

Econ Pol.
(Summit) PT 3

JS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 72/80



10 DOWNING STREET

c. FCO
HMT
D/TRADE
Sport
D/N
CO

T 72/80

Copy

THE PRIME MINISTER

Subject on

1 April 1980

Japan: Internal Situation: NOV 1979.

Thank you for your messages of 18 and 19 March, setting out your view of Soviet actions in Afghanistan, and explaining your recent economic measures. I found these most helpful.

I agree with you about the significance of the Soviet invasion of Afghanistan which has deeply disturbing consequences not only in an East-West context but also for other neighbouring countries, other Islamic countries and for all non-aligned nations.

The Soviet leaders must be brought to realise that they cannot continue to enjoy detente in East-West relations while flouting it in the Third World. This must be the principal objective of our response to their intervention. Otherwise they will be tempted to try again elsewhere with even graver risks for world peace.

There can be no satisfactory outcome without the withdrawal of Soviet troops. I am encouraged by your welcome for the concept of a neutral and non-aligned Afghanistan and by your intention to maintain close contacts with us on this matter.

We have put the proposal to the Soviet Union who have not rejected it. We have deliberately not presented cut-and-dried ideas. This has made it more difficult for the Soviet

/Union

Union to reject the proposal. But, if they are to be brought to consider it seriously, we shall need to attract the declared support of as many other countries as possible, especially among the non-aligned. You will have seen that the EC/ASEAN Political Statement of 8 March supported our concept. We would much welcome Japanese support in commending the concept to non-aligned countries.

We see this initiative as an accompaniment and not an alternative to the robust line which we have taken with the Soviet Union in East-West relations. I agree with you about economic and trade relations with the USSR, particularly the need for us all to consult closely. We also hope that agreement will soon be reached among COCOM partners on tightening export controls. In the meantime, we have decided, in respect of the Soviet Union, not to submit general exceptions cases to COCOM.

The British Government consider that the Olympic Games should not take place in Moscow following the Soviet invasion of Afghanistan and that, if they do, British athletes should not participate. We regret the decision of the British Olympic Association to accept the invitation to the summer games, but there is still time for second thoughts. It is for the governing bodies of individual sports to decide in the light of events nearer the time whether or not they will nominate teams to participate in Moscow.

In South Asia it is in all of our interests to encourage better relations between India and Pakistan. I think that both countries are themselves seriously considering how to make progress over their bilateral relations. We must also do what we can to bring about improved relations between India and China, and we ourselves have stressed to the two countries the importance of a more harmonious relationship.

/Like you,

Like you, we are committed to doubling our economic assistance to Pakistan in the next financial year. We hope that this will encourage their confidence.

I understand that a very helpful report on Mr. Sonoda's tour of the Middle East and South West Asia has now been delivered to the Foreign and Commonwealth Secretary.

It is vital that we and other industrialised democracies concert our response to events in Afghanistan. We shall certainly keep in touch with you as our ideas develop. I consider it important that we should have ample opportunity to discuss these matters at the Venice Summit.

As to your message of 19 March about your Government's recent economic measures, I very much agree that it is imperative, not only for Japan but for us all, to bring inflation under control. By doing so, we can make a contribution to the health of the world economy. As you know, the control of inflation is also our own primary objective in the formulation of economic policies. The reduction of inflation inevitably involves difficult decisions. We believe that the price mechanism has a crucial role to play in reducing demand for oil; and that consumer prices should adequately reflect the full cost of world oil supplies. This would help to deal with the difficult energy situation which the world is now facing. Your determination to promote energy conservation is most welcome and your measures are a valuable contribution to our common efforts to reduce energy consumption.

The Chancellor of the Exchequer, Sir Geoffrey Howe, will shortly be writing to your Minister of Finance about our own Budget.

I look forward to meeting you again in Venice.

(SGD) MARGARE THATCHER

His Excellency Mr. Masayoshi Ohira