



Foreign and Commonwealth Office

London SW1A 2AH

2 November 1990

Dear Charles,

at flap.
Thank you for your letter of 23 October enclosing a copy of a message the Prime Minister has received from the Japanese Prime Minister about his recent visit to the Middle East. I enclose a draft reply. If the Prime Minister is content, we will telegraph the text to Tokyo for onward transmission, making clear that there will be no signed original.

Despite domestic concerns about Japanese involvement in the Gulf and some initial hesitations because of this, the Japanese Government's response to the crisis so far has been fairly good. Japan is heavily dependent on oil imports from the region and the Government has used this as a justification for its forthcoming attitude.

There is no reason to doubt that Mr Kaifu took a robust line during his visit to the Middle East. This is evidently the Iraqi perception: Japanese nationals, along with Americans, British and Germans, are amongst those who have been detained on strategic sites. They have not benefited from Iraq's recent attempts to drive wedges between the allies - indeed, there is some evidence to suggest that the Japanese Government has rebuffed Iraqi approaches. But the pressures are building up and this no doubt explains the proposed visit Nakasone to Iraq. The draft reply aims to reinforce the Japanese government in their firm stance.

Japan's financial response has been good. At \$4 billion Japan is contributing more in absolute terms to the burden-sharing operation than any country except the United States, Saudi Arabia and Kuwait. At 0.14% of GDP, Japan's contribution is less than that of the USA, UK, France, Germany and Korea, but is nonetheless respectable. The 50-50 split between military and economic costs is also satisfactory and stands in notable contrast to the tendency of most contributors to emphasise the latter. The draft reply accordingly acknowledges Japan's performance in this area and places

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the emphasis on the special urgency of Jordan's case, the need for quick disbursement and for grants rather than loans.

I am copying this letter to Simon Webb (Ministry of Defence), John Gieve (HM Treasury) and Sonia Phippard (Cabinet Office).

Yours ever,
L. Gass

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

HE

FROM: The Prime Minister
TO: Mr Toshiki Kaifu, KBE
Prime Minister of Japan
Tokyo

Thank you for writing to me following your recent tour of the Middle East. I agree that it is now more important than ever that we should stay in close touch and have the benefit of each other's thinking on this vital issue.

I welcome your firmness in pointing out to the Iraqi Deputy Prime Minister that a solution to the present crisis can only be achieved by ^{full} Iraqi implementation of the relevant Security Council Resolutions: ~~I believe this is a message which King Hussein of Jordan has now accepted.~~

and, in revising Iraq's attempts to divide the countries opposed to it by

~~The Iraqis have attempted to drive wedges between members of the coalition which stands against it, most notably by offering preferential treatment to some hostages. Iraq's detention of foreign nationals is a flagrant breach of international law and we must stand firm in our condemnation. I welcome the fact that you and your Government have supported this position. The European Council at its meeting in Rome last week reiterated the Twelve's determination to remain united on this question and highlighted the dangers of separate negotiations with Iraq on the return of the hostages.~~

~~where we are all grateful for the~~ *since Japan has made*

Japan has made a major contribution to the costs of countering Saddam Hussein's aggression. Assistance to those ^{the front-line states} countries in the region which are suffering as a result of sanctions is becoming urgent. I am ^{have in mind} thinking of Egypt, Turkey and particularly Jordan. I believe Jordan's performance in complying with sanctions has improved recently and there is no doubt that its economic problems are real and pressing. Assistance from the European Community's ^{budget} budget will become available in 1991, but anything Japan could do now, preferably on a grant basis, would be of great value.

mainly help, more will come only from the 1991 budget.

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