoon of 9 June at the House of Commons.

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O D'B Alexander Esq
10 Downing Street
LONDON SW1

26 MAY 1981



CONFIDENTIAL

GR 230

CONFIDENTIAL [FRAME EXTERNAL]
FM TOKYO 060001Z JUN

TO PRIORITY FCO
TELNO 369 OF 6 JUNE

MY TELNO 368: VISIT TO LONDON BY MITI MINISTER

1. MR TANAKA STRONGLY REQUESTED A MEETING WITH THE PRIME MINISTER ON FRIDAY 19 JUNE. HE RECALLED WARMLY HIS PREVIOUS MEETINGS WITH MRS THATCHER AND EXPRESSED HIS GREAT RESPECT FOR HER ACHIEVEMENTS. I SAID THAT I WOULD REPORT BUT I COULD MAKE NO PROMISES. I KNEW THAT THE PRIME MINISTER'S SCHEDULE WAS VERY FULL AND SHE WOULD HAVE HAD TALKS ONLY TWO DAYS PREVIOUSLY WITH THE JAPANESE PRIME MINISTER AND FOREIGN MINISTER.
2. YOSHIDA AFTERWARDS TOLD ME THAT MR TANAKA ATTACHED GREAT IMPORTANCE TO A MEETING WITH MRS THATCHER AS IT WOULD BOOST HIS OWN POLITICAL POSITION HERE. ARRANGEMENTS HAD ALREADY BEEN MADE FOR HIM TO MEET THE DUTCH AND BELGIAN PRIME MINISTERS AS WELL AS THE PRESIDENT OF THE EUROPEAN COMMISSION. HE SUGGESTED THAT WE WOULD LOSE OUT WITH MR TANAKA IF A MEETING DID NOT TAKE PLACE. I EXPLAINED AGAIN TO MR YOSHIDA THE REAL PRACTICAL DIFFICULTIES AND THE FACT THAT MR KOMOTO WOULD ALSO BE IN LONDON AT THE SAME TIME.
3. THE MITI MINISTER IS AND HIS MINISTRY SEEM TO HAVE A BETTER UNDERSTANDING OF THE CURRENT ECONOMIC ISSUES AND THE NEED FOR ACTION BY JAPAN ON THE ECONOMIC SIDE THAN DO THE MINISTRY OF FOREIGN AFFAIRS OR OTHER MINISTERIES IN JAPAN. A BRIEF MEETING COULD PAY USEFUL DIVIDENDS.

CORTAZZI

[THIS TELEGRAM WAS NOT ADVANCED]

FRAME EXTERNAL
ECD(E)
FED

CONFIDENTIAL



IT8.7/2-1993
2009:02

Image
Access

IT-8 Target

Printed on Kodak Professional Paper

Charge: R090212