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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND MR. MASUMI ESAKI,
JAPANESE GOVERNMENT SPECIAL TRADE REPRESENTATIVE AT 1645 ON MONDAY
20 SEPTEMBER AT THE AKASAKI PALACE

Present:

Prime Minister

H.E. Sir Hugh Cortazzi

Mr. R.W. Gray

Mr. A. Donald

Mr. F.E.R. Butler

Mr. Masumi Esaki, Japanese Government
Special Trade Representative and
Chairman of the Special Committee
on International Economic Measures

Mr. Tadashi Kuranari, Vice Chairman
of the Special Committee on
International Economic Measures

H.E. Mr. Hirahara

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After an initial exchange of courtesies in which the Prime Minister recalled Mr. Esaki's visit to London in 1982 and discussions with him about means of increasing the efficiency of the Japanese distribution system, Mr. Esaki referred to the actions being taken by the Japanese Government to reduce the trade imbalance in favour of Japan. As part of those actions, the Special Committee on International Economic Measures, which he had chaired, had held seven meetings, attended by thirty members including former Cabinet Ministers. He accepted that the results of Japan's efforts on this matter were not yet satisfactory, but they would continue to grapple with the problem.

The Prime Minister said that what mattered was the results of the measures taken and their effects on the figures. She referred to the measures being taken in the United Kingdom to improve the competitiveness of British industry and the effect of this on unemployment at a time when the world recession was hindering the creation of new businesses to take up the surplus labour. She knew that the Japanese Government was making strenuous efforts to deal with the problem, and she paid tribute to the courageous and helpful statement by Prime Minister Suzuki about the promotion of imports and outward investment.

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/ Mr. Esaki

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Mr. Esaki said that he would explain more fully to the British Ambassador the efforts being made by his Committee to contribute to solving these problems. As one example, he referred to chocolate biscuit imports to Japan and said that he would like to invite a representative of a medium or small biscuit manufacturer to Japan in November to see the situation at first hand. He said that there was already one joint venture with United Biscuits in Japan. He also referred to a letter from Mr. Mees , Special Adviser to the President of the United States, in which he had proposed consultations with the Japanese in October, covering beef, citrus fruit, tobacco and chocolate biscuits.

The Prime Minister recalled that on her last visit to Japan she had visited the factory in which United Biscuits was involved, and had been informed that productivity in Britain and Japan was very similar. But she commented that, although measures to assist imports to Japan on items like chocolate biscuits, whisky and textiles were vital, the imbalance was not likely to be solved by such measures alone. A solution was likely also to require sales of capital goods, of which Britain had some first-rate products to offer, for example the BAe 146 and some defence aircraft and equipment.

Mr. Esaki accepted this point, and said that his Committee would continue its efforts. He paid tribute to the work of the British Ambassador and his Embassy in promoting British sales to Japan. He then referred to the Prime Minister's meeting the previous night with Mr. Kawamata. He said that Mr. Kawamata had telephoned him and had expressed his delight at being honoured with more than an hour's discussion with the Prime Minister. Mr. Kawamata had commented that, in view of the prospects for the motor industry, Nissan might not take a decision about the project for some time. But if they decided to go ahead with the project in the European Community, their links with the United Kingdom made it very likely that it would be undertaken there. The Prime Minister said that she greatly respected Mr. Kawamata: she had held her conversation with him on a purely private basis, and did not want to embarrass him in any way in relation to the decision about the project.

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Mr. Esaki said that he would also like to seek the Prime Minister's help in expanding exchange visits of Parliamentarians between the two countries and would like to extend an invitation, through the British Ambassador, in the name of Mr. Suzuki. The Prime Minister said that she welcomed such exchanges and understood that Sir Julian Ridsdale would be bringing a further group to Tokyo in November.

Commenting on some references by the Prime Minister to the effects of robotics on employment in her opening remarks, Mr. Kuranari said that experience in Japan had not been that robotics destroyed jobs, but the contrary. Even if robotics removed jobs in manufacturing, Japanese experience was that there was scope for absorbing the labour in other expanding industries such as telecommunications. He offered to provide further information about Japanese experience to the Ambassador.

F.R.B.

20 September 1982

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