

SUBJECT

cc Markle

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10 DOWNING STREET

THE PRIME MINISTER

FILE

Japan

MJ.

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T137/82

18 June, 1982

Dear Prime Minister,

Thank you for your message, conveyed to me by Ambassador Hirahara on 28 May, in which you outlined the latest trade measures adopted by your Government. I should like to take this opportunity to acknowledge also the more detailed material sent to the Foreign Secretary and the Secretary of State for Trade.

I welcome the further steps described in your message to open the Japanese market to increased manufactured imports. I see them as further evidence that your Government wishes to undertake a sustained effort to make the Japanese economy as open to inward trade and investment as the other major free economies.

I believe this sustained effort is very important both for your country and for other industrial countries, and that the secure maintenance of the open trading system certainly requires such an effort. As you know I much admire the economic success of your country, which has made the Japanese economy the second largest in the free world. I appreciate the great national effort which has been required to achieve this. But this success has been dependent on the open trading system and carries with it particular responsibilities towards that system.

/Exports

SW


Exports have played a very large part in your success. Japanese prosperity will be more secure and the risks of protectionist reactions less if your economy which has made so much progress now becomes a more open economy and one less dependent on exports for its growth.

So I hope that, given the strength of your economy, we may look forward quite soon to a situation, resulting from measures taken by the Japanese Government and private sector, in which Japan's import performance becomes comparable to that of other major developed countries, and to a time when there is a much more balanced interchange of trade, commerce and investment between Japan and the other free industrial economies. I am sure this would be to the benefit of us all. I hope therefore that the measures about which you wrote to me, useful as they are, will be followed by further and even more far reaching steps.

I look forward to discussing these issues with you when I visit Tokyo in September.

Yours sincerely
Raymond D. White

His Excellency Mr. Zenko Suzuki



CONFIDENTIAL

Japan



Foreign and Commonwealth Office

London SW1A 2AH

17 June, 1982

Please type letter

A.F.C. 17/6

Dear John,

Mike Pattison wrote to me on 28 May enclosing a message to the Prime Minister from the Prime Minister of Japan. We agreed that given the delay in transmission in Whitehall we would have to await the outcome of the Versailles Summit before preparing a draft reply.

I am sorry this has taken rather longer than we would have wished, but I now enclose a draft cleared at senior official level with the Treasury and the DOT. It is intended to reflect our assessment (shared by the rest of the European Community) that the new Japanese trade measures represent another small step in the right direction but are still far from adequate. The Prime Minister may be able to add to the text in the light of her personal knowledge of discussions at Versailles (the records are sketchy).

Mr Suzuki is now on an official visit to South America. HM Ambassador Tokyo is probably best placed to transmit the Prime Minister's reply to him when he returns to Japan on 18 June. If you agree we will have the final text telegraphed as soon as it has been approved. We will also arrange for a copy to go to the Japanese Embassy here.

I am copying this letter to John Kerr (HM Treasury), John Rhodes (DOT) and David Wright (Cabinet Office).

Yours ever

J E Holmes
(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO:

Mr Zenko Suzuki
Prime Minister of Japan

Thank you for your message, conveyed to me by Ambassador Hirahara on 28 May, in which you outlined the latest trade measures adopted by your Government. I should like to take this opportunity to acknowledge also the more detailed material sent to the Foreign Secretary and the Secretary of State for Trade.

I welcome the further steps described in your message to open the Japanese market to increased manufactured imports. I see them as further evidence that your Government wishes to undertake a sustained effort to make the Japanese economy as open to inward trade and investment as the other major free economies.

I believe this sustained effort is very important both for your country and for other industrial countries, and that the secure maintenance of the open trading system certainly requires such an effort. As you know, I much admire the economic success of your country, which has made the Japanese economy the second largest in the free world. I appreciate the great national effort which has been required to achieve this. But this success has been dependent on the open trading system and carries with it particular responsibilities towards that system. Exports have played a very large part in your success. Japanese prosperity will be more secure and the risks of protectionist reactions less if your economy which has made so much progress now becomes a more open economy and one less dependent on exports for its growth.

So I hope that, given the strength of your economy, we may look forward quite soon to a situation, resulting from measures taken by the Japanese Government and private sector, in which Japan's import performance becomes comparable to that of other major developed countries, and to a time when there is a much more balanced ~~one-way~~ interchange of trade, commerce and investment between Japan and the other free industrial economies. I am sure this would be to the benefit of us all. I hope therefore that the measures about which you wrote to me, useful as they are, will be followed by further and even more far reaching steps.

I look forward to discussing these issues with you when I visit Tokyo in September.

AR 12/6



Tsuyoshi
Hirahara

10 DOWNING STREET

From the Private Secretary

28 May 1982

I am writing on behalf of the Prime Minister to thank you for your letter of today's date, with which you enclosed a message from Prime Minister Suzuki to Mrs. Thatcher.

I shall place this before the Prime Minister at once.

M. A. PATTISON

His Excellency Mr. Tsuyoshi Hirahara



10 DOWNING STREET

From the Private Secretary

28 May 1982

Dear John

I enclose a message to the Prime Minister from the Japanese Prime Minister, which was forwarded through the Japanese Embassy today.

B/A
I should be grateful if you could let us have the draft of a suitable reply as early as possible next week.

I am sending copies of this letter and its enclosure to John Kerr (HM Treasury) John Rhodes (Department of Trade) and David Wright (Cabinet Office).

Yours ever

Mike Patterson

John Holmes, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

PRIME MINISTER

cc Mr. Coles

Here is a message from the Japanese Prime Minister about further Japanese moves to open up their markets. We will let you have advice about a draft reply early next week.

MP

28 May 1982

MP

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 115/82

T 115/82

EMBASSY OF JAPAN
UNITED KINGDOM

London, 28th May 1982

Dear Prime Minister,

I have been asked by Prime Minister Zenko Suzuki to forward a message to you.

I have pleasure in enclosing herewith the text of this message.

Yours sincerely,

Tsuyoshi Hirahara

Tsuyoshi Hirahara
Ambassador

The Rt.Hon. Margaret Thatcher, MP,
Prime Minister and First Lord of the Treasury,
10, Downing Street,
London.

SUBJECT

cc Master
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T E X T

Dear Prime Minister,

Our Government has been taking at our initiative a series of measures for further opening up our market since the end of last year for the purpose of contributing positively to the maintenance and strengthening of the free trading system and to the revitalization of the world economy. We decided in the ministerial meeting for external economic measures held today to put into effect further comprehensive measures to open up our market.

Foreign Minister Sakurauchi has already informed your Secretary of State in advance of the specifics of these measures. Let me just mention that these are comprehensive measures covering such wide areas as elimination of tariffs or reduction of tariff rates, enlarging import quotas on certain items, improvement and simplification of import and testing procedures, improvement in the distribution system and business practices, etc.

I am convinced that these measures represent the best we could do under the difficult domestic circumstances. I issued a statement after the ministerial meeting in which I appealed to the Japanese general public for their support and co-operation in our efforts to open up our market in the interest of promoting co-operation with other countries.

It is indispensable that we each make efforts and co-operate together in order to maintain

.../...

and strengthen the free trading system.

I hope strongly that the new set of measures be met with full appreciation. I intend to continue to follow up carefully on these measures to see to it that they be implemented and fully achieve the expected results.

Looking forward to seeing you again in Versailles.

Yours sincerely,

ZENKO SUZUKI

Prime Minister of Japan

GR 550

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[NEUTRAL]

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FROM TOKYO 270945Z MAY 82

TO IMMEDIATE FCO TEL NO 264 OF 27 MAY 82 AND RPTD IMMEDIATE
UKREP BRUSSELS AND SAVING TO OTHER EC POST WASHINGTON UKMIS
GENEVA UKDEL OECD

MIPT: SECOND JAPANESE TRADE PACKAGE.

1. FOLLOWING IS TEXT OF STATEMENT BY JAPANESE PRIME
MINISTER ON THE OPENING OF THE JAPANESE MARKET WHICH
WILL BE ISSUED AFTER CABINET MEETING TOMORROW:

THE EXTREME STAGNATION OF THE WORLD ECONOMY HAS GIVEN
RISE TO MOUNTING PROTECTIONIST PRESSURES, AND THE FREE TRADING
SYSTEM, WHICH HAS SUSTAINED THE DEVELOPMENT OF THE POST-WAR
WESTERN ECONOMY, IS TODAY ABOUT TO BE IN JEOPARDY. JAPAN,
WHOSE ECONOMY REPRESENTS TEN PERCENT OF THE WORLD ECONOMY,
IS ASKED TO MAKE INTERNATIONAL CONTRIBUTION COMMENSURATE
WITH ITS OWN POSITION. WE HAD TAKEN A SERIES OF LIBERALIZATION
MEASURES WHICH RENDERED THE JAPANESE MARKET NO LESS OPEN
THAN THOSE OF THE OTHER WESTERN COUNTRIES IN TERMS OF LEGAL
INSTITUTION. WE CARRIED THE PROCESS ONE STEP FURTHER AND,
FROM THE VIEWPOINT OF MAKING INTERNATIONAL CONTRIBUTION TO
THE MAINTENANCE OF THE FREE TRADING SYSTEM, TOOK SUCH STEPS
AS UNILATERAL REDUCTION OF TARIFFS AND ESTABLISHMENT OF
THE "OFFICE OF TRADE OMBUDSMAN". FURTHER, WE HAVE TODAY
DECIDED ON A COMPREHENSIVE SET OF MEASURES TO OPEN OUR
MARKET FURTHER.

IN ORDER THAT THESE LEGAL AND INSTITUTIONAL MEASURES
BRING ABOUT CONCRETE RESULTS, WHAT IS NECESSARY IS THE
ATTITUDE TO WELCOME FOREIGN PRODUCTS OR FOREIGN INVESTMENT
IN ACTUAL ADMINISTRATIVE MANAGEMENT AND ECONOMIC ACTIVITIES.
JAPAN ALREADY ABOLISHED THE "BUY JAPANESE POLICY" ABOUT TEN
YEARS AGO. SINCE THEN, JAPAN HAS BEEN MAKING A VARIETY OF
EFFORTS, SUCH AS THE DISPATCHING OF IMPORT PROMOTION MISSIONS,
TOWARD THIS END.

IT IS A FACT THAT, EVEN TODAY, PERCEPTIONS ABROAD ARE
STILL NOT WITHOUT MISUNDERSTANDINGS OR MISTAKEN IMAGES.
IT IS ARGUED THAT JAPAN STILL USES ADMINISTRATIVE GUIDANCE
TO PROTECT ITS DOMESTIC PRODUCTS OR THAT THE JAPANESE CONSIDER
EXPORT VIRTUE AND IMPORT VICE.

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I WOULD LIKE TO TAKE THIS OPPORTUNITY TO ASK THOSE WHO ARE ENGAGED IN PUBLIC ADMINISTRATION AS WELL AS THE PEOPLE IN PRIVATE FIRMS WHO ARE BEARING THE BRUNT OF EVERYDAY ECONOMIC ACTIVITIES TO BE EVEN MORE CLEAR AND FORTHCOMING IN TAKING THE ATTITUDE OF EXTENDING A WELCOMING HAND TO FOREIGN PRODUCTS AND INVESTMENTS AND NOT DISCRIMINATING AGAINST THEM.

IN ORDER TO EXPAND IMPORT OF MANUFACTURED PRODUCTS TO THE JAPANESE MARKET. I WOULD LIKE TO ASK THE PEOPLE CONCERNED TO GIVE THEIR MAXIMUM ASSISTANCE TO FOREIGN FIRMS! THEIR EFFORTS TO DEVELOP PRODUCTS WHICH WILL MEET THE MARKET CONDITION AND CHOOSE THE DISTRIBUTION SYSTEM IN JAPAN, ETC.

I FIRMLY BELIEVE THAT IN TODAY'S WORLD ECONOMIC SITUATION, IT IS VITAL FOR JAPAN, ON THE BASIS OF ITS POSITION IN THE INTERNATIONAL COMMUNITY, TO MAKE CONTRIBUTIONS WORTHY OF ITS ABILITY TOWARDS THE REVITALIZATION OF THE WORLD ECONOMY AND EXPANSION OF THE WORLD TRADE.

I APPEAL TO THE JAPANESE PEOPLE FOR THEIR UNDERSTANDING AND COOPERATION.

F C O PLEASE PASS SAYING TO OTHER EC POSTS , WASHINGTON, UK MIS GENEVA, UK DEL OECD.

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INTERNATIONAL TRADE
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FM TOKYO 270915Z MAY 82

TO IMMEDIATE F C O

TELEGRAM NO 263 OF 27 MAY

RFI UKREP BRUSSELS

SAVING OTHER EC POSTS, WASHINGTON UKMIS GENEVA AND UKDEL OECD

MIPT:

SECOND JAPANESE TRADE PACKAGE

THE MAIN PROVISIONS OF THE SECOND TRADE PACKAGE ARE AS FOLLOWS:

A. A STATEMENT BY THE PRIME MINISTER ASKING CIVIL SERVANTS AND EMPLOYEES OF PRIVATE FIRMS TO EXTEND A WELCOME TO FOREIGN PRODUCTS AND INVESTMENT AND TO ASSIST FOREIGN FIRMS IN THEIR EFFORTS TO SELL IN JAPAN. TEXT IN MIPT.

B. TARIFFS

TARIFFS ON 96 ITEMS ARE TO BE ELIMINATED WITH EFFECT FROM 1 APRIL 1983. LIST IN MY CREDIA TELEGRAM NO 198. TARIFFS ON A FURTHER 119 ITEMS ARE TO BE REDUCED FROM 1 APRIL 1983. LIST IN MY CREDIA TELEGRAM NO 199. THE AMOUNT WHEREBY THE TARIFFS WILL BE REDUCED WILL BE ANNOUNCED AFTER THE NECESSARY PROCEDURAL STEPS WITHIN THE JAPANESE GOVERNMENT HAVE BEEN TAKEN. THE CHOCOLATE, CONFECTIONERY AND BISCUITS TARIFFS ARE INCLUDED IN THE LIST OF ITEMS ON WHICH TARIFFS WILL BE REDUCED, BUT NOT WHISKY. WE ARE ATTEMPTING TO OBTAIN FROM MITI DETAILS OF THE ACTUAL TARIFF REDUCTIONS PROPOSED.

C. QUOTAS

MARKET ACCESS FOR HERRING, PREPARED AND PRESERVED PORK, HI-TEST MOLASSES AND CANNED PINEAPPLES WILL BE IMPROVED BY INCREASES IN THE AMOUNT OF IMPORT QUOTAS OR BY SETTING THE MINIMUM AMOUNT OF IMPORT QUOTAS.

D. IMPROVEMENTS TO PROCEDURES

FURTHER EFFORTS WILL BE MADE TO IMPROVE IMPORT TESTING AND CUSTOMS CLEARING PROCEDURES. FOREIGN ENTITIES AND INDIVIDUALS

WILL BE ALLOWED TO PARTICIPATE IN THE FORMULATION OF STANDARDS. 8-

E. TOBACCO

THE NUMBER OF RETAILERS HANDLING IMPORTED TOBACCO PRODUCTS WILL BE INCREASED AND LIMITATIONS ON ADVERTISING EXPENDITURE WILL BE RELAXED FOLLOWING CONSULTATION BETWEEN DOMESTIC AND FOREIGN COMPANIES ON TECHNICALITIES.

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F. DISTRIBUTION SYSTEM

FOREIGN ENTITIES AND INDIVIDUALS ARE INVITED TO PRESENT THEIR VIEWS ON THE DISTRIBUTION SYSTEM AND BUSINESS PRACTICES TO THE COMMITTEE FOR MANUFACTURED GOODS

IMPORT MEASURES

G. ANTI-COMPETITIVE PRACTICES

PRACTICES THAT RESTRICT COMPETITION IN DISTRIBUTION OF IMPORTED GOODS WILL BE COUNTERED, WHERE APPLICABLE, BY THE ANTI-TRUST LAW.

H. SERVICES

THE JAPANESE GOVERNMENT WILL CONTRIBUTE CONSTRUCTIVELY TO FORMULATION OF INTERNATIONAL RULES ON TRADE IN SERVICES IN THE GATT. THE POLICY OF NATIONAL TREATMENT FOR FOREIGN ENTITIES IN BANKING, INSURANCE AND SECURITIES BUSINESS IN JAPAN WILL BE MAINTAINED. BUSINESS ASSOCIATION IN THESE FIELDS ARE ASKED TO PROVIDE MORE INFORMATION ON MARKET ENTRY AND OPERATION IN JAPAN. THE GOVERNMENT WELCOMES DIRECT INVESTMENT IN JAPAN BY FOREIGN ENTITIES AND INDIVIDUALS. IT WILL IMPLEMENT MEASURES TO RELAX RESTRICTIONS ON THE USE OF THE TELECOMMUNICATIONS NETWORK FOR DATA PROCESSING, WHILE MAINTAINING NATIONAL TREATMENT. NEGOTIATIONS BETWEEN THE JAPAN FEDERATION OF BAR ASSOCIATION CONCERNING FREEDOM TO PRACTICE LAW IN JAPAN BY AMERICAN LAWYERS WILL BE EXPEDITED.

I. HIGH TECHNOLOGY

THE JAPANESE GOVERNMENT WILL PROMOTE R AND D SUITABLE FOR INTERNATIONAL COOPERATION AND WILL MAINTAIN A NON-DISCRIMINATORY POLICY WITH REGARD TO PARTICIPATION BY PARTIALLY OR WHOLLY FOREIGN OWNED JAPANESE FIRMS WITH SUBSTANTIAL RESEARCH CAPABILITIES IN PROJECTS SUPPORTED BY THE GOVERNMENT. THE POSSIBILITY OF JOINT R AND D OF ADVANCED TECHNOLOGY BETWEEN JAPAN AND THE US AND JAPAN AND EUROPE WILL BE STUDIED.

J. GOVERNMENT PROCUREMENT

PROCUREMENT OF GOODS BY GOVERNMENT AGENCIES WILL CONTINUE TO BE MADE IN ACCORD WITH THE GOVERNMENT PROCUREMENT CODE.

K. INDUSTRIAL COOPERATION WILL BE ENCOURAGED.

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1. EXPORTS

EFFORTS WILL CONTINUE TO BE MADE TO AVOID EXCESSIVE EXPORTS
IN SPECIFIC PRODUCT CATEGORIES.

3. COPIES OF BACKGROUND DOCUMENTS WERE SENT TO LONDON BY TODAY'S
UNCLASSIFIED BAG. FURTHER COMMENT WILL FOLLOW AFTER DETAILED
ANALYSIS.

FCO PSE PASS SAVING ADDRESSEES

CORTAZZI

REPEATED AS REQUESTED

INTERNATIONAL TRADE
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GRS 420

[NEUTRAL]
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FM TOKYO 270915Z MAY 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 262 OF 27/5/82

REPEATED IMMEDIATE UKREP BRUSSELS

AND SAVING TO OTHER E C POSTS, WASHINGTON UKMIS GENEVA AND UKDEL ^{OECD}

SECOND JAPANESE TRADE PACKAGE.

1. MR SAKURAUCHI, THE JAPANESE FOREIGN MINISTER, CALLED IN EUROPEAN AMBASSADORS TODAY AND HANDED OVER DOCUMENTS ABOUT THE ANNOUNCEMENT TO BE MADE TOMORROW BY THE JAPANESE GOVERNMENT ON FURTHER TRADE LIBERALISATION MEASURES. MR SAKURAUCHI WHO READ FROM A PREPARED STATEMENT, STRESSED THAT JAPAN RECOGNISED ITS INTERNATIONAL ECONOMIC RESPONSIBILITIES.

IT HAD TAKEN MEASURES TO OPEN ITS MARKET AND WISHED TO CONTRIBUTE TO THE MAINTENANCE OF THE FREE TRADE SYSTEM. FURTHER MEASURES WERE NOW BEING TAKEN IN RESPONSE TO REQUESTS FROM THE US AND THE EC. MR SUZUKI HAD INVOLVED ALL THE DEPARTMENTS CONCERNED AND REDUCTIONS IN TARIFFS, INCLUDING THOSE ON CHOCOLATES AND BISCUITS AS WELL AS CERTAIN MACHINE TOOLS, AND THE INCREASE IN QUOTAS, EG. ON PORK, WOULD BE OF INTEREST TO THE EUROPEANS. HOWEVER, THE CONCESSIONS WERE OF COURSE BEING MADE ON A GLOBAL BASIS.

3. MR SAKURAUCHI REFERRED ALSO TO A STATEMENT TO BE MADE BY THE PRIME MINISTER (OF WHICH WE OBTAINED A COPY LATER). A SINCERE EFFORT WOULD BE MADE TO CARRY OUT ITS INTENTIONS AND HE HOPED THERE WOULD BE CONCRETE RESULTS. HOWEVER, WE SHOULD BE AWARE THAT THERE WERE VARIOUS DOMESTIC DIFFICULTIES IN JAPAN AND ALTHOUGH THE COOPERATION OF ALL CONCERNED WOULD BE SOUGHT WE SHOULD UNDERSTAND THAT THIS WOULD NOT BE EASY TO ACHIEVE.

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4. AT FIRST GLANCE THE NON-TARIFF BARRIER MEASURES IN THE SECOND TRADE PACKAGE DO NOT SEEM TO AMOUNT TO VERY MUCH AND IT STRUCK ME THAT THE TARIFF REDUCTIONS ARE GENERALLY SPEAKING ON GOODS OF NOT A GREAT DEAL OF INTEREST TO US BUT CLEARLY WE MUST WELCOME THEM AS A SMALL STEP IN THE RIGHT DIRECTION AS WE DID THE PREVIOUS MEASURES. THE LINE TO TAKE MUST OBVIOUSLY BE THAT WE LOOK FOR DEEDS RATHER THAN WORDS IE. INCREASED IMPORTS.

5. PLEASE SEE M I F T.

F C O PLEASE PASS SAVING TO ALL E C POSTS, WASHINGTON, UKMIS GENEVA, AND UKEDL OECD.

CORTAZZI

REPEATED AS REQUESTED

INTERNATIONAL TRADE
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