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Subject: Japan: Relations
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10 DOWNING STREET

THE PRIME MINISTER

Personal and Confidential
PRIME MINISTER'S 20 July 1983

PERSONAL MESSAGE

My dear Mr. Kawamura
SERIAL No. T 107/83

I am very grateful for your personal letter to me, which has been delivered through our Embassy in Tokyo, and particularly grateful for your thoughtfulness in asking Mr. Goto to call on my Principal Private Secretary to explain further the background to your thinking. Thank you also for your kind words about the result of the General Election in Britain.

I greatly value our personal exchanges. The benefit of those exchanges, resulting from the acquaintance which we formed when I first visited Nissan some years ago, is that we have been able to be entirely frank with each other. Such contacts at the highest level help to avoid misunderstandings lower down.

I have always fully understood that your own view of the Nissan project in Britain was determined by your concern for what is best for the Nissan Company. I respect that position, and I know that the decision has been a very difficult one for you.

I can therefore well understand your anxiety about the political interest attaching to this matter. I have been conscious of the need to avoid any appearance of imposing public pressure upon you, and for this reason as you know I have attached the utmost importance to maintaining the strict confidentiality of our correspondence not only publicly but even within the Government. As for my discussion with Mr. Nakasone at Williamsburg, you know that I have always stressed that the decision must be a commercial one for Nissan: we should not want the project on any other basis.

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But I am sure you will understand that, whether we like it or not, there is great interest in Britain in Japanese investment here. The British people would expect me, when meeting the Japanese Prime Minister, to refer to that matter and at least to say that we hope that Nissan will invest in Britain.

As British officials will be arriving for discussions with your company in Tokyo at the same time as this letter, I will not comment now on the proposals Mr. Kawai brought with him, or on the suggestions our officials made in response, except to make one point. Despite our disappointment that Nissan are not now envisaging an immediate investment on the scale we previously hoped for, I do understand, in the light of what you say in your letter and the points made by Mr. Goto, your anxiety and uncertainty about the imponderables surrounding the project in the longer term. So I have agreed that our negotiators should look constructively and positively at the concept of a "pilot plant" contained in one of your proposals, and at what adjustments, mainly of a presentational nature, we would need to secure to make such a concept acceptable to, and welcomed by, British public opinion.

I know that you will understand too, from our previous conversations, why I hope that this project will go ahead and why I believe that it is the right way forward. I am greatly encouraged to think that you yourself take the view that the proposals now put forward may be the basis for a successful outcome.

With warm personal regards

Yours sincerely

Margaret Thatcher

Mr. Katsuji Kawamata.