



Cable and Wireless

Public Limited Company

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with compliments

Sir Eric Sharp C.B.E.

Chairman & Chief Executive

*Pl. keep this
no put into
briefing papers for
Mr Eric
Jennitt
CS*



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Sir Eric Sharp C.B.E.
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COMMERCIAL IN CONFIDENCE

10th April 1986

The Rt. Hon. Sir Geoffrey Howe, QC., MP.,
Secretary of State for Foreign
and Commonwealth Affairs,
Foreign and Commonwealth Office,
LONDON. SW1A 2AH

Dear Geoffrey

You will remember writing to Mr. Abe on 25th February about Anglo-Japanese trade relations and about Cable and Wireless' plans to join a consortium to provide an alternative international service for Japan.

I have just returned from Tokyo and would like to report on the significant progress we have made since your timely intervention.

First, we became the first British company to be quoted on the Tokyo Stock Exchange when our shares were listed on 2nd April. I know from enquiries we have received from other British companies that our example will stimulate others to seek listing in the world's second most important stock market and this can only be good for increasing the current somewhat muted British presence in the Pacific Basin.

Our listing, however, is just the first step towards our strategic objective of full participation in any consortium the Japanese establish as an alternative to KDD (the monopoly external telecommunications organisation) and your February letter has stimulated active support for our role in high level quarters in Japan - a necessary condition for a project which touches the national interests of Japan.

My discussions with the Secretary-General of the Liberal Democratic Party, and with a key adviser of the Prime Minister and also the President of NTT (Nippon Telephone and Telegraph, the largest telecommunications company in the world, some five times the size of BT) have led me to believe that the Japanese are prepared to make a major structural change and accept Cable and Wireless as a full partner in any alternative international carrier they license. We have been identified as the only foreign telecommunications company capable of providing the international expertise and strategic position in the Pacific region necessary to meet Japan's international objectives.

The Rt. Hon. Sir Geoffrey Howe, QC., MP.,

10th April 1986

Following delicate and secret meetings with important political figures and after confidential discussions with the Ministry of Posts and Telecommunications, I have signed a highly confidential Memorandum of Understanding with C. Itoh (one of the largest trading houses in Japan with a turnover of over 60 billion dollars) and NTT (International), setting in train the first steps towards establishing a joint venture company to provide an alternative external telecommunications network for Japan.

This puts us in a powerful position to guide Japan's future international telecommunications ambitions in a way which could serve Anglo-Japanese interests as well as the interests of our company which is engaged in constructing a state of the art submarine cable system linking the United Kingdom to the United States and the United States to Japan, China and Australia. This new cable system we are initiating will be entirely private without any call on Government guarantees or subsidies. This vast undertaking, which has caught the imagination of key players both in Japan and the United States, will provide everyone in the Atlantic and Pacific basins with a choice in international telecommunications for the first time in history - a project characterised as 'epoch-making' by a close adviser to Prime Minister Nakasone.

Our Japanese partners - NTT in particular - see great merit in Anglo-Japanese political endorsement for the project at the Summit as an example of co-operation spanning the Atlantic and Pacific Oceans and as a demonstration of the effectiveness of the liberalisation and privatisation policies which now lie at the heart of both UK and Japanese industrial policies.

I have discussed the developments with Sir Sydney Giffard in Tokyo and have revealed to him the signals being communicated to me from close advisers to Mr. Nakasone for onward transmission to the Prime Minister and yourself. Their strong message is for this specific matter to be raised at Summit discussions as a major contribution to development of Anglo-Japanese relations in the economic sphere. It is, therefore, under Japanese advice that I attach a draft letter which I hope you will send to Mr. Abe as soon as you can.

As this matter may be raised by Mr. Nakasone during the Summit, I am copying this to the Prime Minister and the Chancellor.

With all good wishes
Yours ever
Gore

Enc.

DRAFT

Dear Mr. Abe,

Sir Eric Sharp, the Chairman of Cable and Wireless, has just written to me reporting on the good progress being made on the joint Anglo-Japanese telecommunications project I mentioned in my letter to you of 25th February,

I welcome this development and think it would be in our mutual interest if we could reach an accord at our bilateral discussions at the Summit in support of this project which provides concrete evidence of structural change to the benefit of both Japan and the United Kingdom and exemplifies in an imaginative way the importance of deregulation and privatisation in both the Atlantic and Pacific basins.

I look forward to seeing you again in Tokyo.

I am copying this to the Prime Minister and Chancellor.

Yours sincerely,

Sir Geoffrey Howe

