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cc for PC
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From the Private Secretary

5 June 1987

JAPANESE EMERGENCY ECONOMIC MEASURES

Thank you for your letter of 4 June proposing that the Prime Minister should reply before the Venice Economic Summit to Mr. Nakasone's recent letters about the latest Japanese package of emergency economic measures.

The Prime Minister does not accept this advice. We have still not worked out what the package of measures really amounts to. More importantly, any words of welcome which we use, however cautious, will be exploited by the Japanese to deflect pressure on them at the Venice Economic Summit. It has become a familiar Japanese tactic to publish a largely incomprehensible package a few days before an Economic Summit, persuade a few governments to say that it is welcome and then at the Summit itself reject all efforts to persuade them to undertake specific commitments. The Prime Minister thinks, therefore, that it is better that Mr. Nakasone should be given no comfort in advance. She will try to tackle him in the margins of the Heads of Government dinner on the first evening and say that what is really important is that the Japanese Government should be ready to give explicit undertakings in the Economic Declaration of the Summit itself.

I am sending copies of this letter to Alex Allan (H.M. Treasury), Tim Walker (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

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CHARLES POWELL

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Foreign and Commonwealth Office.

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