



From the Secretary of State

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Industry
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Print

14 May 1981

Dear Keith

The subject of trade with Japan will once more be a prominent feature of the Foreign Affairs Council at its meeting next Tuesday. I am writing to let you know the line which I propose Cecil Parkinson should take.

Inevitably it will be the agreement between Japan and the USA on passenger cars that will dominate the discussion. The Commission is asking the Council to agree that the Japanese should be asked to exercise "analogous" restraint in their exports to the Community. Exactly what this means is not spelt out for the very good reason that there is now a mosaic of arrangements for all the Member States that have car production of their own. It is quite unrealistic to expect these to be reconciled in the short term. As you know, the SMMT's understanding with their Japanese counterparts envisages claw-back after a certain overrun last year. It is essential that any arrangement which the Community makes with Japan should not derogate from this understanding. We should be explicit about this at the Council. The French and the Italians will be equally firm about their national limits.

I am under no illusion about the difficulty that the Commission will have in getting a workable understanding with the Japanese satisfactory to each Member State, including, of course, the



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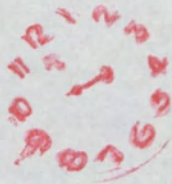
Germans who are nervous about the whole exercise. But the preservation of a common Community front is a pre-condition of making any progress towards making the Japanese appreciate that their exporting impact on relatively narrow but vitally important sectors is having a seriously destabilising effect on world trade. I propose that Cecil Parkinson should draw the attention of the Council to the importance of the Community making proper preparation for the discussion on international trade at the Ottawa Summit in which we need to try to make common cause with the Americans. This will involve putting a new emphasis on the need for Japan to start buying much more from the other industrialised countries. At next week's Council we should urge Member States to ensure that the stream of Japanese ministers who will be visiting Member States before the Summit will get the same message wherever they go.

I believe that the whole subject of trade with Japan is important enough to warrant my preparing a rather fuller paper which I hope we can discuss in OD(E) before the series of meetings with the Japanese visitors next month.

I am copying this letter to members of OD(E) and to the Prime Minister.

JOHN BIFFEN

15 MAY 1981



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Secretary of State for Industry

19 May 1981

The Rt Hon John Biffen MP
Secretary of State for Trade
Department of Trade
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Dear John

Thank you for your letter of 14 May setting out the line you propose Cecil Parkinson should take in the Foreign Affairs Council next week on trade with Japan. I agree with your intention to try and widen the discussion beyond the question of Japanese car imports to cover preparation for discussion on international trade at the Ottawa Summit. Although there must be doubts about the likelihood of securing a significant change in the pattern of Japanese imports, I agree that this is something which should be emphasised.

2 On Japanese car imports I fully support your concern that any Community arrangement should not undermine our own understanding with the Japanese. At the same time, I believe that it is important for us to try ~~to~~ get a firm Community line in the interest of persuading the Japanese that they have to take the EEC as seriously as they evidently do the United States.

3 In view of the number of Japanese visitors we will be receiving in the next few weeks I very much welcome your intention to prepare a general paper on trade with Japan for discussion in OD(E). I hope this will refer to the importance of encouraging suitable inward investment and of promoting collaboration between our own and Japanese industry. As you will know, Kenneth Baker's recent visit to Tokyo led to an agreement which will be followed up during the rest of this year.

4 I am copying this letter to the recipients of yours.

John

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