



NOTE FOR THE RECORD

Mr. Goto, Head of the Nissan European Operations and formerly Personal Assistant to Mr. Kawamata, called on me at 3 pm today.

Mr. Goto said that Mr. Kawamata had asked him to come to London to convey a personal message to Mrs. Thatcher. Mr. Kawamata had sent a letter from Tokyo, and had asked Mr. Goto to make some supplementary comments about it.

Mr. Goto then gave me the gist of Mr. Kawamata's letter. Mr. Kawamata felt a sense of desperation that there had been such a long delay in reaching a conclusion. The points which he highlighted were that the proposals put forward by Mr. Kawai went as far as Mr. Kawamata felt was possible for Nissan at present. Taking a ten year view, Mr. Kawamata thought that there were unstable factors in the situation about which he was personally concerned, and he therefore felt a high degree of safeguard for the project was necessary.

Mr. Goto then added the additional points which Mr. Kawamata had asked him to make as background to the letter. Mr. Kawamata had been upset by suggestions in newspaper articles - he mentioned particularly the Economist - that he was the "bad guy" standing in the

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way of Nissan's investment in the UK. He had always looked at the investment with a banker's eye, developed in his early years in the Industrial Bank of Japan. In fact, he was not strongly opposed to it and as an individual he would like to see Nissan undertake this project in the United Kingdom. Mr. Goto interjected at this point his own comment that this was a significant shift by Mr. Kawamata: at one time he had been opposed to the project but now thought that he should do everything within his power to promote it.

Continuing Mr. Kawamata's message, Mr. Goto said that the new proposals put forward by Mr. Kawai, while they might not be fully acceptable to the British Government as they stood, might at least provide a basis for breaking the deadlock. On the leasing arrangements, Mr. Kawamata had been grateful for the Prime Minister's good offices in arranging for discussions with the Bank of England and with specialists in leasing; but leasing had not turned out to be as advantageous as he had hoped. Mr. Kawamata's reluctance had also reflected the increasingly keen competition faced by Nissan in Japan, which had reduced Nissan's domestic profits; simultaneously, the investment in America, Italy and Spain launched by Mr. Ishihara had turned out ^{to be} more extensive than originally envisaged. Mr. Kawamata still had doubts about industrial relations in the United Kingdom, although he had taken due note of what Mrs. Thatcher had told him about the

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small number of days lost in the private sector. He also felt that the British Government's insistence on achieving 80 per cent local content so early in the project would cause components to become expensive and delay the date by which Nissan would recoup their investment.

Notwithstanding all this, however, Mr. Kawamata would now personally like to see Nissan undertake the United Kingdom project. At the end of Mr. Goto's last meeting with him in Detroit, Mr. Kawamata had said that his task was now to persuade Mr. Shioji, the President of the Nissan Union. As background, Mr. Goto explained that it was often said that Nissan was run by a triumvirate consisting of Mr. Kawamata, Mr. Ishihara and Mr. Shioji, who had become President of the All-Japan Auto-Workers Union. Mr. Shioji was not opposed to overseas investment - indeed he had encouraged Nissan to undertake its American investment, which was an unusual position for a union leader - but had opposed the United Kingdom investment, probably because Mr. Ishihara was in favour and Mr. Shioji was at odds with Mr. Ishihara on other matters. But Mr. Kawamata was on very good terms with Mr. Shioji and there was little doubt that Mr. Kawamata would be able to persuade Mr. Shioji.

Summing up, Mr. Goto said that the atmosphere was now more favourable to the UK project and Nissan hoped, as Mr. Ishihara had said, that a decision would be taken at the latest by the end of this year.

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I said that Mrs. Thatcher would be very grateful for Mr. Kawamata's message: I would deliver it to her together with Mr. Kawamata's letter, to which the Prime Minister would be replying. I knew that she would want me to make four points straightaway. First, Mrs. Thatcher had never regarded Mr. Kawamata as the "bad guy" and knew that his attitude was determined only by consideration of what was in Nissan's best interests, an attitude which she respected. Second, it was the style of the British press to write stories in black and white terms, in which people were either heroes or villains: Mrs. Thatcher took no notice of such stories and hoped that Mr. Kawamata would not do so either. Third, Mrs. Thatcher had attached great importance to the confidentiality of her exchanges with Mr. Kawamata which she had always honoured scrupulously and would continue to do so. Fourth, the political interest in Britain in the Nissan project meant that the Prime Minister could not meet Mr. Nakasone at Williamsburg without at least saying to him that the British people hoped that there would be a favourable decision by Nissan. I then asked Mr. Goto two questions. The first was whether Mr. Kawamata was content that the British team of officials visiting Tokyo at the end of the week should be made aware of Mr. Kawamata's message: Mr. Goto said that he would take instructions on this and telephone me on the following day. Secondly, I

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noted that Mr. Kawamata had said that Nissan's present proposals went as far as he felt was possible but it also recognised that they might not be acceptable to the British Government as they stood: did this mean that there was room for flexibility? Mr. Goto confirmed that the Nissan proposals could be regarded as a negotiating position, although Nissan would not be able to depart from their overall framework.

FE.R.B.

18 July 1983

CONFIDENTIAL



*Jonathan
AH
Japan*

10 DOWNING STREET

From the Principal Private Secretary

28 February 1983

Dear Jonathan,

We spoke this morning about the letter of 17 February from Mr Kawamata, the Chairman of Nissan. I showed this letter to the Prime Minister over the weekend, who welcomed the fact that Nissan are sending a further team and noted the importance Mr Kawamata continues to attach to the confidentiality of what he said to the Prime Minister.

We discussed the possibility that the Prime Minister should reply immediately to Mr Kawamata confirming that she was making arrangements for the team or that I should speak on the telephone to Mr Goto. Your advice was that, since arrangements for the team were already in hand and Mr Goto was probably by now on his way to London, it would be better if the Prime Minister replied to Mr Kawamata after the visit. I am content with this, but should be grateful if all those who see the team from Nissan could be briefed to deal with the team in a way which will maintain Mr Kawamata's confidence that the confidentiality of his discussions with the Prime Minister has been observed.

It might be helpful if I were to see Mr Goto while he is over here, since he and I have been the channels of communication between Mr Kawamata and the Prime Minister. If I may, I will make an arrangement through you.

Yours sincerely,

Robin Butler

Jonathan Spencer Esq.,
Department of Industry.

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Japan

Prime Minister

You will remember
that Mr. Goto accompanied
Mr. Kawamata at your
meeting in Tokyo. He is part
of the Nissan team now in Britain
and is to take charge of European operations.
I have arranged to have lunch with him
on Monday.



NISSAN MOTOR CO., LTD.

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February 1983

Dear Friend:

I am writing to inform you that I have just been named General Manager of Nissan's European Corporate Office in Brussels. I will assume my new position early in March and my family will join me about a month later.

In my new position I am to oversee not only our business and international ventures in Europe, but also to do a good PR job on behalf of Nissan, the Japanese industry and Japan in general in Europe, particularly in EC. We really need to establish a dialogue with Europeans on a continuing basis in an era when EC-Japan relations are somewhat strained because of the trade frictions. That is certainly going to be a big challenge for me.

In a way I am sorry to keep myself out of circulation in the U.S.-Japan relations, but I hope that I will have excuses to visit the U.S. from time to time.

I have been associated with Nissan's International Division in charge of public relations and public affairs in addition to being assistant to the Chairman for the past 14 years. I greatly appreciate all the support and encouragement you have given me. I firmly believe that international understanding and harmony is essential if Japan is to trade with the rest of the world, and that Japan must play more of a leadership role befitting its economic power. Your continued support and guidance will be greatly appreciated.

Sincerely yours,

Mitsuya Goto
General Manager-Public Affairs
International Division

My office address:

European Corporate Office-Brussels
Nissan Motor Co., Ltd.
287, avenue Louise
1050 Bruxelles
Tel. (02) 648 34 70

My home address:

27, avenue de Saturne
1180 Bruxelles
Tel. (02) 375 45 95

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ADRIANO CAVALLO