



eop
28/6

PRIME MINISTER

Tokyo Stock Exchange

1. I have seen the Chancellor of the Exchequer's minute of 17 June. I understand the risk of judicial review. But I consider that the Chancellor is right in his judgement that the Japanese would be unlikely to try to test us.

2. I also agree that it would be right to speak to Prime Minister Takeshita if you get the opportunity during the Summit in Toronto. He has not yet replied to the letter you sent him after his visit to London, and the very fact of your enquiry will help to keep up the pressure. You will wish to judge the tactics for yourself. But my own view is that the Japanese will meet us if we are firm. It would therefore be wrong for you to indicate, as early as this weekend, that we now expect that Daiwa and Nomura will get the green light soon.

3. I am copying this minute to the Chancellor of the Exchequer, the Secretary of State for Trade and the Governor of the Bank of England.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
18 June 1988