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SEOUL (FOR PM'S PARTY)
FROM PS/SIR ROBERT ARMSTRONG
CALL BY JAPANESE AMBASSADOR

1. THE JAPANESE AMBASSADOR HAD ASKED TO CALL ON THE PRIME MINISTER TO DELIVER TO HER MR NAKASONE'S MESSAGE OF 22 APRIL (COPIED BY BAG). IN VIEW OF THE TIGHT PROGRAMME BEFORE HER DEPARTURE, THIS PROVED IMPOSSIBLE TO ARRANGE, AND INSTEAD SIR ROBERT ARMSTRONG RECEIVED HIM ON 1 MAY, AND HANDED HIM A MESSAGE IN REPLY FROM THE PRIME MINISTER TO MR NAKASONE. TEXT AS FOLLOWS:

'DEAR PRIME MINISTER

THANK YOU FOR YOUR LETTER OF 22 APRIL IN WHICH YOU OUTLINED YOUR THOUGHTS ABOUT THE FORTHCOMING TOKYO SUMMIT. IT WAS USEFUL TO HAVE THIS GUIDE TO THE POINTS WHICH WE SHOULD DISCOVER IN OUR DISCUSSION OF ECONOMIC ISSUES. I AGREE WITH YOU THAT PROGRESS SINCE WE MET LAST YEAR IN BONN HAS BEEN SUBSTANTIAL. WE HAVE GOOD REASON TO BE PLEASED WITH THIS PROGRESS AND I AM CONFIDENT THAT WE SHALL AGREE ON HOW IT SHOULD BE MAINTAINED.

CLEARLY THERE ARE A NUMBER OF OTHER VERY PRESSING PROBLEMS WHICH WE SHALL NEED TO DISCUSS, AMONG THEM HOW TO RESPOND MOST EFFECTIVELY TO THE THREAT POSED BY STATE-SPONSORED TERRORISM. WE SHALL WANT TO LOOK VERY CAREFULLY AT THE DRAFT STATEMENT WHICH OUR SPECIAL REPRESENTATIVES HERE PREPARED ON THIS ISSUE, TO ENSURE THAT IT MEASURES UP FULLY TO THE SCALE AND SEVERITY OF THE PROBLEM.

I LOOK FORWARD TO MEETING YOU IN TOKYO.'

2. FOLLOWING UP A PREVIOUS CONVERSATION WITH SIR ROBERT ARMSTRONG, THE AMBASSADOR ARGUED STRONGLY THAT THE PRIME MINISTER SHOULD NOT RAISE WITH MR NAKASONE THE ISSUE OF THE MORUPULE POWER STATION IN BOTSWANA (SEE PARAGRAPH E(111) OF 'ARGUMENTS TO USE' SECTION OF BRIEF FOR BILATERAL MEETING). HE SAID THAT, AS THE JAPANESE EMBASSY HAD EXPLAINED TO THE DEPARTMENT OF TRADE AND INDUSTRY, THE JAPANESE AND BRITISH BIDS HAD BEEN ON ROUGHLY EQUAL TERMS, THE JAPANESE OFFER BEING SLIGHTLY BETTER ON BOTH PRICE AND QUALITY, AND THE BOTSWANAN DECISION TO AWARD IT TO JAPAN HAD NOT BEEN AS A RESULT OF UNFAIR PRESSURE (SUCH AS THREATS OR BLANDISHMENTS CONCERNING THE LEVEL OF THE JAPANESE BILATERAL AID PROGRAMME TO BOTSWANA). IN THE AMBASSADOR'S VIEW, IT COULD SERIOUSLY HARM THE ATMOSPHERE FOR THE MEETING OF THE TWO PRIME MINISTERS WERE THIS ISSUE TO BE RAISED AT THIS LEVEL. SIR ROBERT ARMSTRONG SAID THAT HE WAS AWARE OF THE JAPANESE DISCUSSIONS WITH THE DEPARTMENT OF TRADE AND INDUSTRY, AND WOULD MAKE SURE THAT THE JAPANESE VIEW WAS MADE KNOWN TO THE PRIME MINISTER. HE THOUGHT THAT SHE HAD NOT YET DECIDED WHAT PARTICULAR ISSUES SHE WOULD RAISE WITH MR NAKASONE. THE JAPANESE AMBASSADOR REITERATED THAT HE HOPED THE PRIME MINISTER WOULD TAKE DUE ACCOUNT OF THE POSITIVE DEVELOPMENTS IN UNITED KINGDOM-JAPAN ECONOMIC RELATIONS AND NOT RAISE THIS ISSUE AT HER MEETING WITH MR NAKASONE.

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