



Japan

PRIME MINISTER

MBM

72
26/2

13/2/81

You will remember that I wrote to Nicholas Edwards about the dinner arranged for him with Nissan at the Ambassador's home during his visit to Japan. I took the view that Nicholas had departed from an understanding he had made with Norman Tebbit to avoid any suggestion of pressure upon Nissan to go to any particular part of the country.

2 I regret that I misled myself, from the Ambassador's telegram, into thinking, without checking with Nicholas, that it was Nicholas who had initiated the idea of the dinner. In fact I find that it was the Ambassador.

3 I was wrong, therefore, to suggest that Nicholas had departed from an understanding.

4 I am copying this to Nicholas and to Norman Tebbit.

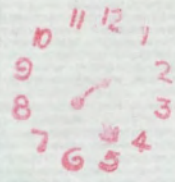
KJ.

K J

24 February 1981

25 FEB 1981

5.



COMMUNICATIONS

NY

① MR ALEXANDER: TO SEE

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Oddi wrth Ysgrifennydd Gwladol Cymru

The Rt Hon Nicholas Edwards MP

From The Secretary of State for Wales

PERSONAL

~~XXXXXXXXXXXX~~

②

Handwritten initials

Prime Minister

16 February 1981

Keith

To be aware of the Edwards'

sharp reaction to Sir K. Joseph.

Handwritten initials

I was surprised to receive your letter of 13 February about the Nissan project because I have taken scrupulous care to ensure that the British Government's position is absolutely clear; and I have to say that I resent the unfounded suggestion that undertakings to Norman have been broken.

On three public occasions before you wrote, at the DCW Japanese lunch, the DCW dinner and at Welsh Questions I specifically stated in the clearest terms that the decision on location would be Nissan's and that the British Government would not attempt to influence it. My remarks, which went quite as far as anything that Norman has said, were widely reported; indeed I have been criticised in the Welsh Press for my attitude. This morning at a press conference and in subsequent TV and radio interviews I emphasised the Government's attitude in the most emphatic terms and I doubt whether you or Norman would have wished me to say more than I did on those occasions. Furthermore at two meetings with the Japanese Ambassador in recent weeks I have left him in no doubt at all as to my position in this whole business.

I agreed with Norman that a formal visit to Nissan in Japan should be avoided but that it would be absurd, discourteous and politically impossible to avoid seeing the Company's representatives during my Japanese visit, not least because arrangements had been made to see them long before I had any knowledge at all of the Nissan project. I therefore warmly welcomed the suggestion of the Ambassador (and it was his suggestion not mine) that the best way of avoiding embarrassment was for a meeting to take place during a private dinner at the Embassy, though it may well be that Nissan representatives will also be present at one or other of our presentations. That will be for them to decide, not me.

/The Ambassador's

The Rt Hon Sir Keith Joseph BT MP
Secretary of State for Industry
Ashdown House
Victoria Street
LONDON



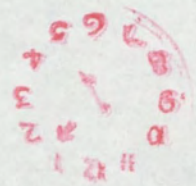
The Ambassador's proposal seemed a sensible way of dealing with the problem and one which would minimise the political difficulties. I think that any change in these arrangements at this stage would be likely to create a very damaging impression with the Japanese and I would have thought that it was more than sensible to leave these arrangements in the hands of the Ambassador who has great experience of Japanese attitudes.

On reflection I am sure you will agree that your suggestion that I cannot be relied on to put the Government's position clearly is unjustified. I very much welcome the idea of further discussions about the co-ordination of inward investment operations, but I must say that on this occasion there has been the closest liaison and co-operation at every stage.

/ I am copying this to the Prime Minister.

J. — av

Neck



17 FEB 1984

cc Mr Dwyer

Japan
TZ 16/2



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Secretary of State for Industry

13 February 1981

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
London SW1A 2ER

~~cc Mr Dwyer~~
cc

~~Mr Alexander~~
to see

Mr.

Mr Alexander

Mr
17/2

NISSAN

As you know, both Norman Tebbit and I are anxious to maintain a consistent posture towards Nissan and its proposed investment in the UK. I understand that Norman had a word with you recently to explain these fears and you helpfully agreed that, during your visit to Japan, you would not attempt to contact Nissan. You did not, of course, rule out the possibility of meeting representatives of Nissan amongst others at social functions.

2 Tokyo telegram Indus 49 (copy enclosed) suggests, however, that you have specifically asked the Ambassador to arrange for you to have a small, private and informal dinner with Mr Okuma at the Residence. It may be that the Ambassador misunderstood your telephone call but the suggestion that there should be either a small social gathering or a formal call on Nissan does raise the possibility that our clearly established policy and your undertakings to Norman have been broken.

3 The present arrangement exposes us to a double embarrassment. If the dinner is called off - as I would have preferred - we would create the risk of serious misunderstanding with the company. If, on the other hand, the dinner goes ahead we must do everything to avoid giving the company the impression that there is pressure being placed on them to locate the factory in Wales. If you were to give Nissan the impression that we as a Government were pushing them to Wales (as Rootes was pushed to Linwood and Ford to Halewood) the success of our efforts to bring the company to the United Kingdom would be prejudiced. At the very least representatives of other Japanese companies with inward investment potential should be at the dinner.

4 Instances like this strengthen my view that we need to take a much stronger line to improve the co-ordination of the approach

/taken ...

PERSONAL



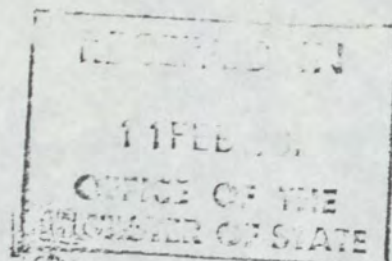
taken by Departments and Ministers to inward investment proposals. There is a danger in speaking with diverse voices and we must avoid promoting the interest of one part of the country at the expense of others.

5 I am copying this letter to the Prime Minister.

4
W. E. M.

Kear

DWF G133/10
OO DOI/INDUS



GR 500

RESTRICTED
FM TOKYO 100900Z FEB

cc.

TO IMMEDIATE DOI/INDUS
TELNO INDUS 49 OF 10 FEBRUARY

FOR MOUNTFIELD
X YOUR TELNO INDUS 44: NISSAN

1. I SAW OKUMA THIS AFTERNOON . HE WAS ACCOMPANIED BY KUME, A MANAGING DIRECTOR, AND MIHARA, HIS PRIVATE SECRETARY.
2. OKUMA SAID THAT NISSAN HAD JUST APPOINTED ANOTHER OF THEIR MANAGING DIRECTORS, ISAMU KAWAI, TO TAKE CHARGE OF THE UK FEASIBILITY STUDY. KAWAI AND A SMALL TEAM WOULD VISIT THE UK EARLY IN MARCH.
3. NISSAN HAD ALSO DECIDED TO EMPLOY MCKINSEYS TO HELP WITH RESEARCH FOR THE FEASIBILITY STUDY, BUT THE DIRECTION OF THE FEASIBILITY STUDY WOULD BE IN NISSAN'S AND NOT MCKINSEYS' HANDS. THE SUPPLY AND PRODUCTION SIDE OF THE STUDY COULD ONLY BE DONE BY NISSAN. MCKINSEYS MIGHT BE IN A POSITION TO PROVIDE SOME ASSISTANCE ON THIS ASPECT BUT IT WAS NOT REALLY THEIR JOB. THEIR TASK AT PRESENT WAS TO DO A MARKET RESEARCH SURVEY IN THE UK AND OTHER EC COUNTRIES. MCKINSEYS MIGHT ALSO BE HELPFUL LATER IN ADVISING ON LOCATION. ON ALL ASPECTS NISSAN WOULD ^{PREFER} PROPOSE THAT THE BRITISH GOVERNMENT'S CONTACTS SHOULD BE PRIMARILY WITH THE NISSAN FEASIBILITY STUDY TEAM OR THROUGH THEM.
3. OKUMA SAID THAT REQUESTS FROM COMPONENT SUPPLIERS SHOULD BE REFERRED TO KAWAI, PREFERABLY AFTER HE HAD GONE TO LONDON.

OKUMA ENTIRELY AGREED THAT EARLY CONTACT WITH TOP TRADE UNION OFFICIALS WAS DESIRABLE. ALTHOUGH HE COULD NOT COMMIT HIMSELF AT THIS STAGE, HE WAS THINKING OF ACCOMPANYING KAWAI AND THE FEASIBILITY TEAM TO LONDON IN EARLY MARCH. THIS WOULD ENABLE HIM TO INTRODUCE KAWAI TO MR TEBBIT AND ALSO TO CALL ON MR MURRAY AND OTHER TRADE UNION LEADERS. I STRONGLY ENCOURAGED HIM TO DO THIS. I ALSO MENTIONED VISIT BY MR MOSS EVANS TO JAPAN IN LATE MARCH AND I SUGGESTED THAT OKUMA MIGHT LIKE TO MEET HIM.

5. I ALSO MADE THE POINTS TO OKUMA ABOUT LOCAL CONTENT IN THE FINAL PARAGRAPH OF YOUR TELEGRAM UNDER REFERENCE. HE MADE NO SUBSTANTIVE COMMENT. REFERRING TO REPORTS OF ADVERSE REACTION IN FRANCE HE SAID THAT WHEN HE MET LORD TRENCHARD IN NOVEMBER HE HAD STATED NISSAN'S UNDERSTANDING THAT THE RESPONSIBILITY OF REBUTTING CRITICISM BY OTHER EC GOVERNMENTS WOULD LIE WITH THE BRITISH GOVERNMENT. HE SEEMED OTHERWISE BROADLY SATISFIED WITH THE PUBLIC RECEPTION GIVEN TO THE PROJECT BOTH IN BRITAIN AND THE COMMUNITY. I MADE THE POINT THAT THE MAINTENANCE OF A WELCOMING CLIMATE FOR THE PROJECT BOTH IN BRITAIN AND THE REST OF THE COMMUNITY COULD NOT BE DIVORCED ENTIRELY FROM THE CONCERN BEING EXPRESSED IN THE COMMUNITY, PARTICULARLY IN BENELUX, ABOUT THE LEVELS OF JAPANESE CAR EXPORTS.

6. I EXPLAINED TO OKUMA THE POLITICAL PRESSURES FROM THE REGIONS ABOUT NISSAN'S CHOICE OF SITE. OKUMA SAID THAT THEY HAD THREE POSSIBLE SITES IN MIND INCLUDING ONE IN WALES. HE CONFIRMED THAT ANOTHER WAS IMMINGHAM, BUT DID NOT SAY WHAT THE THIRD WAS. HE SAID THAT THEY WOULD DELAY A DECISION ON LOCATION UNTIL THE LAST MOMENT. IN THE LIGHT OF A TELEPHONE CONVERSATION WHICH I HAD LAST NIGHT WITH S OF S FOR WALES I ASKED OKUMA IF HE WOULD COME TO A VERY SMALL INFORMAL DINNER WITH MR EDWARDS AT MY HOUSE ON 24 FEB. HE READILY ACCEPTED. MR EDWARDS WILL NOT, THEREFORE, NEED TO CALL ON NISSAN.

CORTAZZI

NNNN

13 FEB 1981

