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From the Chairman's Office

BY HAND

5 July 1990

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

Dear Prime Minister,

My visit to Tokyo last month demonstrated yet again that the Japanese aerospace market has enormous potential for British industry, including Rolls-Royce.

As a company, we are redoubling our efforts to secure new business. Japan Air Lines' purchase of the McDonnell Douglas MD-11 offers an opening for the Trent, Rolls-Royce's new high thrust engine. All Nippon Airways' plans to purchase a new generation 400 seater-aircraft also opens opportunities for the Trent. I am hopeful that the Japanese Maritime Self Defence Force will continue to procure Rolls-Royce gas turbine engines for their next generation destroyers to be ordered later this year.

Not surprisingly, we face stiff competition from the Americans. I believe that on commercial and technical grounds Rolls-Royce is capable of meeting the American challenge. My principal concern is that the Japanese Government and our potential Japanese customers will allow their purchasing decisions to be influenced by political pressures from the United States aimed at redressing the US/Japan bilateral trade imbalance.

I hope therefore that in your bilateral meeting with Prime Minister Kaifu at the Houston Economic Summit you will feel able to encourage him to resist any political pressure from the United States which could influence the purchasing decisions of the Japanese aviation industry. Japanese airlines should be left to make their own commercial judgements.

.... /over

5 July 1990

You might wish to add that it cannot be in the interest of Japanese airlines to be over-dependent on any one source of supply. The purchase of British Rolls-Royce engines to balance the procurement of American aircraft would be the best way for Japanese airlines to demonstrate their political neutrality.

Yours sincerely

Francis Tombs

Lord Tombs of Brailes