



Subject
Custer

file B67
advise [unclear]

10 DOWNING STREET

30 October 1985

From the Private Secretary

Dear Peter,

CALL BY THE JAPANESE AMBASSADOR

The Japanese Ambassador called on the Prime Minister this morning to convey his government's thanks for the care and attention which had been given to Prince Hiro during his time in the United Kingdom. I enclose a copy of a letter from Prime Minister Nakasone which the Ambassador handed over. He also left two gifts from Prince Hiro. He asked that a particular word of thanks and appreciation should be conveyed to those who had been responsible for Prince Hiro's security during his stay.

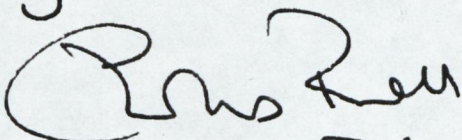
In the course of a brief conversation, the Ambassador asked the Prime Minister if she believed that President Reagan would be making further proposals on arms control ahead of his meeting with Mr. Gorbachev. The Prime Minister said that her understanding was the President had it in mind to do so.

The Ambassador said that Japan was doing its best to open up its markets to foreign imports. The government was taking steps to increase domestic demand, particularly in the housing and general infrastructure sectors. Following the G5 meeting, the yen had appreciated significantly and was now some 12 per cent higher than the dollar. He hoped very much that the Prime Minister understood that his government was making a serious effort to respond to Western demands. The Prime Minister recalled that she had clashed with Mr. Nikaido on the question of the under-valuation of the yen at the IDU Conference in Washington in July. It now appeared that her own comments at that time had been justified and she was glad to see that the Japanese government had taken action over the yen. Much more remained to be done on the trade front.

I should be grateful for a draft reply to Mr. Nakasone's letter.

[Handwritten signature]

I am copying this letter (without enclosure) to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and Stephen Boys Smith (Home Office). I should be grateful if Stephen Boys Smith could pass on the Japanese government's appreciation to those in charge of Prince Hiro's security.

Yours sincerely,

(C.D. Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.