



10 DOWNING STREET

THE PRIME MINISTER

27 January 1983

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Mr. Masumi Esaki

Thank you for your letter of 25 December. I was pleased to hear of the decision to lower Japanese tariffs on biscuits, chocolates and tobacco products. I was also glad to have the opportunity to discuss this and wider trade issues with the Foreign Minister Abe when he visited London earlier this month. Mr. Nakasone's statement on 13 January usefully underlines Japan's need to increase manufactured imports and to avoid the excessive concentration of exports of certain products. I also note your Government will be reviewing certification procedures and removing certain non tariff barriers to trade.

We welcome the efforts that you and your Government have made to bring about these changes since we met in September. These are useful steps and should help to encourage some of our exporters.

We look forward to seeing effective results stemming from these measures. It is essential that continuity efforts are made by Japan to bring imports of manufactures up to the level of her major trading partners. In this respect I hope there will be full consideration of the scope for possible purchase by Japan of aerospace and defence equipment.

I know that the Japanese Government is very aware of our concerns on the state of trade and I look forward to further cooperation to overcome these problems.

Yours sincerely
Roger Handberg

Mr. Masumi Esaki



Foreign and Commonwealth Office

London SW1A 2AH

25 January 1983

Dear John,

New Japanese Economic Measures

Thank you for your letter of 19 January enclosing the Department of Trade's proposed draft reply for the Prime Minister to send to Mr Esaki. We are content with the draft which indeed complements the Foreign Secretary's proposed message to Mr Abe.

I am copying this letter to John Rhodes (Dept of Trade).

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

Foreign and Commonwealth Office

London, SW1A 1AA



26 JAN 1983



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10 DOWNING STREET

From the Private Secretary

19 January 1983

NEW JAPANESE ECONOMIC MEASURES

Your letter of today's date encloses a draft of a message which the Foreign and Commonwealth Secretary proposes to send to the Japanese Foreign Minister. John Rhodes' letter of 18 January, a copy of which I enclose, proposes a draft letter from the Prime Minister to Mr. Asaki about the same subject. I should be grateful to know whether both you and the Department of Trade find both drafts acceptable.

I am copying this letter to John Rhodes.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office



From the Secretary of State

Tim Flesher Esq
Private Secretary
10 Downing Street
London
SW1

18 January 1983

Dear Tim

Your letter of 30 December asked for a draft reply to the letter to the Prime Minister from Mr M Esaki (Chairman, Japanese Special Committee on International Economic Measures) about Japanese tariff reductions on biscuits, chocolate and tobacco products. This is attached.

These reductions are part of the tariff reductions announced by the Japanese Government just before Christmas covering 58 agricultural and 28 industrial items. The Prime Minister met Mr Esaki in Tokyo on 20 September, when Mr Esaki said he would invite representatives of the UK biscuit and chocolate manufacturers to visit Japan. A delegation led by Lord Mottistone subsequently made a visit. But as the Prime Minister told Mr Esaki, though measures to assist imports of biscuits and chocolates etc were important, they would not solve the problems of the trade imbalance.

The tariff reductions on chocolates (from 32% to 20%), on biscuits (from 36% to 24%) and on cigarettes (from 35% to 20%) are significant - and in the case of chocolates and biscuits a definite response to UK representation both bilaterally and through the Commission. Mr Abe - the Japanese Foreign Minister - discussed the latest Japanese measures with the Prime Minister and Ministers here, at the beginning of this month.

The Japanese Government made a further announcement on 13 January that it will carry out a review of Japan's standards and certification procedures as well as the removal of a number of non tariff barriers, including some liberalisation of the retail outlets for tobacco products. Mr Nakasone, the Japanese Prime Minister also reaffirmed Mr Suzuki's May statement recognising the need for Japan to increase its imports of manufactures.

The Prime Minister's reply allows a useful opportunity to tell the Japanese again that their latest moves are very welcome. But we should also stress that the impact on the trade deficit is likely to be negligible and to press for more capital purchases from the UK.

Yours sincerely
John Whitlock

fr JOHN RHODES
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Mr Masumi Esaki
Chairman
Special Committee on International
Economic Measures
c/o Liberal Democratic Party
1-11 23M, Nagata-Cho
Chiyoda-Ku
Tokyo
Japan 100

Thank you for your letter of 25 December. I was pleased to hear of the decision to lower Japanese tariffs on biscuits, chocolates and tobacco products. I was also glad to have the opportunity to discuss this and wider trade issues with the Foreign Minister Abe when he visited London earlier this month. Mr Nakasone's statement on 13 January usefully underlined Japan's need to increase manufactured imports and to avoid the excessive concentration of exports of certain products. I also note your Government will be reviewing certification procedures and removing certain non tariff barriers to trade.

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Hll
Masumi ESAKI
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10 DOWNING STREET

From the Private Secretary

30 December 1982

The Prime Minister has received the attached letter from Mr. Masumi Esaki whom she met on her recent visit to Japan about tariffs on biscuits, sweets and tobacco. I should be grateful for your advice on the form and content of any reply and if appropriate for a draft. It would be helpful to have this by Friday 14 January.

Tim Flesher

John Whitlock, Esq.,
Department of Trade.

CF

December 25, 1982

The Right Honorable Mrs. Margaret Thatcher, MP
Prime Minister
United Kingdom of Great Britain
and Northern Ireland
10, Downing Street
London

(30)

Dear Prime Minister:

Since we discussed in September on the occasion of your visit to our country, I have been working diligently, in cooperation with our Prime Minister and LDP leaders, on the issue of lowering the tariffs on biscuits, chocolate and manufactured tobacco products.

Now I have the pleasure of writing you that we have taken an aggressive position in pushing these measures in an effort to ease and aid in resolving the present tense situation in our trading relationship. I must say that opposition to these measures has been among the severest that I have ever experienced in my long political career.

Effective April 1st, 1983, tariffs on sugared biscuits will be lowered from 34% to 24%; sugarless biscuits from 31% to 21%; chocolate from 30% to 20%; tobacco from 35% to 20%. Official announcement of these measures will be made today after the final debate. We do hope we can probably start the new year on fresh and better footing.

I would like to take this opportunity to send you and your family a Seasons's Greetings.

With best wishes,

Respectfully,

Masumi Esaki ^{1/2/83}

Masumi Esaki
Chairman
Special Committee on
International Economic
Measures

(JAPAN)