

PRIME MINISTER

NISSAN

We have received a report from Tokyo (see attached telegram) that Nissan may be moving towards a very early decision on their project in the UK. One source, who is probably reliable, tells us that a decision may be taken before the end of this week and then formally endorsed at a meeting of shareholders on 29 June.

The main obstacle to a favourable decision is, apparently, Mr. Kawamata, who is said to remain opposed to the project.

The Department of Industry accept the advice of the source of this report, supported by Sir Hugh Cortazzi, that you should send a message to Mr. Kawamata. It so happens that he has just sent you a message of congratulations and you could therefore deal with the matter in your reply.

I attach a text. If you are willing to sign it I shall telegraph its contents to Tokyo. Those concerned think it desirable that the Japanese papers should be told, unattributably, that Mr. Kawamata has sent congratulations to you and that you have replied expressing your hopes for an early and favourable decision. Unless you have any objection, we shall also arrange this.

No  
this  
would  
destroy  
the trust-  
we have  
built.

Just objection

A.J.C.

14 June 1983



DEPARTMENT OF TRADE AND INDUSTRY

Room 11.03 Ashdown House 123 Victoria Street SW1E 6RB

Telex 8813148  
Telegrams Advantage London SW1  
Telephone Direct Line 01-212 5902  
Switchboard 01-212 7676

John Coles Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
Whitehall  
London SW1

14 June 1983

*Dear John*

As you will have seen from Tokyo telegrams No 316 and 317 of 14 June, there are signs that Nissan are moving to an early decision on the UK project, and that a further brief message to Mr Kawamata from the Prime Minister is now desirable. We agree with Sir Hugh Cortazzi's suggestion that an appropriate way of doing this would be in response to Mr Kawamata's congratulatory message, and I attach a short draft.

Should the Prime Minister agree to send a message on these lines, we suggest the text should be sent by telegram to Tokyo for delivery by hand, and that the Embassy should be encouraged to let it be known that Mr Kawamata had sent congratulations and that the Prime Minister had replied, expressing her hopes for an early and favourable decision. We think it would be best if this were allowed to emerge in the Japanese papers before it received major coverage in the UK press. We also suggest that it would be preferable for the news to be published in a single UK paper if possible.

I am sending a copy of this letter to Brian Fall at the Foreign and Commonwealth Office.

*Yours,*

*John Alty*

JOHN ALTY  
Private Secretary



DRAFT LETTER FROM THE PRIME MINISTER TO MR KAWAMATA

Thank you so much for your message <sup>of appreciation</sup> and ~~for your~~ good wishes. <sup>bring</sup> The clear result of our General Election ~~gives~~ welcome assurance of continuity in our economic policies, which I know from our discussions <sup>are</sup> ~~form~~ an important ~~factor~~ <sup>to you</sup> ~~in your~~ considerations <sup>of</sup> ~~about~~ the UK project.

As I told Mr Nakasone at Williamsburg shortly before the Election, I continue to hope for an early and favourable decision, <sup>that the visit</sup> which I believe ~~would~~ <sup>not only</sup> be a successful and profitable venture for your Company, but would create a secure bond between our two countries.

*It is my pride of you to make. I will be you and the Asian Note long my best wish of the future.*

JAPAN: Anglo/Jap Rel.

Nissan

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TO IMMEDIATE F C O  
TELEGRAM NO 317 OF 14 JUNE

MIPT: NISSAN

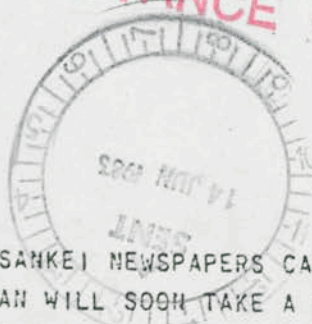
1. TODAY'S NIHON KOGYO AND SANKEI NEWSPAPERS CARRY ARTICLES REPORTING THAT NISSAN WILL SOON TAKE A DECISION IN FAVOUR OF INVESTMENT IN BRITAIN, CERTAINLY BEFORE THE SHAREHOLDERS MEETING ON 29 JUNE. QUOTING RELIABLE SENIOR SOURCES IN THE COMPANY THE NIHON KOGYO REPORTS THAT ACTION IS UNDER WAY TO RESOLVE THE DISAGREEMENT ON THE PROJECT AT SENIOR MANAGEMENT LEVEL AND THAT IN SPITE OF CONTINUING OPPOSITION FROM THOSE AGAINST THE PROJECT, THERE IS A STRONG POSSIBILITY OF THE GO-AHEAD BEING GIVEN. BOTH NEWSPAPERS ATTRIBUTE THE LIKELIHOOD OF THE BOARD'S DECISION IN FAVOUR OF THE PROJECT TO MRS THATCHER'S OVERWHELMING VICTORY IN THE GENERAL ELECTION. THIS HAS REMOVED ANY POLITICAL DOUBTS ABOUT BRITAIN AND HAS ALSO MADE IT CERTAIN THAT BRITAIN WILL REMAIN A MEMBER OF THE EUROPEAN COMMUNITY, WITH ALL THAT THAT MEANS FOR SALESPOTENTIAL FOR A NEW PLANT. FURTHERMORE, THE BRITISH AND EUROPEAN CAR MARKETS ARE SAID TO BE RECOVERING WHICH PROVIDES A FURTHER REASON FOR COMING TO AN EARLY AND FAVOURABLE DECISION. FINALLY, NOT ONLY IS HMG KNOWN TO WELCOME NISSAN'S INVESTMENT, BUT IT IS THOUGHT THAT A DECISION IN FAVOUR WOULD MAKE A MAJOR CONTRIBUTION TOWARDS RELIEVING THE BILATERAL ECONOMIC STRAINS WHICH CURRENTLY BEDEVIL ANGLO/JAPANESE RELATIONS. THE COMPANY SOURCE WAS ALSO QUOTED AS SAYING THAT "BEFORE A DECISION CAN BE TAKEN ON THE PROJECT, A NECESSARY PREREQUISITE IS THAT ALL BOARD MEMBERS SHOULD BE IN AGREEMENT". IT WAS THOUGHT SIGNIFICANT IN THIS REGARD THAT KAWAMATA'S POSITION WAS BELIEVED TO HAVE BECOME MORE FLEXIBLE RECENTLY.

CORTAZZI  
LIMITED  
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MAED  
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PS/LORD BELSTEAD  
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MR GIFFARD  
MR DONALD

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~~PS/PS~~

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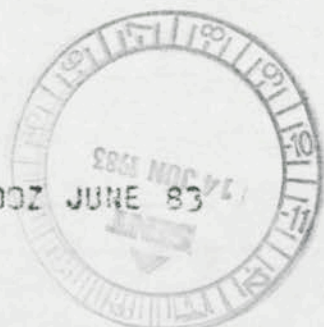
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DESKBY 141100Z

FM TOKYO 140945Z JUNE 83

TO IMMEDIATE F C O

TELEGRAM NO 316 OF 14 JUNE

ADVANCE COPY

IMMEDIATE

MY TELNO 295: NISSAN

1. IN THE COURSE OF THE LAST TWO DAYS, THERE HAVE BEEN INDICATIONS THAT DEVELOPMENTS ON THIS PROJECT ARE BEGINNING TO MOVE RAPIDLY. TWO PRESS ARTICLES APPEARED TODAY IN REASONABLY WELL-INFORMED ECONOMIC DAILIES TO THE EFFECT THAT A DECISION IS ON THE POINT OF BEING TAKEN IN NISSAN TO GO AHEAD WITH THE PROJECT (A BRIEF OUTLINE IS IN MIFT). THE SUBJECT HAS ALSO BEEN RAISED WITH US BY TAKANO, THE DIRECTOR OF THE FIRST INTERNATIONAL ECONOMIC AFFAIRS DIVISION IN THE MFA (RESPONSIBLE FOR BILATERAL ECONOMIC RELATIONS WITH BRITAIN) ON TWO OCCASIONS, YESTERDAY AND TODAY.

2. TAKANO TOOK THE INITIATIVE YESTERDAY TO SAY THAT FOLLOWING PRIME MINISTER NAKASONE'S INTERVENTION WITH MR ISHIHARA (REPORTED IN MY TUR), ISHIHARA NOW NEEDED EVERY POSSIBLE ASSISTANCE IN WORKING FOR A FAVOURABLE DECISION. IT MIGHT BE TIMELY FOR MRS THATCHER TO WRITE TO KAWAMATA EMPHASISING HMG'S CONTINUING WELCOME FOR THE PROJECT AND HER HOPE THAT FOLLOWING THE ELECTION, NISSAN MIGHT SOON COME TO A FAVOURABLE DECISION.

3. TAKANO TOLD US TODAY THAT MATTERS HAD NOW BECOME EVER MORE URGENT. HE CONFIRMED THE STORY IN TODAY'S PRESS THAT A FINAL DECISION WOULD BE TAKEN BY THE 29 JUNE SHAREHOLDERS' MEETING. HE ADDED, HOWEVER, THAT THE DECISION WOULD BE LIKELY TO BE TAKEN BEFORE THE END OF THE WEEK IN ORDER TO ALLOW TIME FOR ALL THE LARGE SHARE-HOLDERS TO BE SQUARED. THE COMPANY'S DECISION REMAINED ESSENTIALLY A MATTER

~~COMPANY'S DECISION REMAINED ESSENTIALLY A MATTER~~  
BETWEEN KAWAMATA AND ISHIHARA. THE MOST SIGNIFICANT  
NEW CONSIDERATION, HOWEVER, WAS THAT ISHIHARA HAD MADE  
IT CLEAR THAT HE WOULD STAND BY THE BOARD'S CONSENSUS. HE  
WOULD NOT RESIST IT AND IF IT WENT AGAINST THE PROJECT HE  
WOULD RESIGN. REGRETTABLY PRESS REPORTS OF GREATER  
FLEXIBILITY ON KAWAMATA'S PART WERE INCORRECT. HE REMAINED  
OPPOSED TO THE PROJECT AND FOR THIS REASON THERE WAS A GOOD  
DEAL OF PESSIMISM IN THE COMPANY THAT THE FINAL DECISION  
WOULD BE NEGATIVE.

4. TAKANO ATTRIBUTED THE NEW PACE OF EVENTS TO THE  
INTRODUCTION OF NEW PROCEDURES THIS YEAR GIVING  
AN ENHANCED ROLE TO SHAREHOLDERS AT COMPANY AGMS. THIS HAD  
RESULTED IN A NUMBER OF RECENT AGMS BEING MARKED BY UNPLEASANT  
SCENES BETWEEN BOARD MEMBERS AND AGITATORS AMONG  
SHAREHOLDERS. THE NISSAN BOARD WERE CONSCIOUS THAT THE  
CONTINUING ABSENCE OF A DECISION ON THE UK PROJECT MEANT  
THAT THIS COULD BECOME AN ISSUE ON 29 JUNE. THEY WANTED TO AVOID  
THIS AT ALL COSTS.

5. PRIME MINISTER NAKASONE'S OFFICE SAW NO SCOPE FOR  
FURTHER ACTION WITH THE NISSAN BOARD. IT WAS THEREFORE NOW  
ALL THE MORE DESIRABLE THAT HMG SHOULD DO EVERYTHING POSSIBLE  
TO ASSIST ISHIHARA AND BRING PRESSURE TO BEAR ON KAWAMATA  
THROUGH A MESSAGE TO HIM FROM MRS THATCHER. THE PRESSURE  
WOULD BE INCREASED IF ITS EXISTENCE BECAME PUBLIC BUT TAKANO  
ACCEPTED THAT IT WOULD BE RISKY TO PUBLICISE SUCH A MESSAGE  
GIVEN KAWAMATA'S KNOWN SENSITIVITIES. DECISION MAKING HOWEVER  
WAS AT A CRUCIAL STAGE AND EVERY MEANS HAD TO BE EMPLOYED  
TO PREVENT A NEGATIVE DECISION.

6. I THINK WE SHOULD TAKE WHAT TAKANO SAID SERIOUSLY.  
ALTHOUGH HE IS NOT DIRECTLY RESPONSIBLE FOR THE PROJECT IN  
JAPANESE GOVERNMENT, HE IS CENTRAL TO DECISION-MAKING ON  
JAPANESE ECONOMIC POLICY TOWARDS BRITAIN AND EUROPE. HE IS  
WELL AWARE OF THE IMPORTANCE WE ATTACH TO THE NISSAN PROJECT  
AND TO THE POLITICAL CONSEQUENCES OF A NEGATIVE DECISION  
BY THE COMPANY AT A TIME WHEN OUR BILATERAL DEFICIT WITH  
JAPAN IS WIDENING. HE HIMSELF SAID THAT A NEGATIVE DECISION  
WOULD BE A 'A DISASTER' AND HIS INTERVENTION WITH US WAS  
DESIGNED TO HELP AVOID THIS. HIS ACCOUNT OF DEVELOPMENTS  
IN THE COMPANY RINGS TRUE AND IT IS SIGNIFICANT THAT HIS  
INTERVENTION COINCIDED WITH PRESS REPORTS ABOUT AN

~~INTERVENTION COINCIDED WITH PRESS REPORTS ABOUT AN~~  
EARLY DECISION.

7. A PRETEXT FOR A MESSAGE COULD BE EITHER THE PRESS REPORTS REFERRED TO EARLIER OR A CONGRATULATORY MESSAGE WHICH TAKANO SAID KAWAMATA HAD DESPATCHED TO THE PRIME MINISTER FOLLOWING HER ELECTION VICTORY. THE MESSAGE COULD REFER TO THE CONTINUING WELCOME FOR THE PROJECT AND THE PRIME MINISTER'S HOPE THAT WITH THE ELECTION NOW PAST, THE WAY MIGHT BE CLEAR FOR AN EARLY AND FAVOURABLE DECISION.

8. ON PUBLICITY I SUGGEST THAT UNATTRIBUTABLE BRIEFING MIGHT BE GIVEN IN LONDON (PERHAPS IN RESPONSE TO ENQUIRIES ABOUT THE PRESS ARTICLES) THAT KAWAMATA HAD BEEN IN TOUCH WITH THE PRIME MINISTER WHO HAD SENT HIM A MESSAGE IN REPLY HOPING FOR AN EARLY AND FAVOURABLE DECISION. WE COULD ALSO, IF YOU AGREE, MAKE THE EXISTENCE OF A MESSAGE KNOWN FAIRLY WIDELY WITHIN NISSAN.

PLEASE PASS ADVANCE COPIES TO GIFFARD AND ELLIOT (FED), MOUNTFIELD AND SUNDERLAND (DTI), COLES (NO 10).

CORTAZZI

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