

NISSAN MOTOR CO., LTD.

17-1,6-chome, Ginza, Chuo-ku
Tokyo, Japan

Katsuji Kawamata
Chairman

17 February 1983

The Rt Hon Margaret Thatcher
The Prime Minister
10 Downing Street
London SW1

Dear Mrs Thatcher:

Thank you very much for your kind letter of 6 January 1983. I had intended to write you an immediate reply, however, knowing that Mr Jenkin, the Secretary of State for Industry, was coming here to meet with us on 21 January, I thought that perhaps I ought to wait until after that meeting with Mr Jenkin. At any rate please accept my apologies for the delay in responding to your letter.

I am sure that Mr Jenkin has reported to you what had transpired at that meeting. The conclusion was that the decision on Nissan's investment project is still pending.

In your letter of 6 January you expressed your concern that I may have simply compared "our own investment plan" with "the leasing arrangement" without taking into account the Government grants such as SFA and RDG. When I instructed Mr Kawai, our Managing Director in charge of our UK project, to study these two alternate plans, I did ask him to study them on the following three conditions which are mentioned in my letter to you dated 7 December 1982:

1. Leasing charges at 8%.
2. Reserve the option of ceasing the operation and withdrawing from the project if Nissan deemed it impossible to continue as an enterprise.
3. Reserve the option of being able to buy out the factory if it is assumed that the project can be realised as planned.

At this stage we do not know what the leasing charges will be, however, the 8% is what we expect them to be. The option of being able to buy out the asset under lease is also indicated. When the leasing arrangement was studied, we did take into consideration the availability of the Government grants. What concrete merits we can derive from the leasing arrangement depend a lot, as you said in your letter, on the negotiation with the institution which is to be formed for leasing purposes.

Prime Minister

The team from Nissan is due to arrive next week. I am getting advice on a reply to Mr. Kawamata, but arrangements for the team are being made separately.

FRB

25.2.

Now - the confidence point, very few people mentioned it

NISSAN MOTOR CO., LTD.

I would like to be understood in this connection that I only privately inquired about the leasing arrangement at our meeting in Tokyo. As I had promised to you then, I have not revealed this plan to anyone but a few members of Nissan concerned. When we met with Mr Jenkin in our office here, he said that he had given you an outline of the leasing arrangement, and I have taken this to mean that only a handful of your Government officials know about it. In order to keep the confidentiality I believe that it is essential that only a very limited number of people should be allowed to further study the leasing route so that we can make more clearcut projections.

For this purpose I intend to send Mr Kawai and few others to your country so that they can hold talks in complete confidence with the people you will designate. I would like to ask you privately to arrange such meetings. If Mr Kawai and his men can have at least the framework in which to base their projections, it will be very much appreciated.

These are my thoughts at this juncture. I hope that I have not waited too long before responding to your most thoughtful letter.

Yours sincerely,

Katsuji Kawamata
Katsuji Kawamata

Japan



10 DOWNING STREET

Robin

At the time of asking
S/Ind. for a copy of tel.
no. 91 Robin Mountfield
asked if I could send
him an urgent copy
of Mr Kawamura's letter
which is of immediate
interest to them. This I
have done.

Petes
25/2



British Embassy

No 1 Ichiban-Cho Chiyoda-ku Tokyo

Telex J22755 (A/B PRODROME)

Telephone 265-5511

F E R Butler Esq
Principal Private Secretary
to the Prime Minister
10 Downing Street

Your reference

Our reference

Date 18 February 1983

Dear Robin,

You will have seen our telegram INDUS No 91 addressed to Robin Mountfield in the Department of Industry about the most recent letter from Mr Kawamata to the Prime Minister. I enclose the letter, unopened. But provided you see no objection, it would be helpful for us to have sight of a copy of the letter in due course so that we are aware of its general line, in addition to the proposed talks on leasing which were mentioned in our telegram under reference.

Yours ever,

J S Whitehead

1609/17

CONFIDENTIAL

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LDW NR 658/17

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GRS 170.

CONFIDENTIAL

FM TOKYO 170750Z FEB 83

TO PRIORITY DOI LDN

TELEGRAM NUMBER INDUS 91 OF 17/2/83

FOLLOWING PERSONAL FOR MOUNTFIELD, VEHICLES DIVISION

1. GOTO OF NISSAN DELIVERED TO US TODAY A FURTHER LETTER FROM KAWAMATA TO THE PRIME MINISTER. WE WILL SEND IT TO BUTLER NO 10, BY BAG LEAVING HERE TOMORROW 10 FEBRUARY.
2. ALTHOUGH WE HAVE NOT SEEN THE TEXT OF THE LETTER, GOTO SAID THAT IN ADDITION TO RECAPITULATING A NUMBER OF POINTS WHICH HAVE ALREADY BEEN RAISED IN THE CORRESPONDENCE BETWEEN THE PRIME MINISTER AND MR KAWAMATA, THE LETTER ALSO PROPOSES THAT KAWAI, ACCOMPANIED BY A SMALL GROUP OF NISSAN OFFICIALS, SHOULD VISIT BRITAIN IN THE FIRST FEW DAYS OF MARCH TO DISCUSS IN MORE DETAIL LEASING ARRANGEMENTS. SINCE KAWAMATA'S LETTER IS UNLIKELY TO REACH YOU UNTIL THE MIDDLE OF NEXT WEEK, COULD YOU LET US KNOW BY TELEGRAM WHETHER FURTHER TALKS ON LEASING ARE LIKELY TO BE POSSIBLE ON 2 OR 3 MARCH SO THAT WE CAN INFORM GOTO THAT PREPARATIONS ARE IN HAND?

cc Duty Clerk, No 10 ✓
(Meetings of X have been arranged, for 4 March onwards.)
DOI/Vehicles Div.
25/2

- Mr Manzie
- Mr Mountfield
- Mr Boyce IDU
- Mr Cochran
- Mr Bowden
- Mr Hope MS
- Mr Johnson RS1
- Mr Bennett RPDG
- Mr Scrimgeour IDU
- Mr Halligan - HM Treasury
- Mr Jennings - Bank
- Mr Corlett - Inland Revenue

NO DISTRIBUTION

Please note possibility of meetings with Nissan on or 2 or 3 March. Bank are

arranging X, on lines agreed. N.R. Planch 18/2

X