

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE FOREIGN  
MINISTER OF JAPAN AT 10 DOWNING STREET ON TUESDAY 21 JANUARY  
AT 1030 a.m.

Prime Minister  
Sir William Harding  
Mr. C.D. Powell

Mr. Abe  
Japanese Ambassador  
Mr. Nishiyama

The Prime Minister welcomed Mr. Abe to London and asked for her regards to be conveyed to Mr. Nakasone. Mr. Abe said that Mr. Nakasone looked forward to seeing the Prime Minister at the Economic Summit in Tokyo. He also wished to pass on the thanks and appreciation of the Japanese Government and people for the welcome given in the United Kingdom to Prince Hiro. The Prime Minister said that we had been delighted to have Prince Hiro, who had been a marvellous guest. Everyone who had come into contact with him had been impressed. We were pleased that Britain had been chosen for a part of his education.

SOUTH YEMEN

Mr. Abe thanked the Prime Minister for the United Kingdom's help in evacuating Japanese workers from South Yemen. The Prime Minister said that we had been pleased to help. This was Britain's traditional role.

JAPAN/SOVIET RELATIONS

The Prime Minister asked Mr. Abe to let her have an account of his recent meeting with the Soviet Foreign Minister.

Mr. Abe said that the meeting had been held after a ten year hiatus and had been made possible by the improved climate in East/West relations generally. The Soviet Union had been most reluctant to discuss outstanding territorial questions

with Japan, but agreement had now been reached to do so. It had also been agreed to seek an improved dialogue covering scientific, technical, cultural and economic relations.

Mr. Abe continued that there had been no real change in the Soviet Union's attitude on the territorial issue. Only the atmosphere had improved. The Soviet Union had tried to detach Japan from the general western position on the Strategic Defence Initiative and clearly aimed to erode western solidarity. Japan had declined a Soviet proposal to sign a long term economic agreement and had no intention of developing economic relations without some parallel progress in the political field and in particular on the territorial issue. Japan wished to manage its relations with the Soviet Union in coordination with other western countries. The Prime Minister said that Mr. Abe had put his finger on the main point of the new look in the Soviet union. The atmosphere had improved but the policy had not changed.

TOKYO ECONOMIC SUMMIT

The Prime Minister said that trade relations were bound to feature largely at the Tokyo Economic Summit. It would also be necessary to look again at the international debt position, particularly if oil prices were to fall, creating major problems for countries such as Mexico and Nigeria. She hoped that the Summit would go to the heart of international trade problems rather than simply considering procedural issues. If Japan was going to have to pay less for its oil the result would presumably be a further strengthening of its trade and payments surplus.

Mr. Abe said that he would convey the Prime Minister's views to Mr. Nakasone. In the Japanese Government's eyes the main subjects for discussion at the Summit would be international debt, the decline in the prices of basic commodities, trade imbalances and stagnation of the economic situation in some industrialised countries. The Summit's task would be to discuss ways to achieve sustained,

non-inflationary growth. All these issues should be very much to the forefront in May. Fortunately there had been a considerable strengthening in the value of the Yen in recent months. This would have a beneficial effect on trade relations in the long term. The Japanese Government was also making efforts to reduce Japan's trade surplus, for instance by reducing tariffs and implementing various action programmes. Their aim was to bring Japan's economy into harmony with the world economy.

The Prime Minister said that more was needed than a few small reductions in tariffs. That alone would not solve the problem. It would be necessary to get to grips with the real, fundamental problems which caused the imbalance. We were trying to ease the specific imbalance between the United Kingdom and Japan by the sale of aircraft. We hoped that the Japanese Government would give serious consideration to such purchases. She had written to Mr. Nakasone about this. Mr. Abe indicated that he was aware of the exchanges with Mr. Nakasone on this point.

TIN

The Prime Minister said that she had also been in touch with Mr. Nakasone on the subject of the International Tin Agreement. She was grateful for his recent letter. The matter had also been raised at the G5 meeting. She understood that Mr. Nakasone agreed with her on the importance of reaching a solution. It would be difficult to urge debtor countries to meet their obligations more widely if the industrialised countries failed to meet theirs. The situation now appeared to be that the United Kingdom, Japan, France and Holland were looking for a reasonable settlement. It would be necessary to maintain pressure on Germany to join in. She hoped that the two Governments could remain in close touch. Mr. Abe said that he had brought Japanese Government proposals to London which were at that moment being explained to the International Tin Council.

FALKLANDS FISHERIES

The Prime Minister said that she knew that contacts were in progress between British and Japanese officials on the subject of Falklands fisheries. It was vital that Japan should not increase its fishing effort above that of last year. Above all, it was important that a settlement of this problem should be reached while Mr. Abe was in London. We understood that he had full powers to reach an agreement. The issue would only get more difficult if it was allowed to drag on.

Mr. Abe said that Japan was ready to reach agreement to exercise self-restraint on the numbers of Japanese ships allowed to fish off the Falklands. He very much hoped that a solution would be found while he was in London.

The meeting ended at 1100.

EDP

CHARLES POWELL  
21 January 1986

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cc FCO

JD

10 DOWNING STREET

THE PRIME MINISTER

24 January 1986

Dear Mr. Abe,

I found our talk on Tuesday very interesting, and hope we shall have an opportunity to continue our discussion when I come to Tokyo for the Economic Summit in May. Meanwhile, may I thank you most warmly for the very beautiful picture which you so kindly sent me. I was delighted to have this, and it was a really generous thought on your part.

With best wishes,

Yours sincerely  
Rajiv Gandhi

Mr. Shintaro Abe

SPW

SUBJECT cc Master.

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cc PC

10 DOWNING STREET

*From the Private Secretary*

21 January 1986

**MEETING BETWEEN THE PRIME MINISTER  
AND THE FOREIGN MINISTER OF JAPAN**

I enclose a record of the Prime Minister's meeting with Mr. Abe this morning.

I am copying this letter and enclosure to Rachel Lomax (H.M. Treasury), John Mogg (Department of Trade and Industry) and Michael Stark (Cabinet Office).

(Charles Powell)

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office.

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