

SECRET  
COMMERCIAL IN CONFIDENCE



PRIME MINISTER

Informed Industry  
PM approved JIP 2.10  
Yes not

cc. J. Hoskyns.  
1. Mr Alexander  
2. Prime Minister

Agree that Richard Bullock should go to Tokyo for discussions with Nissan? (The

POSSIBLE JAPANESE INVESTMENT IN THE MOTOR INDUSTRY

1. In my minute of 6 August I told you of Nissan's possible interest in establishing a car assembly operation in this country, and said that we would be continuing exploratory discussions with them. Nissan are expected to come back to us about the end of October to say whether they wish to pursue the matter seriously with us. They have asked for two or three officials to go to Tokyo in the next week or two for discussions intended to help them reach conclusions. They have specifically invited Richard Bullock, who as you know is the Deputy Secretary here whose responsibilities include the motor industry, and who led the discussions with Nissan in July after Tom Trenchard had left.

Fyo. on contact provided the talks are kept confidential and that they imply no commitment at this stage)

2. I have considered this proposal in the light of both our general policy of encouraging inward investment beneficial to the UK economy and the strong feelings which Japanese investments provoke both in this country and in France. (You will remember emphasis which M Giraud and indeed the President and M Barre placed on the importance of keeping Japanese imports and investment at bay). There is a risk that Nissan would interpret our sending a senior official as a positive sign from our side, with the possibility of embarrassment if at a later stage we decided we did not want Nissan. On the other hand, if we turned down Nissan's request, we might give them the impression that we

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were seeking to discourage them, which I certainly would not wish to do at this stage.

3 I do not think that by going to Japan Richard Bullock would cause any misunderstanding. He would make clear that his visit was quite without commitment and indeed I do not think the Japanese would expect anything different; their opening discussion was with Tom Trenchard, and they will certainly expect any formal Government reaction also to be at Ministerial level. And they also understand that unless and until they come back to us with a specific proposition (in preparation for which they have asked for the visit) there is no basis for Ministers to form a view. It would be no bad thing to take this opportunity of reiterating the importance which we would attach to a very high British component and manufacturing content if we were even to consider a Nissan investment here.

4 On balance I think it is right that we should agree to Nissan's request, but before doing so I thought I should give you and the two colleagues whom I informed previously of Nissan's approach the opportunity of comment. Since the Japanese could misinterpret a delay in replying to their invitation to Richard Bullock I would prefer to authorise his visit before the end of the week.

5 Copies of this go to Peter Carrington and John Nott.

/When ...



When and if Nissan indicate a formal wish to proceed further,  
we shall need to involve other colleagues but at this stage  
I think we should still limit knowledge of Nissan's interest  
to the minimum.

KJ.

K J

30 September 1980

Department of Industry  
Ashdown House  
123 Victoria Street  
LONDON  
SW1E 6RB

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Foreign and Commonwealth Office

London SW1A 2AH

*Paul* *Michael - 7*  
*to me*  
*Japan*

2 October 1980

*Dear Ian,*

*R  
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Possible Japanese Investment in the Motor Industry

Lord Carrington has seen a copy of Sir Keith Joseph's minute of 30 September to the Prime Minister. He is content that Mr Bullock's visit to Japan should go ahead. He hopes, however, that the visit can be handled with the greatest discretion. It could, apart from any domestic repercussions, lead to a serious row with the French if NISSAN's proposal became known prematurely. Lord Carrington also believes that Ministers will need to consider the Community implications very carefully before any final decision on this project is taken.

I am sending a copy of this letter to Tim Lankester (No 10).

*Yours etc*

*Paul*

(P Lever)  
Private Secretary

Ian Ellison Esq  
Private Secretary to the Secretary  
of State for Industry  
Department of Industry  
Ashdown House  
Victoria Street  
LONDON

SECRET

2 OCT 1980



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2 October 1980

This is to confirm that the Prime Minister is content for Richard Bullock to go to Tokyo immediately for discussions with Nissan on the lines proposed in your Secretary of State's minute of 30 September.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and Stuart Hampson (Department of Trade).

T. P. LANKESTER

I.K.C. Ellison, Esq.,  
Department of Industry.

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