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Prime Minister

EMBASSY OF JAPAN
LONDON

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29th May 1987

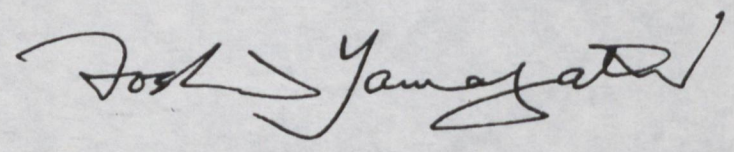
Dear Prime Minister,

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I have been asked by Mr. Yasuhiro Nakasone, Prime Minister of Japan, to forward a message to you.

I have pleasure in enclosing herewith the text of this message.

Yours sincerely,



Toshio Yamazaki
Ambassador

The Right Honourable Margaret Thatcher, MP,
Prime Minister and First Lord of the Treasury,
10, Downing Street,
LONDON, S.W.1.

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 106/87

29th May 1987

Dear Mrs Thatcher,

With the Venice Summit coming up, I am writing this letter to pursue further policy coordination with your country as well as to explain the measures to be taken by Japan. I deem it essential for smooth operation of the world economy that Japan implement positive measures, thus fulfilling its international responsibility. From this standpoint, we have done our utmost to put into effect a series of measures. It is a great pleasure for me to be able to give you the following report.

Today the Japanese Government determined the Emergency Economic Measures at the ministerial meeting. The [?]drastic measures to expand domestic demand constitute the mainstay of the Emergency Economic Measures. The Government decided to implement domestic demand expansion measures amounting to 5 trillion yen in the form of public works and other expenditures, and furthermore to secure the total of no less than 1 trillion yen as income tax reductions for the current fiscal year as part of and preceding the rest of the tax reform.

These domestic demand expansion measures, worth no less than 6 trillion yen in total, account for 1.8 percent of Japan's GNP, with fiscal measures in the current fiscal year amounting to 5.61 trillion yen of which 3.56 trillion yen is carried out by the national government. The Government is to formulate a supplementary budget required to implement the measures expeditiously, the magnitude of which far exceeds the precedents. I intend to convene an extraordinary session of the Diet in early July to propose the supplementary budget, and to make every effort to acquire an early Diet approval. We also intend to deal with the Tax Reform Bill in the extraordinary session.

In addition, we decided to take special and extraordinary fiscal measures in the supplementary budget to purchase foreign manufactured goods as government procurement in the order of one billion dollars in total, to further strengthen import expansion efforts of both the public and private sectors. Furthermore, in order to increase contribution to the international community, we decided on the advanced implementation of the target of doubling Japan's ODA and to recycle public and private financial flow of more than 20 billion dollars either through international development finance organizations or bilaterally over the next three years on a completely

untied basis, and to materialize non-project grant aid of 500 million dollars to the least developed countries in Africa and other areas also over the next three years.

At the upcoming summit, I am determined to play an active role to realize further policy coordination among the summit countries, while on our part, securing implementation of concrete measures. Needless to say, there is a limit to what Japan alone can do. All the industrialized countries must tackle the problems in the world economy in concert and coordination. From this viewpoint, I am convinced that you will afford me your cooperation.

Lastly, I would like to touch upon the pending matters between our two countries. Being well aware of the U.K concern about whisky, I am pleased to learn that the import of whisky from the U.K has been continually increasing since last year. As regards the telecommunications, I can assure you that the Government of Japan will maintain the basic position that any company, domestic or foreign, be given a fair and non-discriminatory treatment under the domestic law. On the expansion of the Tokyo Stock Exchange membership, the consultation between our financial authorities is scheduled for tomorrow. In any case I am paying my personal attention to these matters.

I look forward to seeing you in Venice.

Sincerely,

YASUHIRO NAKASONE