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DESKBY 160900Z

FM TOKYO 160635Z JUNE 83

TO IMMEDIATE F C O

TELEGRAM NO 325 OF 16 JUNE

ms

YOUR TELNO 227: NISSAN

1. WE DELIVERED THIS MORNING THE MESSAGE CONTAINED IN YOU TUR TO YUKAWA, MR KAWAMATA'S SPECIAL ASSISTANT.

2. YUKAWA SAID THAT MR KAWAMATA WOULD BE GRATEFUL FOR THE PRIME MINISTER'S MESSAGE. BUT YUKAWA WAS NOT ANXIOUS TO BE DRAWN INTO A DISCUSSION OF THE STATE OF CONSIDERATION OF THE PROJECT WITHIN THE COMPANY. HE REMARKED, HOWEVER, ON THE RECENT PRESS SPECULATION (OUR TELNO 317) AND THE FORTHCOMING 29 JUNE SHAREHOLDERS' MEETING. HE HOPED THE UK PROJECT WOULD NOT CREATE DIFFICULTY AT THE

MEETING. YUKAWA ALSO MENTIONED THE DISCUSSION BETWEEN THE PRIME MINISTER AND MR NAKASONE AT WILLIAMSBURG. IT WAS UNUSUAL FOR A PRIVATE COMPANY TO BE MENTIONED DURING TALKS TAKING PLACE AT A SUMMIT. WE REPLIED THAT BY RAISING THIS IN HER BILATERAL WITH MR NAKASONE THE PRIME MINISTER HAD WISHED TO REEMPHASISE THE IMPORTANCE HMG ATTACHED TO THE NISSAN PROJECT IN TERMS OF OUR BILATERAL ECONOMIC RELATIONS.

3. TAKANO OF THE MFA HAS ALSO BROUGHT US UP TO DATE TODAY WITH RECENT DEVELOPMENTS. THE PROJECT IS BEING DISCUSSED TODAY BETWEEN ISHIHARA AND SHIGA, DIRECTOR-GENERAL OF THE MACHINERY AND INFORMATION INDUSTRIES BUREAU IN MITI WHICH IS RESPONSIBLE INTER ALIA FOR THE AUTOMOBILE SECTOR. TAKANO SAID THAT MITI'S INTERVENTION WITH NISSAN (BY IMPLICATION DESIGNED TO AVOID A NEGATIVE DECISION) MIGHT SLOW DOWN THE DECISION- MAKING PROCESS. HE THEREFORE SUGGESTED THAT A DECISION THIS WEEK MIGHT BE LESS LIKELY THAN HAD APPEARED TO BE THE CASE EARLIER. WE WILL BE SEEING TOMORROW THE NEW DIRECTOR-GENERAL FOR INTERNATIONAL ECONOMIC AFFAIRS IN THE TRADE POLICY BUREAU OF MITI AND WILL ASK HIM ABOUT SHIGA'S TALKS WITH ISHIHARA.

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4. WE INFORMED TAKANO THAT WE HAD TRANSMITTED A MESSAGE FROM THE PRIME MINISTER TO KAWAMATA. HE SAID HE WAS VERY PLEASED WITH THE SPEED WITH WHICH WE HAD REACTED TO THIS SUGGESTION. WE EMPHASISED TO HIM, HOWEVER, THAT THE EXISTENCE OF THIS MESSAGE SHOULD REMAIN STRICTLY CONFIDENTIAL. WE WOULD NOT BE INITIATING ANY PUBLICITY.

CORTAZZI

LIMITED

FED

ECB (E)

TRED

PS

PS / MR LUCE

PS / PUS

MR GIFFARD

MR DONALD

MR MANNAY

COPIES TO

MR MOUNTFIELD }
MR SUNDERLAND } DTI

MR COLES NO 10 D.S.T
