



20 AH

CCS HMT
FCO
D/I

10 DOWNING STREET

THE PRIME MINISTER

18 March 1983

Dear Mr Kawamata,

I was grateful for your letter of 17 February 1983; and I have now had a report of the discussions Mr Kawai has had with officials at the Department of Industry, and with leasing experts from the Bank of England and from the City of London, all of which have taken place in conditions of the strictest confidentiality. I can assure you that the knowledge that you put to me a proposition on these lines when we met in Tokyo has been restricted to a very small circle indeed.

I was naturally disappointed to hear of some of the changes in the project which Mr Kawai proposed. But those who took part in the talks on the British Government's side have tried to respond helpfully, provided that our essential requirements can be met. I am glad that Mr Kawai has been able to study the leasing route; I am confident that, despite the unprecedented size of the project, this could be available to you through the good offices of the Bank of England which I have offered, and I am confident also that in terms of net present value this facility should compare most favourably with any alternative financing route. Together with the grants and selective financial assistance we have offered, these add up to a substantial contribution to the cost of the project.

You will have noted, as I have, the welcome signs that the international recession, which I know has contributed to your caution on this project, is at last coming to an end. There have

AH

also been major movements in currencies which are in most respects significantly favourable to this project. But unemployment remains high here as elsewhere, and the pressure for British people to have the opportunity of the jobs involved in producing the goods sold in this country shows no signs of abating. For all these reasons, I warmly hope that we shall soon be able to bring this matter to a favourable conclusion, and I look forward to hearing your conclusions following Mr Kawai's report to you.

Yours sincerely,

Margaret Thatcher

Mr Katsuji Kawamata

CONFIDENTIAL



Lile
ces

AH
JAPAN
Tsy
5/1

10 DOWNING STREET

From the Principal Private Secretary

18 March 1983

Dear John,

I enclose in the attached sealed envelope a further personal letter from the Prime Minister in her correspondence with Mr Kawamata, Chairman of Nissan, and I should be grateful if you would arrange for the Embassy in Tokyo to deliver it to Mr Kawamata as soon as possible.

I am also enclosing for you and other recipients a copy of the Prime Minister's letter, together with the letter from Mr Kawamata to which it is a reply. The Prime Minister particularly noted the importance which Mr Kawamata attaches to the confidentiality of his talk with the Prime Minister in Tokyo and what has stemmed from it. It is clearly important to the success of the talks with Nissan that Mr Kawamata should know that this confidentiality has been maintained and I should therefore be grateful if you and other recipients would arrange to treat the letter in the same way as previous papers in the series, i.e. restricted to those who have an operational need to see it.

I am copying this letter and the enclosures to John Kerr (Treasury) and Jonathan Spencer (Department of Industry).

Yours sincerely,

Robin Butler

John Holmes Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

AH