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NHC

I understand from John Coles
that science will be left out - (PA)

W.0577

MUS 17/9

16 September 1982

TO: MR M ELLIOTT, FCO

FROM: DR NICHOLSON

✓ Mr Coles, No 10
cc: Mr Sparrow, CPRS
Mr Holmes, FCO
Mr Hatfield, Private Office
Mr Bailey, CPRS
Mr Donald, FCO
Mr Martin, FCO
Mr Stark, FCO
Mr Khanna, DoI
Dr Goldstone, DoI
Dr Roberts, DoT
Dr Davies, CPRS
Miss Rycroft, CPRS

PROPOSED TECHNOLOGY AGREEMENT WITH JAPAN

I have seen copies of telegrams No 532 and 533 on the proposed technology agreement with Japan and Sir Hugh Cortazzi's commentary on these telegrams in No 539.

2. I remain very strongly opposed to the inclusion of science in the agreement since, in my view, it turns an agreement which may have very modest benefits to the UK into one which will have definite disadvantages to us.
3. In our telegram No 269 of 23 July we gave clear and positive reasons for our wish to concentrate on technology, and if, as appears from paragraph 3 of telegram No 532, Endo has not understood these, they should be repeated to him. We also have a clear internal reason for the exclusion of science which is our concern that a formal agreement with the Japanese on science and technology would encourage penetration by Japanese industry of our university science which is effectively the science bank of England.
4. In return we have received two footling arguments: firstly, that there are "entrenched" interests in Japanese departments which favour inclusion of the word "science". Frankly that is not our

problem and I see no reason at all why we should give way to such a poor argument. Secondly, we have been told that there is a translation problem for the English word "technology". We have made, at least to our negotiators, a constructive response to this and offered the alternative phrase of "technology and research in technology".

5. In the circumstances I find it hard to understand why Sir Hugh Cortazzi is backing the Japanese position so strongly. He is incorrect in saying that our position is a semantic one. The problem in semantics arises entirely on the Japanese side as indicated in the paragraph above, and our distinction between "science" and "technology" is a real and very important one. Secondly, Sir Hugh is wrong in saying that the activities of the Joint Committee offer any protection. There is nothing at all to stop the Japanese having wide-ranging "exploratory" talks with our scientists in universities, using the existence of the agreement as an entry card. Whatever the Joint Committee said about it later, the damage would have been done and there is no way we could stop the Japanese stealing our science and our scientists' ideas.
6. From the conversations we have had with a number of other countries who have joint S & T agreements with the Japanese, it is abundantly clear that the Japanese exploit these agreements ruthlessly without regard to the spirit of the agreement. For example we know that the French have even had to refuse Japanese requests to visit laboratories in France, requests which are perfectly proper under the agreement, because the Japanese always find a way of avoiding their reciprocal obligations.
7. I am more than ever convinced that the only way to have a satisfactory agreement with the Japanese is for it to be written in extremely tough terms and for us to take a tough stance in negotiation. To argue for anything less seems to show extraordinary naïveté in the face of the mounting evidence for predatory Japanese activity in all fields of science, technology and industry.

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JD B.

10 DOWNING STREET

From the Private Secretary

15 September 1982

Prime Minister's Visit to Japan : Proposed
Technology Agreement

Thank you for your letter of 14 September. The Prime Minister takes the view that it will not do harm if, during her visit to Japan, a joint statement is made by the two Prime Ministers as proposed in your earlier letter on this subject. Perhaps the Embassy in Tokyo could be informed accordingly and asked to prepare an up to date brief for the Prime Minister's use.

Mrs Thatcher observes that the new Article 5 enclosed with your letter refers to scientific as well as technological information. You assured me on the telephone that this was due to the fact that the new Article had been taken from the US/Japan Agreement and that the reference to scientific information would be deleted before the text was presented to the Japanese.

I am copying this letter to Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

A. J. COLES

J.E. Holmes, Esq.,
Foreign and Commonwealth Office.

Sp

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IC(A)3c
Department of Industry
Ashdown House
123 Victoria Street
London SW1E 6RB
Telephone Direct Line 01-212 5507
Switchboard 01-212 7676

J Coles Esq
Private Secretary
No 10 Downing Street
London SW1

See my letter

Our ref IC 8921 & IC 8916

to F.I.C.O.

15 September 1982

ADL 4/9.

Dear Coles,

PRIME MINISTER'S VISIT TO THE FAR EAST: 16-29 SEPTEMBER 1982
PROPOSED TECHNOLOGY AGREEMENT WITH JAPAN

/with We have not as yet heard whether the Prime Minister wishes to proceed with the proposals before her on a new technology agreement with Japan. I understand that the deadline for all briefing is by this evening and it is most unlikely that we will be able to meet it unless the decision has been taken before this note is despatched to you. In case she decides against an agreement you might find useful the attached draft of the brief we would have circulated in the event. If however the decision is for going ahead the submission from the FCO will, I think, serve as the alternative brief.

*Yours sincerely
Suresh Khanna*

S K Khanna

cc R D Roscoe Esq Committee
Section
Dr J P Sepn Cab Off
Dr J P Spencer
Principal Private
Secretary to the
Secretary of State
for Industry.

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PMVW(82)A2 ADDENDUM 2

COPY NO

14 SEPTEMBER 1982

PRIME MINISTER'S VISIT TO THE FAR EAST

16-29 SEPTEMBER 1982

INDUSTRIAL ISSUES (PROPOSED TECHNOLOGY AGREEMENT)

Brief by the Department of Industry

DEFENSIVE BRIEF - FOR USE ONLY IF MATTER RAISED BY JAPANESE

POINTS TO MAKE

1. Considered the matter personally at great length. Aware that a draft text has been considered by officials but not finalised.
2. Concluded that proposal does not provide for any more than is already well covered by existing agreements. If there appear to be short-falls either in terms of results or areas covered, both sides should concentrate on eliminating these from existing agreements.
3. We should aim to show concrete results particularly under the industrial collaboration agreement.

BACKGROUND

4. Existing agreements between the UK and Japan on this subject are:-

- a. Baker/Tanaka statement of 23 April 1981. Provides for industrial cooperation in various fields including high technology industries such as computers, telecommunications equipment, biotechnology, robotics and computer aided manufacture. Regular meetings are held between DoI and MITI.
- b. Joseph/Yamanouchi statement of 17 September 1981. Provides for exchange of views on various aspects of telecommunications policies, regulatory systems and other related matters. Meetings are held between DoI/BT on the one hand and Japanese Ministry of Posts and Telecommunications (MPT) and Nippon Telegraph and Telephone (NTT).
- c. Anglo-Japanese Cultural Agreement. Signed 1960. Operated by the British Council and Monbusho, the Japanese Ministry of Education. Promotes scientific exchanges and collaboration with Japan. The British Council currently sponsors and part funds about forty British scientific visitors to Japan and some twenty Japanese visits to Britain each year. Self financed visits by much larger numbers of Japanese scientists to this country are arranged. The great majority of exchanges are between academic institutions in a wide range of scientific disciplines, with concentration in recent years on applied fields. The British Council has also collaborated with the Science and Engineering Research Council to develop Anglo-Japanese cooperation in certain key scientific fields.

Under normal
agreements
made in 1971

d. The Royal Society. / collaborative links
with the Japan Academy, and the Japan Society for the
Promotion of Science / ^(JSPS) (this organisation comes under the
auspices of the Mon busho, the Japanese Education Ministry).

Agreements provide for exchanges of delegations
(Japan Academy) and for fellowships and study visits (JSPS)
In 1980-81 there were sixteen UK visitors to Japan and
a similar number of Japanese visitors to the UK. In
1979 the JSPS funded ten fellowships of up to two years
each for UK scientists from laboratories to visit Japanese
academic establishments. More recently, in conjunction with
the Science and Engineering Research Council, the Royal
Society has discussed with Mon busho ways to develop further
mutually beneficial collaboration in specific fields such
as space science, biotechnology, molecular science, robotics
and biophysics.

Department of Industry
15 September 1982



Prime Minister

In the light of the revised text, do you wish the statement at Flag C to be issued during your visit?

Foreign and Commonwealth Office

London SW1A 2AH

No Flag C! But?

14 September, 1982

A.F.C. 14/9

remember the statement. It won't do any harm. Now. The new article also refers to science. Surely we do not want that.

Dear Sir,

Prime Minister's Visit to Japan: Proposed Technology Agreement

In your letter of 14 September you asked for a draft text of the proposed agreement as we envisage that it might look.

I enclose the text as presented to the Japanese last month, but with the insertion of a new Article 5 (from the US-Japan Agreement) designed to meet Sir H Chilver's points concerning access to technological information and the equitable distribution of industrial property benefits. Officials are agreed that an article on these lines (but possibly incorporating some drafting changes) would be a useful addition, and could probably be accepted without difficulty by the Japanese (since it already features in their agreement with the US).

Meanwhile we have received Japanese comments on the draft text submitted to them last month (Tokyo telegrams 532 and 533 - copies enclosed). As foreshadowed in my letter of 9 September, they have reservations about certain points in our text and hence there is no possibility of finalising the agreement in time for the Prime Minister's visit. HM Ambassador nevertheless believes that the Japanese continue to support in principle the aim of concluding an agreement, and recommends a joint statement by the two Prime Ministers (as proposed in my earlier letter) as a means of strengthening our hand in subsequent negotiation of the text with the Japanese.

I am copying this to Jonathan Spencer (DOI), John Rhodes (DOT) and Richard Hatfield (Cabinet Office)

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

AGREEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
ON COOPERATION IN THE FIELD OF TECHNOLOGY

The Government of Japan and the Government of the United
Kingdom of Great Britain and Northern Ireland;

Considering their mutual interest in promoting cooperation
in technology between the two Governments characterized by
a recognition of equality;

Believing that such cooperation is of advantage in enhancing
the economic well-being of the peoples of their respective
countries;

Endorsing the existing understandings between the two
Governments on cooperation in various industrial fields
including high technology industries, and on cooperation in
telecommunications systems;

Desiring to strengthen further such cooperation as a
foundation for closer cooperation between the industries
of both countries;

Have agreed as follows:

ARTICLE 1

The two Governments shall promote cooperation in technology, in such fields as may be mutually agreed, on the basis of equality and mutual benefit, and in the light of each Government's priorities.

ARTICLE 2

Forms of the cooperative activities between the two Governments under this Agreement may include:

- (a) meetings between representatives of Government and industrial research institutions and laboratories, to discuss and exchange information on aspects of technological research and the application of existing technology, and to identify technological projects and programmes which may usefully be undertaken on a cooperative basis;
- (b) visits and exchanges of scientists, technologists and other experts from Government and industrial research institutions and laboratories on general or specific subjects, arranged through Government Departments and agencies;

- (c) implementation of agreed cooperative technological projects and programmes;
- (d) exchange of information; and
- (e) other forms of cooperation as may be mutually agreed by the two Governments, their agencies and industrial institutions.

ARTICLE 3

Implementing arrangements setting forth the details and procedures of the specific cooperative activities under this Agreement may be made between the two Governments or their agencies, whichever is appropriate. Financial arrangements for specific cooperative activities will be agreed at the time of discussion of those activities.

ARTICLE 4

(1) The two Governments shall establish a Joint Committee the functions of which shall be to promote the exchange of information and views on major technological issues relating to the implementation of this Agreement, to review the cooperative activities and accomplishments under this Agreement, and to provide advice to the two Governments with regard to the implementation of this Agreement.

(2) The Joint Committee shall meet alternately in Japan and the United Kingdom at mutually agreed times. Sub-committees may be set up in specialised technical areas as appropriate under the overall guidance of the Joint Committee.

(3) The Joint Committee shall consist of members drawn from Government and industry and shall number no more than twelve members, six from each country.

ARTICLE V

1. Scientific and technological information of a non-proprietary nature arising from the cooperative activities under this Agreement may be made available to the public by either Government through customary channels and in accordance with the normal procedures of the participating agencies.

2. The two Governments shall give due consideration to the equitable distribution of industrial property resulting from the cooperative activities under this Agreement and of licenses thereof and to the licensing of other related industrial property necessary for the utilization of the results of such cooperative activities, and shall consult each other for this purpose as necessary.

ARTICLE 6

The provisions of this Agreement shall be applied in accordance with the laws and regulations in force in each country.

ARTICLE 7

Nothing in this Agreement shall be construed to prejudice other arrangements for cooperation between the two Governments or their agencies existing at the date of signature of this Agreement or concluded thereafter.

ARTICLE 8

The termination of this Agreement shall not affect the carrying out of any project or programme undertaken under this Agreement and not fully executed at the time of the termination of this Agreement.

ARTICLE 9

(1) This Agreement shall enter into force upon signature and remain in force for five years. However, either Government may at any time give written notice to the other Government of its intention to terminate this Agreement, in which case this Agreement shall terminate six months after such notice has been given.

(2) This Agreement may be extended by mutual agreement of the two Governments.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Tokyo this day of 1982, in the Japanese and English languages, both texts being equally authoritative.

For the Government
of Japan:

For the Government
of the United Kingdom
of Great Britain and
Northern Ireland:

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FM TOKYO 110520Z SEP 82
TO IMMEDIATE F C O
TELEGRAM NO 532 OF 11 SEPTEMBER

YOUR TELNO 337: PROPOSED TECHNOLOGY AGREEMENT

1. MINISTER CALLED ON ENDO, DEPUTY DIRECTOR GENERAL AT THE MFA THIS MORNING TO RECEIVE THE JAPANESE PROPOSAL FOR THE TEXT OF THE AGREEMENT AS SET OUT IN MIFT.

2. ENDO HAD THE FOLLOWING COMMENTS:

1) WHILE THEY HAD FULLY DISCUSSED OUR PROPOSAL TO MAKE THIS A TECHNOLOGY AGREEMENT ALL THE MINISTRIES CONCERNED WERE AGREED THAT THE TITEL 'SCIENCE AND TECHNOLOGY' WOULD BE PREFERABLE. THIS SEEMED TO THEM TO ENCOMPASS ALL THE AREAS OF INTEREST TO US WHILE MAINTAINING THE FORMS WHICH THEY HAD AGREED AMONGST THEMSELVES WHEN NEGOTIATING THEIR FIVE OR SIX SIMILAR AGREEMENTS WITH DEVELOPED COUNTRIES

11) THEY HAD INTRODUCED THE WORD 'EXPERTS' IN ARTICLE 2(A) AND ELSEWHERE IN THE TEXT IN ORDER TO TAKE ACCOUNT OF OUR INTEREST IN PRIVATE SECTOR PARTICIPATION WHILE AVOIDING AN EXPLICIT MENTION WHICH THEY FELT INAPPROPRIATE IN A GOVERNMENT-TO-GOVERNMENT AGREEMENT. ENDO WISHED TO GIVE THE IMPRESSION THAT HIS COLLEAGUES HAD GONE OUT OF THEIR WAY TO NEGOTIATE THIS FORM OF WORDS IN ORDER TO ACCOMMODATE OUR INTEREST.

ALTHOUGH ENDO DID NOT DRAW SPECIFIC ATTENTION TO THIS POINT IT WILL ALSO BE SEEN THAT THE LATEST TEXT PROPOSES A SIMPLER PREAMBLE WITHOUT SPECIFIC REFERENCE TO THE EXISTING INTER-MINISTRY ARRANGEMENTS. WE UNDERSTAND THAT THIS IS AT THE STRONG REQUEST OF THE MINISTRIES CONCERNED.

3. APOLOGISING FOR THE LENGTH OF TIME WHICH IT HAD TAKEN THE JAPANESE TO REACH AGREEMENT AMONGST THEMSELVES ENDO SAID NEVERTHELESS THEY WOULD BE GRATEFUL FOR OUR RESPONSE BEFORE THE PRIME MINISTER'S VISIT SO THAT THEY COULD BRIEF THEIR PRIME MINISTER. IN SUBSEQUENT DISCUSSION ENDO ADDED THAT THEY HAD HAD DIFFICULTY IN EXPLAINING TO THEIR COLLEAGUES WHY WE ATTACHED SUCH IMPORTANCE TO THE OMISSION OF 'SCIENCE' AND WERE DISSATISFIED WITH THE FORM OF WORDS WHICH HAD BEEN ACCEPTABLE TO OTHER COUNTRIES. THEY ASKED US TO OBTAIN A CLEAR STATEMENT ON THIS POINT.

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4. WHITEHEAD RECALLED THAT WHEN HE HAD PRESENTED OUR PROPOSED TEXT TO DIRECTOR GENERAL UKAWA FOUR WEEKS AGO (OUR TELNO 403) HE HAD EMPHASISED THE IMPORTANCE WHICH THE BRITISH SIDE ATTACHED TO DRAFTING THE TEXT IN TERMS OF A TECHNOLOGY AGREEMENT. WE HAD SUBSEQUENTLY EXPLAINED AT LENGTH THE JUSTIFICATIONS FOR DOING SO. HE ADDED THAT DEPARTMENTS IN LONDON WOULD NO DOUBT WISH TO STUDY THE REVISED TEXT CAREFULLY BUT AGREED THAT WE WOULD SEEK PRELIMINARY COMMENTS BEFORE THE VISIT. HE ARGUED THE CASE FOR APPROACHING THIS QUESTION ON AN INCREMENTAL BASIS AND SETTLING NOW FOR WHAT COULD BE MUTUALLY AGREED ON BOTH SIDES IN THE AREA WHICH WE DEFINED AS TECHNOLOGY RATHER THAN STRIVING FOR THE BROADER TERMS WHICH THE JAPANESE WERE NOW PROPOSING. ENDO RESPONDED THAT AN AGREEMENT LIMITED SIMPLY ENTITLED "TECHNOLOGY" WOULD AROUSE VERY CONSIDERABLE OPPOSITION FROM ENTRENCHED INTERESTS IN THE MINISTRIES CONCERNED. HE GAVE NO HINT THAT THERE WAS ANY ROOM FOR A QUICK SOLUTION ON THIS BASIS.

5. WHITEHEAD SAID THAT IN THESE CIRCUMSTANCES THERE SEEMED TO BE NO LIKELIHOOD OF PRIME MINISTERS BEING IN A POSITION TO SIGN AN AGREEMENT DURING THE VISIT. WE SHOULD THEREFORE THINK IN TERMS OF A JOINT STATEMENT BY PRIME MINISTERS WHICH WOULD CONSOLIDATE WHAT HAD BEEN MUTUALLY AGREED AND CARRY FORWARD THE PROCESS OF FURTHER DISCUSSION. WE WERE NOW CONSIDERING WHAT MIGHT BE SAID AND HE OUTLINED THE MAIN THEMES SET OUT IN PARAGRAPH 7 OF OUR TELNO 485. ENDO CONCURRED WITH THIS APPROACH AND SAID THAT IT WOULD PRESUMABLY BE BEST TO THINK OF THIS AS A COMMON LINE WHICH MIGHT BE TAKEN WHEN EACH SIDE BRIEFED THE PRESS.

6. WE SHOULD BE GRATEFUL TO HAVE EARLY NEXT WEEK:

I) PRELIMINARY REACTIONS TO THE JAPANESE TEXT AND IF POSSIBLE A LIST OF THE PARTS OF IT WHICH WE WOULD WISH TO CHANGE:

II) A SUCCINCT EXPOSITION OF THE REASONS WHICH WE WISH TO GIVE THE JAPANESE IN SUPPORT OF OUR PROPOSED TITLE:

III) GUIDANCE ON THE TERMS OF THE JOINT OR PARALLEL STATEMENTS BY PRIME MINISTERS.

7. OUR JUDGEMENT FROM THE REACTIONS OF ENDO AND HIS COLLEAGUES THIS MORNING IS THAT WE STILL HAVE A COMMON FOUNDATION OF AGREEMENT ABOUT THE DESIRABILITY OF AN AGREEMENT BUT THAT THERE WILL CONTINUE TO BE STRONG OPPOSITION HERE TO THE TOTAL EXCLUSION OF "SCIENCE" FROM THE TITEL. IT IS LIKELY

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1 THAT

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THAT THE DEPARTMENTAL INTERESTS CONCERNED WILL EMERGE WITH PARTICULAR VIGOUR ONCE THE PRIME MINISTER'S VISIT IS OVER. IN ORDER TO PUT OURSELVES IN AS STRONG A POSITION AS POSSIBLE IN SUBSEQUENT NEGOTIATIONS A STATEMENT BY PRIME MINISTERS IS OF GREATEST IMPORTANCE.

CORTAZZI

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PS/LORD BELSTEAD
PS/PUS
SIR J BULLARD
MR GIFFARD
MR DONALD
MR ADAMS

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MR GENT ICA }
MR GOLDSTONE RTS } DOI
MR NICHOLSON CABINET OFFICE
DR ROBERTS ITG GRP DOT

GR 800
CONFIDENTIAL
FM TOKYO 110500Z SEP 82
TO IMMEDIATE FCO
TELNO 533 OF 11 SEP 82.

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DRAFT TEXT.

AGREEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ON COOPERATION IN THE FIELD OF SCIENCE AND TECHNOLOGY.

THE GOVERNMENT OF JAPAN AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, CONSIDERING THEIR MUTUAL INTEREST IN PROMOTING COOPERATION IN SCIENCE AND TECHNOLOGY BETWEEN THE TWO GOVERNMENTS CHARACTERIZED BY A RECOGNITION OF EQUALITY, RECOGNIZING THE IMPORTANCE OF EXISTING COOPERATION BETWEEN THE TWO COUNTRIES IN SCIENCE AND TECHNOLOGY, BELIEVING THAT COOPERATION IN SCIENCE AND TECHNOLOGY IS OF ADVANTAGE IN ENHANCING THE QUALITY OF LIFE AND ECONOMIC WELL-BEING OF THE PEOPLES OF THEIR RESPECTIVE COUNTRIES, AND DESIRING TO STRENGTHEN FURTHER SUCH COOPERATION, HAVE AGREED AS FOLLOWS:

ARTICLE I

THE TWO GOVERNMENTS SHALL PROMOTE COOPERATION IN SCIENCE AND TECHNOLOGY, IN SUCH FIELDS AS MAY BE MUTUALLY AGREED ON THE BASIS OF EQUALITY AND MUTUAL BENEFIT, AND IN THE LIGHT OF EACH GOVERNMENT'S INTERESTS.

ARTICLE II

FORMS OF THE COOPERATIVE ACTIVITIES BETWEEN THE TWO GOVERNMENTS UNDER THIS AGREEMENT MAY INCLUDE:

- A) MEETINGS OF VARIOUS FORMS, SUCH AS THOSE OF EXPERTS, TO DISCUSS AND EXCHANGE INFORMATION ON SCIENTIFIC AND TECHNOLOGICAL ASPECTS OF GENERAL OR SPECIFIC SUBJECTS AND TO IDENTIFY SCIENTIFIC AND TECHNOLOGICAL PROJECTS AND PROGRAMMES WHICH MAY USEFULLY BE UNDERTAKEN ON A COOPERATIVE BASIS,
- B) VISITS AND EXCHANGES OF SCIENTISTS, TECHNOLOGISTS AND OTHER EXPERTS ON GENERAL OR SPECIFIC SUBJECTS,
- C) IMPLEMENTATION OF AGREED COOPERATIVE PROJECTS AND PROGRAMMES,
- D) EXCHANGE OF INFORMATION, AND
- E) OTHER FORMS OF COOPERATION AS MAY BE MUTUALLY AGREED.

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ARTICLE III

ARTICLE III

IMPLEMENTING ARRANGEMENTS SETTING FORTH THE DETAILS AND PROCEDURES OF THE SPECIFIC COOPERATIVE ACTIVITIES UNDER THIS AGREEMENT MAY BE MADE BETWEEN THE TWO GOVERNMENTS OR THEIR AGENCIES, WHICHEVER IS APPROPRIATE.

ARTICLE IV

1. THE TWO GOVERNMENTS SHALL ESTABLISH A JOINT COMMITTEE, THE FUNCTION OF WHICH SHALL BE:

A) TO EXCHANGE INFORMATION ON SCIENTIFIC AND TECHNOLOGICAL POLICIES OF EACH COUNTRY, AND TO EXCHANGE VIEWS ON AND DISCUSS WAYS OF PROMOTING COOPERATION IN SCIENCE AND TECHNOLOGY UNDER THIS AGREEMENT,

B) TO REVIEW THE COOPERATIVE ACTIVITIES AND ACCOMPLISHMENTS UNDER THIS AGREEMENT, AND

C) TO PROVIDE ADVICE TO THE TWO GOVERNMENTS WITH REGARD TO THE IMPLEMENTATION OF THIS AGREEMENT.

2. THE JOINT COMMITTEE SHALL MEET ALTERNATELY IN JAPAN AND THE UNITED KINGDOM AT MUTUALLY AGREED TIMES. SUB-COMMITTEES MAY BE SET UP, AS APPROPRIATE, TO REVIEW, COORDINATE AND PROMOTE COOPERATIVE ACTIVITIES IN SPECIFIC AREAS UNDER THE OVERALL GUIDANCE OF THE JOINT COMMITTEE.

ARTICLE V

THE PROVISIONS OF THIS AGREEMENT SHALL BE APPLIED IN ACCORDANCE WITH THE LAWS AND REGULATIONS IN FORCE IN EACH COUNTRY.

ARTICLE VI

NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO PREJUDICE OTHER ARRANGEMENTS FOR COOPERATION BETWEEN THE TWO GOVERNMENTS, EXISTING AT THE DATE OF SIGNATURE OF THIS AGREEMENT.

ARTICLE VII

THE TERMINATION OF THIS AGREEMENT SHALL NOT AFFECT THE CARRYING OUT OF ANY PROJECT OR PROGRAMME UNDERTAKEN UNDER THIS AGREEMENT AND NOT FULLY EXECUTED AT THE TIME OF THE TERMINATION OF THIS AGREEMENT.

ARTICLE VIII

1. THIS AGREEMENT SHALL ENTER INTO FORCE UPON SIGNATURE AND REMAIN IN FORCE FOR FIVE YEARS. =

HOWEVER, EITHER GOVERNMENT MAY AT ANY TIME GIVE WRITTEN NOTICE TO THE OTHER GOVERNMENT OF ITS INTENTION TO TERMINATE THIS AGREEMENT, IN WHICH CASE THIS AGREEMENT SHALL TERMINATE SIX MONTHS AFTER SUCH NOTICE HAS BEEN GIVEN.

2. THIS AGREEMENT MAY BE EXTENDED BY MUTUAL AGREEMENT OF THE TWO GOVERNMENTS.

IN WITNESS WHEREOF THE UNDERSIGNED, DULY AUTHORIZED THERETO BY THEIR RESPECTIVE GOVERNMENTS, HAVE SIGNED THIS AGREEMENT.

DONE AT TOKYO THIS.....DAY OF....., 1982, /

IN DUPLICATE IN THE JAPANESE AND ENGLISH LANGUAGE BOTH TEXTS BEING EQUALLY AUTHENTIC.

FOR THE GOVERNMENT OF JAPAN:

FOR THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND:

CORTAZZI

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MR DONALD
MR ADAMS

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MR GOLDSTONE RTS } DOI
MR NICHOLSON CABINET OFFICE
DR ROBERTS ITG GPP, DOT



10 DOWNING STREET

cc DO1
DOT
CO

HU

From the Private Secretary

13 September 1982

Japan: Proposed Technology Agreement

Thank you for your letter of 9 September. The Prime Minister has considered its contents but is doubtful whether the kind of Agreement described would produce real benefits for the United Kingdom. In order to enable Mrs. Thatcher to take a final decision on this question, I should be grateful if you would let me have a text of the draft Agreement incorporating the article which, according to your letter, would meet two of the points made by Sir Henry Chilver. The Prime Minister found it somewhat difficult to envisage from paragraph 3 of your letter what practical effect the Agreement would have.

I am copying this letter to Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

A. J. COLES

S

John Holmes, Esq.,
Foreign and Commonwealth Office.



10 DOWNING STREET

Prime Minister

Japan: Proposed Technology Agreement

You wished to see the draft at

Flag F. This would be
amended as described in the
attached letter.

2. Mr. Nicholson's latest comments
are at Flag G.

3. Do you want the joint
statement at Flag C to be
made during your visit to Japan?

MR 19/9.



CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7089

W.0560

10 September 1982

Mr John Coles
10 Downing Street.

Dear Coles,

JAPAN: PROPOSED TECHNOLOGY AGREEMENT

I have been involved in the further discussions of officials referred to in Mr Holmes' letter to you of 9 September. *attached*

2. The signing of a Government to Government technology agreement as a result of the Prime Minister's visit to Japan might help to create a better atmosphere for the negotiation of subsequent specific agreements between appropriate parties for cooperation in technology on an equitable basis.

3. An agreement on technology along the lines of the present draft, strengthened by the proposed inclusion of the paragraphs taken from the US-Japan agreement to meet two of the points raised by Sir Henry Chilver, should enable us to ensure that the agreement operates in the areas where the UK has most to gain from Japan. The danger of encouraging Japanese penetration of UK science is correspondingly reduced.

4. If agreement can be reached on the basis of the present draft text, there could be real benefit to the UK; at worst the effect is likely to be neutral. However a significant dilution of the provisions of the present text could swing the balance against UK interests and I could not then recommend it.

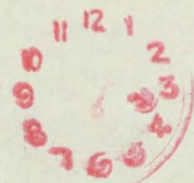
*Yours sincerely
Robin Nichol*

ROBIN B NICHOLSON
Chief Scientist

cc: to those on attached list.

cc: Mr J Sparrow, CPRS
Mr J E Holmes, FCO
Mr R Hatfield, Cabinet Office
Mr A M Bailey, CPRS
Mr A E Donald, FCO
Mr J F Martin, FCO
Mr M Stark, FCO
Mr S K Khanna, DoI
Dr L Goldstone, DoI
Dr R Roberts, DoT
Dr P Davies, CPRS
Miss Rycroft, CPRS

10 SEP 1982



Mr. [Name], Cabinet Office

Mr. [Name]



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

Do you, as Mr. Lynn, Lord
Cochfield and Mr. Jenkin recommend,
with the joint statement at Flag C
to be made during your visit to Japan?

9 September 1982

A.S.C. 9/9

Let me look
again at the agreement
I share Sir Henry's
critical comments

Dear John,

Japan: Proposed Technology Agreement

Your letter of 4 August recorded the Prime Minister's doubts whether the text of a proposed agreement with Japan on this subject, enclosed with my letter of 2 August, was worth signing. She suggested that Sir Henry Chilver be consulted on the value of the agreement.

The Departments concerned (the Cabinet Office and the Departments of Industry and Trade in particular, as well as the Foreign and Commonwealth Office) have held further discussions to consider the arguments for and against an agreement, in the light of the comments which were received from Sir Henry Chilver in early August. We also have a preliminary indication of the Japanese view on the text put to them at official level, although we still await a formal Japanese reaction.

I attach for convenience a copy of the comments made by Sir Henry Chilver (sent to you under cover of a minute by Dr Nicholson dated 11 August). Officials believe that two of the main criteria contained in Chilver's comments, that the agreement should provide for access to vitally important new technology in Japan and that Britain should have a full share in industrial development, are met by the inclusion in the agreement of a provision on the lines of an article of the existing agreement between the US and Japan on science and technology. This article provides essentially that non-proprietary information arising from cooperative activities under the agreement should be made available to the public by either Government, and that the two Governments should give due consideration to the equitable distribution of industrial property resulting from such activities and to the licensing of other related industrial property. Chilver's third point, on access to Japanese and other Far East markets, would in the view of officials be met only by specific commercial agreements and arrangements which might flow from the agreement now proposed, and it would be inappropriate to seek to make provision for these in what is essentially an umbrella agreement.

The preliminary Japanese reaction does not in our view reveal any insuperable difficulties to the eventual negotiation of a satisfactory agreement. Most of the Japanese comments can be met by drafting changes. The one substantial difficulty, the Japanese

/wish

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the Japanese wish that the agreement should cover science as well as technology, is a sticking point for us. If the Japanese intention is to use an agreement to penetrate UK science in a way we would consider disadvantageous, this could jeopardise the negotiation of a final text. But if the problem is only one of semantics, as the Japanese are claiming, then it should not be impossible to find an appropriate form of words.

We have concluded that it is now impossible in the short time available to think in terms of the signature of any such agreement during the Prime Minister's visit to Japan. However, officials of the several Departments concerned are persuaded that, in addition to a significant political value, an umbrella agreement of this kind could have several potential economic advantages:

- a) It could be used to open the doors of Governmental and other research institutions in Japan now engaged in work which could be of considerable value to the UK, given the advanced stage of technological development in Japan. The Embassy have reported that the peculiar circumstances of Japan, where the influence of Government is pervasive and where particular importance is attached to Governmental agreements, means that access to this work has sometimes been denied to us hitherto; whereas some of our competitors may have been more fortunate because of the existence of agreements between their Governments. The Department of Industry have reservations about this view.
- b) Given these circumstances and the nature of Government in Japan, the agreement could also create a better atmosphere for generating further specific agreements between private industries not covered by existing understandings. As the Embassy in Tokyo have pointed out, in dealing with Japan there is value in having both an overall political framework and vigorous follow-up through individual cases; these are mutually reinforcing and the absence of one weakens the impact of the other.

/c)

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- c) A further potential advantage is that the agreement could be used to press Japanese companies to establish research laboratories in the UK in association with existing industrial investment. Japan lags behind our other major partners in this respect, and the setting-up of Japanese research establishments in the UK could benefit indigenous research in this country and enable Japanese companies established here to develop new UK-manufactured products which would take the lead in their fields.

In sum, the agreement could in our view provide a useful complement to the existing arrangements between the Department of Industry on the one hand, and MITI and the Japanese Ministry of Posts and Telecommunications on the other by covering some further areas and interests of other Departments.

It can be argued that the existing arrangements could be undermined or devalued by an additional agreement and that it would be better to concentrate on getting results from the existing understandings. We also have to recognise the risk that many Japanese companies - more than ours - have proven records in successfully exploiting technology developments; hence programmes would need to be very carefully selected in areas where our industry is likely to be effective in bringing competitive products to the international market place. Evidence from Japanese agreements with France and the US suggests that Japan will be reluctant to grant access to key industrial technologies. Nevertheless on balance officials believe that the agreement can be drafted in such a way as to attempt to ensure the equitable distribution of benefits to both countries. Mr Jenkin is prepared to go along with such an agreement if the general view in Whitehall is that one is necessary.

Officials of the Departments concerned therefore believe that a joint statement with the Japanese Prime Minister during Mrs Thatcher's visit, with the general purpose of instructing officials to continue their work towards an agreement to promote cooperation in technology, would be valuable. Mr Pym shares this view, as do Mr Jenkin and Lord Cockfield, and they consider that on balance such a statement would provide a positive element to the visit, though care will be needed to ensure that the actual negotiation of the agreement and its subsequent implementation ensure that we benefit at least as much as Japan. Negotiations will not be easy if we are to obtain maximum benefit and avoid too great concessions in such an agreement.



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/ I enclose a possible text for such a statement, and should be grateful if you would let me know as soon as possible whether the Prime Minister agrees that we should put a text on these lines to the Japanese Government so that it may be agreed by the time of the visit.

I am copying this letter to Jonathan Spencer (DOI), John Rhodes (DOT) and Richard Hatfield (Cabinet Office).

Yours ever
John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

From the Vice Chancellor

SIR HENRY CHILVER FEng FRS

CONFIDENTIAL

Comments on:

Proposed Technology Agreement with Japan

1. The 'exchange' of technological ideas can only succeed if both sides can follow-up with development work in new areas, which in turn can lead to industrial products.
2. Japan is probably well-organised to develop technological ideas from other countries. (An example of Japanese ability in this is their exploitation of biotechnology ideas from the UK over the past 10 years or so.)
3. Britain, on the other hand, would meet considerable difficulties in translating Japanese ideas into industrial manufacturing, because there are considerable difficulties in reaching agreements on the 'property' aspects of technological ideas.
4. There would be much more merit in experimenting in a few, carefully-selected, joint research programmes, which share the costs between the two countries and give 'rights' for industrial development by Britain, as well as by Japan.
5. The present proposal is very 'woolly' and vague, and I see no merit in pursuing it as described in the proposal. (Indeed, it would be interesting to know who is promoting such a vague idea!)
6. The criteria for any technology agreement which would benefit Britain in both the short and the long terms are:
 - 6.1. Access to vitally important new technology in Japan.
 - 6.2. Britain to have a full share in industrial development of vital new technology.
 - 6.3. These new technologies to enable Britain to develop 'toe-holds' in Japanese and Far Eastern markets.
7. None of these criteria is really met by the proposals in the paper.
8. We could be positively disadvantaged if we proceeded without these criteria being met.
9. An 'agreement' would have real potential if it can be presented in a form that convinces UK industry of the points in Section 6 above.

Henry Chilvers



DRAFT STATEMENT BY PRIME MINISTERS

Mr Suzuki and Mrs Thatcher, recognising the mutual advantages of increased economic cooperation to stimulate growth and employment in their two countries, note with approval the practical steps which have already been taken in this direction by individual companies to their mutual benefit, and the arrangements established between Departments of their two Governments to facilitate such cooperation.

The two Prime Ministers have agreed that their Governments will continue to promote economic cooperation on a basis of an equitable distribution of benefits, making maximum use of the arrangements already established and taking whatever additional steps they may agree to be desirable.

In this spirit, the two Prime Ministers agree in principle that negotiations should continue which it is hoped will lead to a mutually beneficial agreement between their Governments to promote cooperation in the field of technology and have asked their officials to propose a suitable text.

Japan, July 82
PM's Visit - Policy

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

6 September, 1982

A. J. C. G.
f.a.

Dear Jonathan,

Japan: Proposed Technology Agreement

I enclose a draft letter which I propose to send to Number 10 recommending that the Prime Minister agree to a joint statement with the Japanese Prime Minister during her visit. Mr Pym has endorsed this letter, which was drafted in consultation with officials of your Department and the Department of Trade. I should be grateful for confirmation from you and John Rhodes that Mr Jenkin and Lord Cockfield are also content.

In view of the proximity of the visit, I should be grateful for confirmation, by telephone if necessary, by the morning of 8 September at the latest.

I am copying this letter to John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

Yours ever
John Holmes

(J E Holmes)
Private Secretary

Dr J P Spencer
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1

bc: A J Coles Esq
Private Secretary
10 Downing Street

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believe that two of the main criteria contained in Chilver's comments, that the agreement should provide for access to vitally important new technology in Japan and that Britain should have a full share in industrial development, ^{are} met by the inclusion in the agreement of a provision on the lines of an article of the existing agreement between the US and Japan on science and technology. This article provides essentially that non-proprietary information arising from cooperative activities under the agreement should be made available to the public by either Government; and that the two Governments should give due consideration to the equitable distribution of industrial property resulting from such activities and to the licensing of other related industrial property. Chilver's third point, on access to Japanese and other Far East markets, would in the view of officials be met only by specific commercial agreements and arrangements which might flow from the agreement now proposed, and it would be inappropriate to seek to make provision for these in what is essentially an umbrella agreement.

4. The preliminary Japanese reaction does not in our view reveal any insuperable difficulties to the eventual negotiation of a satisfactory agreement. Most of the Japanese comments can be met by drafting changes. The one substantial difficulty, the Japanese wish that the agreement should cover science as well as technology, is a sticking point for us. If the Japanese intention is to use an agreement to penetrate UK science in a way we would

/consider

consider disadvantageous, this could jeopardise the negotiation of a final text. But if the problem is only one of semantics, as the Japanese are claiming, then it should not be impossible to find an appropriate form of words.

5. We have concluded that it is now impossible in the short time available to think in terms of the signature of any such agreement during the Prime Minister's visit to Japan. However officials of the several Departments concerned are persuaded that, in addition to a significant political value, an umbrella agreement of this kind would have several potential economic advantages:

a) It could be used to open the doors of Governmental and other research institutions in Japan now engaged in work which could be of considerable value to the UK, given the advanced stage of technological development in Japan. The Embassy have reported that the peculiar circumstances of Japan, where the influence of Government is pervasive and where particular importance is attached to Governmental agreements, means that access to this work has sometimes been denied to us hitherto; whereas some of our competitors may have been more fortunate because of the existence of agreements between their Governments.

/b)

b) Given these circumstances and the nature of Government in Japan, the agreement could also create a better atmosphere for generating further specific agreements between private industries. As the Embassy in Tokyo have pointed out, in dealing with Japan there is value in having both an overall political framework and vigorous follow-up through individual cases; these are mutually reinforcing and the absence of one weakens the impact of the other.

c) A further potential advantage is that the agreement could be used to press Japanese companies to establish research laboratories in the UK in association with existing industrial investment. Japan lags behind our other major partners in this respect, and the setting-up of Japanese research establishments in the UK could benefit indigenous research in this country and enable Japanese companies established here to develop new UK-manufactured products which would take the lead in their fields.

In sum, the agreement would in our view provide a valuable complement to the existing arrangements between the Department of Industry and MITI on the one hand, and with the Japanese Ministry of Posts and Telecommunications on the other. It can be argued that these

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arrangements could be undermined or devalued by a formal agreement; and that the Japanese might derive greater benefit from technological cooperation with us than would the UK. But in the view of officials, there need be no overlap with the existing arrangements which cover cooperation between private industry but not between Governments; and the agreement can be drafted in such a way as to ensure the equitable distribution of benefits to both countries.

6. Officials of the departments concerned therefore believe that a joint statement with the Japanese Prime Minister during the Prime Minister's visit, with the general purpose of instructing officials to continue their work towards an agreement to promote cooperation in technology, would be valuable. The issue of such a statement would provide a positive element to the visit, opening the way for potential benefits for the UK in the field (of technological cooperation) in which we have most to gain from the Japanese. Mr Pym shares this view, as do Mr Jenkin and Lord Cockfield.

7. I enclose a possible text for such a statement, and should be grateful if you would let me know as soon as possible whether the Prime Minister agrees that we should put a text on these lines to the Japanese Government so that it may be agreed by the time of the visit.

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DRAFT STATEMENT BY PRIME MINISTERS

Mr Suzuki and Mrs Thatcher, recognising the mutual advantages of increased economic cooperation to stimulate growth and employment in their two countries, note with approval the practical steps which have already been taken in this direction by individual companies to their mutual benefit, and the arrangements established between Departments of their two Governments to facilitate such cooperation.

The two Prime Ministers have agreed that their Governments will continue to promote economic cooperation on a basis of an equitable distribution of benefits, making maximum use of the arrangements already established and taking whatever additional steps they may agree to be desirable.

In this spirit, the two Prime Ministers agree in principle that it would be desirable to conclude an agreement between their Governments to promote cooperation in the field of technology and have asked their officials to propose a suitable text.



CC FCO
DU1
SO.

HL

Japan

10 DOWNING STREET

From the Private Secretary

DR. NICHOLSON

Proposed agreement on technology with Japan

Thank you for your minutes of 10 and 11 August (Ref. W0503 and W0504). The Prime Minister did not have the opportunity to see these before she left the country and I will place them before her on her return. In the meanwhile I know that the Department of Industry and Foreign and Commonwealth Office will take account of Sir Henry Chilver's views in the further work they are doing on the proposed technology agreement with Japan.

I am sending a copy of this minute to Mr. Richards (Foreign and Commonwealth Office), Mr. Spencer (Department of Industry) and Mr. Hatfield (Cabinet Office).

T. FLESHER

S

13 August 1982



Bf 2318
with RBN
minutes

W.0504

11 August 1982

TO: MR COLES, NO 10

cc: Mr Richards, FCO

Mr Hatfield

Mr Bailey

FROM: R B NICHOLSON

Dr Davies

Mr Donald, FCO

Mr Martin, FCO

Mr Stark, FCO

Mr Khanna, DoI

Dr Goldstone, DoI

PROPOSED AGREEMENT ON TECHNOLOGY WITH JAPAN

Further to my minute of 10 August I attach the material I have received from Sir Henry Chilver.

These comments are broadly in line with the telephone comments he made to me previously which were the basis of my previous minute.

In relation to Sir Henry's bracketed remark under item 5, I should point out that I did not go over the history of this episode in any detail with him since I felt that that might detract from the independence of his comments.

I am taking this opportunity of making a correction to my previous minute. The second word in line 7 of paragraph 5 should read "reward" rather than "award".

RBN.

Cranfield

With the compliments of the Vice-Chancellor: Sir Henry Chilver

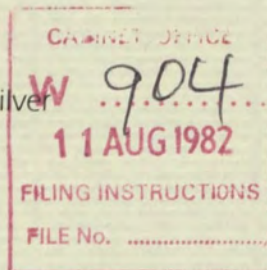
Dr R B Nicholson FRS

Attached are my comments on the proposed technology agreement with Japan. I hope this note is helpful to you in passing comments on to the Prime Minister's Office.

If I can help in any way in sharpening up the agreement to make it more acceptable to British industry and commerce, I would be very glad to do so.

Henry

9 August 1982



Cranfield Institute of Technology

Cranfield Bedford MK43 0AL England

Telephone Bedford (0234) 752701

Telex 825072 CITECH G

Cranfield

from the Vice Chancellor

SIR HENRY CHILVER FEng FRS

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Comments on:

Proposed Technology Agreement with Japan

1. The 'exchange' of technological ideas can only succeed if both sides can follow-up with development work in new areas, which in turn can lead to industrial products.
2. Japan is probably well-organised to develop technological ideas from other countries. (An example of Japanese ability in this is their exploitation of biotechnology ideas from the UK over the past 10 years or so.)
3. Britain, on the other hand, would meet considerable difficulties in translating Japanese ideas into industrial manufacturing, because there are considerable difficulties in reaching agreements on the 'property' aspects of technological ideas.
4. There would be much more merit in experimenting in a few, carefully-selected, joint research programmes, which share the costs between the two countries and give 'rights' for industrial development by Britain, as well as by Japan.
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7. None of these criteria is really met by the proposals in the paper.
8. We could be positively disadvantaged if we proceeded without these criteria being met.
9. An 'agreement' would have real potential if it can be presented in a form that convinces UK industry of the points in Section 6 above.

Henry Chilver



W.0503

10 August 1982

MR JOHN COLES

PROPOSED AGREEMENT ON TECHNOLOGY WITH JAPAN

As requested in your minute of 4 August I have sought Sir Henry Chilver's views on the draft Agreement on Technology with Japan. Chilver's view is that the Agreement as presently formulated is vague and bland and he agrees with the Prime Minister that it has little substance.

2. He believes that an exchange of views and ideas on technology can be beneficial provided that both sides are prepared to follow these up by devoting resources to industrial projects and that an equitable arrangement is reached for the ownership of the joint property.


3. Chilver feels that the Agreement should be modified so that appropriate rights for the UK are built in even though he recognises that this is intended as an umbrella Agreement.

4. Specifically, Chilver feels that the following points should be built in to the Agreement:-

(a) Each side should have access to new technology in the other country.

(b) Each side should have an equitable share of the industrial development which follows successful R & D.

(c) Each side should be allowed to develop a position in the other's markets for its products incorporating new technology.



He realises that in practice these conditions are needed for the UK to get a fair deal out of Japan since our own more open attitude allows the Japanese to gain these advantages automatically within the UK. Chilver feels that the present umbrella Agreement should be written in such a way that any specific agreement signed under the umbrella must meet the criteria given above.

5. Chilver thinks that unless the Agreement is strengthened substantially in this way there will be no interest in it from industry in this country. He instances the example of the previous MITI/Department of Industry Agreement which aroused very little interest in companies in this country because it was felt it offered no safeguards against the normal inequitable distribution of awards which is found in cooperation between Japan and the UK. Chilver says that the Agreement between ICL and Fujitsu was a good Agreement for the UK bearing in mind that ICL were negotiating from a position of weakness. The umbrella Agreement should be drafted to help other companies draw up agreement of this type and, when in positions of strength, to draw up even more favourable agreements.

6. Although these are Sir Henry Chilver's personal views, he has discussed this and related topics several times with a number of ACARD members and he believes that his views would be shared by ACARD as a whole.

7. Chilver has promised me a written version of his comments but I shall probably not be able to let you have that until Wednesday of this week.

RBN
ROBIN B NICHOLSON
Chief Scientist

Cabinet Office
10 August

cc: Mr Sparrow
Mr Richards, FCO
Mr Hatfield
Mr Bailey
Miss Rycroft
(Dr Davies)

Mr Donald)
Mr Martin) FCO
Mr Stark)
Mr Khanna)
Dr Goldstone) DoI

CONFIDENTIAL

5/15



BJF

10 DOWNING STREET

From the Private Secretary

4 August 1982

JAPAN: PROPOSED TECHNOLOGY
AGREEMENT

The Prime Minister has seen your letter of 2 August. She has read the text of the proposed agreement and has commented that she finds it practically devoid of substance. Mrs. Thatcher questions whether such a document is worth signing. She would like to have Sir Henry Chilver's views on its value and I should be grateful if the Cabinet Office would arrange for him to be consulted. The Prime Minister assumes that the Department of Industry have been involved in the preparation of the draft agreement.

I am copying this letter to Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade) and Richard Hatfield (Cabinet Office).

A. J. COLES

F. N. Richards, Esq.,
Foreign and Commonwealth Office.

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There is no uncertainty that
 technology in this agreement. I have
 need it, though - and really
 Foreign and Commonwealth Office
 there is nothing to
 London SW1A 2AH

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Prime Minister

Content to wait for Mr.
 Pym's final recommendations?

Sign it seems
 almost meaningless. Not

2 August 1982

A.S.C. - 3/8

Please consult
 Sir Henry Admiral

Dear John,

Japan: Proposed Technology Agreement

and I assume DoI
 has been engaged
 in these proposals?
 Not

As you know, the programme provisionally agreed for the Prime Minister's visit to Japan includes possible signature of a bilateral agreement on technology. It may be helpful if I set out something of the background to this proposed agreement.

The idea originated with the Japanese, who suggested that a UK-Japan science and technology agreement, on the lines of almost identical ones concluded with Japan by France and the FRG in 1974, could have benefits in facilitating cooperation in spheres of mutual interest. The Embassy in Tokyo advised that, in the special circumstances of Japan, an agreement would assist exchange of information between British scientists and technicians and their Japanese counterparts. It would facilitate our access to Japanese Government research institutions, and could create a better climate too for access to private research institutions and projects. Given Japan's determination to move progressively into industries incorporating new technology including the so-called 'Sunrise Industries' - information technology, space research, biotechnology etc - such exchanges would be to our long-term advantage.

Naturally there could be dangers in increased exchanges in this field. In considering a possible draft agreement, officials have therefore sought language which minimises the risks of one-sided exploitation by Japan. I enclose a copy of Dr Nicholson's minute of 23 July to Sir R Armstrong, which recorded that officials had agreed on a draft which the Embassy would now put to the Japanese. Its essential features were:

- i) In the spirit of the Versailles summit, concentration on technology (rather than 'science and technology');
- ii) equal emphasis on cooperation in research for new technology and application of existing technology;
- iii) government departments and their agencies to be the vehicles of the agreement (this in effect gives us a veto over the projects to be undertaken).

Flay A. I enclose a copy of this draft text.

/The

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The Foreign and Commonwealth Secretary believes that there would be benefits to the UK if an agreement on these lines could be concluded with the Japanese, particularly if it could be signed by the Prime Minister during her visit. Such an agreement would constitute an endorsement at the highest political level of the aim of closer technological cooperation between the UK and Japan. It would be an appropriate and permanent achievement of the Prime Minister's visit.

Senior Japanese officials have indicated to us that they would be interested in principle in concluding an agreement in this field; but at this stage there can be no certainty that the Japanese will agree to our proposed draft in the short time available before the Prime Minister's visit. In particular they may find difficulty with the concentration on technology rather than 'science and technology' as in the case of their agreements with France and the FRG. The Embassy have been instructed (FCO telno 269) to avoid any suggestion that we would be willing to make substantial changes in the text - or indeed make concessions in other fields - simply in order to meet the deadline of the visit. Clearly it is more important to get the substance of the agreement right, and to safeguard essential UK interests. The Foreign and Commonwealth Secretary will therefore delay making any final recommendation on the matter until the Embassy have reported Japanese reactions to the draft text.

I am copying this letter to Jonathan Spencer, John Rhodes and Richard Hatfield.

Yours ever,
Francis Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Mr Thomson
Mr Elliott o/r
Mr Stark 26/7

W.0457

23 July 1982

TO: SIR ROBERT ARMSTRONG
FROM: DR NICHOLSON

cc: Mr Donald)
Mr Martin) FCO
✓ Mr Stark)
Mr Khanna)
Dr Goldstone) DoI
Mr Sparrow
Mr Bailey
Miss Rycroft (Dr Davies)
Mr Coles (No 10)

TECHNOLOGY AGREEMENT WITH JAPAN

1. Following your discussion with Sir Hugh Cortazzi on 25 June, officials have had a number of discussions on the preparation of a document which maximises benefit to the UK and minimises the possibility of damage; we have consulted our Embassy in Tokyo throughout these discussions.
2. This morning we agreed on a draft which the FCO is now asking the Embassy to put to the Japanese. We believe that the draft takes care of all the significant points which have been raised both in Whitehall and in the Embassy.
3. The principal features of the proposed agreement are that it concentrates on technology (it is called 'An agreement on cooperation in the field of technology'), it makes Government Departments and agencies the vehicles of the agreement, and it places equal weight on cooperation in research for new technology and in the application of existing technology.
4. Science is included only insofar as the agreement mentions scientists working in technology. The proposed agreement will not cover science in universities and will therefore not affect existing scientific cooperation through The British Council, The Royal Society etc.
5. It is proposed to 'sell' the agreement to the Japanese on the basis that focussing cooperation in technology attends to the needs of the

moment and is in the spirit of Versailles. The agreement treats the UK and Japan as equals in stature in technology, which is probably advantageous to both sides.

6. Sir Hugh Cortazzi will be briefed on the above before he sees the Prime Minister this afternoon. I understand that he will be putting the idea of an agreement to her on the basis that this is one potentially positive aspect of a visit which necessarily has a number of strong negative aspects.

MSW

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RESTRICTED

FM TOKYO 210730Z JUL 82

TO IMMEDIATE F C O

TELEGRAM NO 302 OF 21 JULY

FEJ 138/2

22 JUL 1982

YOUR TEL NO 2648 PROPOSED SCIENCE AND TECHNOLOGY AGREEMENT

1. WE AGREE WITH MOST OF THE FURTHER AMENDMENTS DETAILED IN YOUR TUR WHICH USEFULLY REINFORCE THE MAIN THRUST OF OUR OBJECTIVES. WE HAVE FOUR ADDITIONAL POINTS TO MAKE:

(A) REVISION OF THE TITLE OF THE AGREEMENT FROM "SCIENCE AND TECHNOLOGY" TO "INDUSTRIAL (SCIENCE AND) TECHNOLOGY" IS LIKELY TO BE SEEN BY THE JAPANESE SIDE AS PRESENTING THEM WITH A COMPLETELY NEW ANIMAL. SUCH A PROPOSAL WOULD BE OUTSIDE THE AREA OF CONSENSUS WHICH THEY HAVE ESTABLISHED AMONGST THEMSELVES THROUGH THE NEGOTIATIONS OF THEIR PREVIOUS SCIENCE AND TECHNOLOGY AGREEMENTS. AS A RESULT IT MAY LEAD TO A COMPLETE IMPASSE IN THE NEGOTIATIONS OR AT LEAST MAKE THEM MUCH MORE PROTRACTED THAN THE TIME AVAILABLE WILL PERMIT BEFORE THE PRIME MINISTER'S VISIT. OUR COMMENTS IN PREVIOUS TELEGRAMS ABOUT THE NEGOTIABILITY OF THE AGREEMENT WERE BASES ON THE ASSUMPTION THAT WE WOULD BE ABLE TO PRESENT IT TO THE JAPANESE AS IN PRINCIPLE BREAKING DISTINCTIVELY NO NEW GROUND (ALTHOUGH IN PRACTICE WE WOULD BE STEERING THEM FIRMLY TOWARDS A NEW AREA). THE FORMULA WHICH IS MOST LIKELY TO SUCCEED IS TO RETAIN THE TITLE AS "SCIENCE AND TECHNOLOGY AGREEMENT" (AND DROPPING THE CONSEQUENTIAL DRAFTING AMENDMENTS LISTED AS 2(A), 2(B) AND 2(E) IN YOUR TUR) WHILE MAKING IT VERY CLEAR ELSEWHERE IN THE BODY OF THE TEXT, AS WELL DURING NEGOTIATIONS AND FOLLOW-UP, THAT THE AGREEMENT IS TO BE CONSIDERED AS ONE FOR THE PROMOTION OF EXCHANGES IN SCIENCE AND TECHNOLOGY OF INDUSTRIAL INTEREST TO US. THE OTHER AMENDMENTS PROPOSED IN YOUR TUR CONTRIBUTE TOWARDS THIS OBJECTIVE. WE ARE MOST LIKELY TO GET THESE THROUGH THE JAPANESE IF WE DO NOT INSIST ON FORCING THE NOVELTY OF THE NEW ARRANGEMENTS DOWN THEIR THROATS BY INSISTING ON A RADICALLY DIFFERENT TITLE.

(B) WE SEE NO STRONG OBJECTION TO INCLUDING SPECIFIC REFERENCE TO THE PRINCIPAL AGENCIES ALONG THE LINES OF YOUR PROPOSAL IN PARA 3(B) IN YOUR TUR. HOWEVER, WE THINK IT IS BEST TO KEEP THE TEXT AS SIMPLE AS POSSIBLE IN ORDER TO MINIMISE THE DIFFICULTIES OF CLEARANCE. OUR PREFERENCE WOULD BE AGAINST GIVING A SPECIFIC LIST OF THIS SORT SINCE

RESTRICTED

/STRICTLY

STRICTLY SPEAKING IT IS UNNECESSARY AND MAY BE
CONSTRUED AS TYING OUR HANDS IN THE FUTURE. IF THE
TEXT IS AMENDED ALONG THESE LINES, WE THINK IT IS
IMPORTANT THAT THE PHRASE "AND ACCEPTED BY THE
JAPANESE GOVERNMENT" SHOULD NOT (REPEAT NOT) BE
INCLUDED. THIS WOULD COMPLICATE THE NEGOTIATION WITHOUT
GIVING US IN PRACTICE ANY MORE LEVERAGE. THE JAPANESE
SCIENCE AND TECHNOLOGY AGENCY WILL COORDINATE ON THEIR SIDE.

(C) WE AGREE WITH THE PURPOSE OF AMENDMENT 2(F) IN YOUR
TUR BUT THINK THAT THE AMBIGUITY OF THE WORD
"INDUSTRIAL" MAY CAUSE DIFFICULTY FOR THE JAPANESE
SINCE IT MAY BE READ TO MEAN NOT ONLY WORK OF
INDUSTRIAL INTEREST OR APPLICATION BUT ALSO BUSINESS,
PARTICULARLY PRIVATE BUSINESS, PROJECTS. IF PRESSED,
THE JAPANESE WOULD BE BOUND TO SAY THAT THEY CANNOT
UNDERTAKE TO DIRECT THEIR PRIVATE COMPANIES ANY
MORE THAN WE CAN. THEY MAY ALSO BE WARY (PARTICULARLY
PERHAPS AFTER THEIR EXPERIENCE IN NEGOTIATION WITH
THE AMERICANS) OF THE INDUSTRIAL PROPERTY COMPLICATIONS
OF GETTING INVOLVED IN DEVELOPMENT VERY CLOSE TO
THE COMMERCIAL STAGE. WE COULD SAFEGUARD OUR ESSENTIAL
OBJECTIVE WITHOUT SUCH A HIGH PROBABILITY OF AROUSING
SUCH OBJECTIONS BY AMENDING "INDUSTRIAL RESEARCH
PROJECTS AND PROGRAMMES" TO "RESEARCH PROJECTS AND
PROGRAMMES" ALONE SINCE YOUR REFERENCE TO "TECHNOLOGY"
EARLIER IN THE SENTENCE SHOULD PROVIDE SUFFICIENT
QUALIFICATION. IF THE JAPANESE RAISE THE MATTER,
WE SUGGEST THAT "TECHNOLOGICAL RESEARCH" MIGHT BE
READILY AMENDED TO "INDUSTRIAL SCIENTIFIC AND
TECHNOLOGICAL RESEARCH" AMONG THE LINES OF THE REST OF
YOUR DRAFT.

(D) AMENDING THE PROPOSED NEW THIRD PREAMBULAR SUB-
PARAGRAPH TO READ "RECOGNISING THE CONTINUING VALUE
OF THE EXISTING UNDERSTANDINGS BETWEEN OFFICIAL
BODIES IN THE TWO COUNTRIES ON COOPERATION IN
VARIOUS FIELDS AND DESIRING TO PROMOTE ADDITIONAL
COOPERATION IN OTHER AREAS". THIS CORRECTS THE REFERENCE
TO "GOVERNMENTS" (THE EXISTING ARRANGEMENTS ARE MAINLY
BETWEEN INDIVIDUAL MINISTRIES OR MINISTRIES AND RESEARCH
COUNCILS; AN AGREEMENT BETWEEN GOVERNMENTS WOULD AUTOMATICALLY
INVOLVE THE MINISTRY OF FOREIGN AFFAIRS ON THE
JAPANESE SIDE); USING A MORE READILY INTELLIGIBLE
WORD THAN "ENDORISING" AND BY IMPLICATION, COVERING THE
UKAEA ARRANGEMENTS AND THOSE UNDER THE CULTURAL AGREEMENT
(SUCH AS THOSE WITH THE SERC) AS WELL AS THOSE WITH
DOI. IF A DETAILED LIST IS PREFERRED, THESE ARRANGEMENTS
SHOULD BE INCLUDED.

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2. THE MAIN BENEFIT FROM THE AGREEMENT SHOULD BE TO FACILITATE OUR ACCESS TO JAPANESE GOVERNMENT RESEARCH INSTITUTIONS. IT SHOULD ALSO GIVE US GREATER INFLUENCE OVER SCIENTIFIC AND TECHNOLOGICAL EXCHANGE THAN WE HAVE AT PRESENT. IT WILL BE AN INDICATION FROM THE HIGHEST POLITICAL LEVEL TO THE ADMINISTRATIVE AND SCIENTIFIC OFFICIALS CONCERNED ON THE JAPANESE SIDE THAT CLOSER COOPERATION WITH THE UK IS REGARDED AS A POLITICALLY DESIRABLE NATIONAL OBJECTIVE. THIS SHOULD FACILITATE THE ACCEPTANCE OF WHATEVER SPECIFIC PROPOSALS WE MAY HAVE FOR STUDY VISITS BY EXPERTS, ACCESS TO THE RESULTS OF RESEARCH AND DEVELOPMENT AND JOINT PROJECTS AND PROGRAMMES. THE AGREEMENT SHOULD ALSO IMPROVE ACCESS TO RESEARCH INSTITUTIONS ELSEWHERE IN THE JAPANESE PUBLIC SECTOR (EG IN NTT) TO VARYING DEGREES UNDER THE SUPERVISION AND INFLUENCE OF GOVERNMENT. IT MAY ALSO HELP ANY PROPOSALS WE MAY HAVE FOR BETTER ACCESS TO JAPANESE PRIVATE RESEARCH INSTITUTIONS (EG THROUGH THE DOI ENGINEERS' SCHEME) ALTHOUGH IN THE CASE OF THE PRIVATE SECTOR, IT CAN DO NO MORE THAN HELP TO CREATE A BETTER GENERAL CLIMATE OF POLITICAL APPROVAL.

WHITEHEAD

LIMITED
FED
ESTSD
MR DONALD
MR ADAMS

COPIES TO
MR KHANNA ICA DOI
MR GOLDSTONE RTS DOI
MISS RYE CROFT CPRS CABINET
OFFICE
DR LAVERCOMBE BRITISH COUNCIL

AGREEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
ON COOPERATION IN THE FIELD OF TECHNOLOGY

The Government of Japan and the Government of the United
Kingdom of Great Britain and Northern Ireland:-

Considering their mutual interest in promoting cooperation
in technology between the two Governments characterized by
a. recognition of equality;

Believing that such cooperation is of advantage in enhancing
the economic well-being of the peoples of their respective
countries;

Endorsing the existing understandings between the two
Governments on cooperation in various industrial fields
including high technology industries, and on cooperation in
telecommunications systems;

Desiring to strengthen further such cooperation as a
foundation for closer cooperation between the industries
of both countries;

Have agreed as follows:

ARTICLE 1

The two Governments shall promote cooperation in technology, in such fields as may be mutually agreed on the basis of equality and mutual benefit, and in the light of each Government's priorities.

ARTICLE 2

Forms of the cooperative activities between the two Governments under this Agreement may include:

- (a) meetings between representatives of Government and industrial research institutions and laboratories, to discuss and exchange information on aspects of technological research and the application of existing technology, and to identify technological projects and programmes which may usefully be undertaken on a cooperative basis;

- (b) visits and exchanges of scientists, technologists and other experts from Government and industrial research institutions and laboratories on general or specific subjects, arranged through Government Departments and agencies;

- (c) implementation of agreed cooperative technological projects and programmes;
- (d) exchange of information; and
- (e) other forms of cooperation as may be mutually agreed by the two Governments, their agencies and industrial institutions.

ARTICLE 3

Implementing arrangements setting forth the details and procedures of the specific cooperative activities under this Agreement may be made between the two Governments or their agencies, whichever is appropriate. Financial arrangements for specific cooperative activities will be agreed at the time of discussion of those activities.

ARTICLE 4

(1) The two Governments shall establish a Joint Committee the functions of which shall be to promote the exchange of information and views on major technological issues relating to the implementation of this Agreement, to review the cooperative activities and accomplishments under this Agreement, and to provide advice to the two Governments with regard to the implementation of this Agreement.

(2) The Joint Committee shall meet alternately in Japan and the United Kingdom at mutually agreed times. Sub-committees may be set up in specialised technical areas as appropriate under the overall guidance of the Joint Committee.

(3) The Joint Committee shall consist of members drawn from Government and industry and shall number no more than twelve members, six from each country.

ARTICLE 5

The provisions of this Agreement shall be applied in accordance with the laws and regulations in force in each country.

ARTICLE 6

Nothing in this Agreement shall be construed to prejudice other arrangements for cooperation between the two Governments or their agencies existing at the date of signature of this Agreement or concluded thereafter.

ARTICLE 7

The termination of this Agreement shall not affect the carrying out of any project or programme undertaken under this Agreement and not fully executed at the time of the termination of this Agreement.

ARTICLE 8

(1) This Agreement shall enter into force upon signature and remain in force for five years. However, either Government may at any time give written notice to the other Government of its intention to terminate this Agreement, in which case this Agreement shall terminate six months after such notice has been given.

(2) This Agreement may be extended by mutual agreement of the two Governments.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Tokyo this day of 1982, in the Japanese and English language both texts being equally authoritative.

For the Government
of Japan:

For the Government
of the United Kingdom
of Great Britain and
Northern Ireland: