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CONFIDENTIAL

FM TOKYO 030545Z JUL

TO IMMEDIATE FCO

TELNO 417 OF 3 JULY INFO OTTAWA, UKREP BRUSSELS, WASHINGTON,
PARIS, BONN, ROME.

YOUR TELNO 200: OTTAWA SUMMIT

1. PRIME MINISTER SUZUKI'S CREDIBILITY AS AN OPERATOR IN INTERNATIONAL AFFAIRS HAS STILL NOT RECOVERED FROM HIS MISHANDLING OF THE JAPAN/US COMMUNIQUE CONTROVERSY AFTER HIS VISIT TO WASHINGTON IN MAY. HIS VISIT TO EUROPE IN MID-JUNE IS VIEWED HERE AS ONLY A MODERATE SUCCESS. HIS APPROACH TO THE SUMMIT IS THEREFORE LIKELY TO BE HIGHLY CAUTIOUS. HE WILL CONFINE HIMSELF AS MUCH AS POSSIBLE TO 'HARMONIOUS GENERALITIES' AND AVOID CONTROVERSY. THIS LOW POSTURE NOT ONLY FITS IN WITH SUZUKI'S OWN CHARACTER AND PREDILECTIONS, BUT IS SEEN BY OFFICIALS AS BEING SENSIBLE FROM A NATIONAL VIEWPOINT WHEN JAPANESE TRADE POLICY MAY COME UNDER CRITICAL SCUTINY.

2. ON MACRO-ECONOMIC MATTERS, HE WILL WISH THE SUMMIT TO DEMONSTRATE AS UNITED AN APPROACH AS POSSIBLE TO THE OUTSIDE WORLD. THE JAPANESE REGARD THE REPORTED DIFFERENCES ON INFLATION/UNEMPLOYMENT BETWEEN SUMMIT PARTICIPANTS AS ONES OF EMPHASIS. AN PUBLIC PRESENTATION RATHER THAN OF SUBSTANCE AND ARE NOT LIKELY TO HAVE STRONG VIEWS ON COMMUNIQUE LANGUAGE. SUZUKI IS REPORTED TO HAVE TOLD THE US AMBASSADOR EARLIER THIS WEEK THAT HE DID NOT INTEND TO RAISE US INTEREST RATES AT THE SUMMIT.

3. ON RELATIONS WITH THE DEVELOPING COUNTRIFU, SUZUKI WILL WISH TO PRESERVE JAPAN'S REPUTATION WITH THZI SOUTH AS A COUNTRY SYMPATHETIC TO ITS ASPIRATIONS. HE WILL THEREFORE WISH THE SUMMIT TO DEMONSTRATE UNDERSTANDING OF THE PROBLEMS OF THE DEVELOPING WORLD, RECOGNISING IN PARTICULAR THE IMPORTANCE OF ODA, WHILE AVODING ANY NEW AID COMMITMENT. IN DISCUSSION OF GLOBAL NEGOTIATIONS HE WILL GIVE DISCRETE SUPPORT TO THOSE CRITICAL OF THE AMERICAN VIEWPOINT.

4. ON INTERNATIONAL TRADE, HIS AIM WILL BE TO SECURE A COMMITMENT BY THE SUMMIT TO FREE TRADE AND AVOIDANCE OF PROTECTIONISM. HE WILL ATTEMPT TO DEFLECT CRITICISM OF JAPAN'S TRADE POLICIES BY URGING THAT A MULTILATERAL RATHER THAN BILATERAL APPROACH SHOULD BE ADOPTED TO CORRECT TRADE FRICTIONS AND WILL STRESS THE DESIRABILITY OF GREATER INDUSTRIAL AND TECHNOLOGICAL COLLABORATION AS A MEANS ALSO OF OVERCOMING THEM.

5. ON EAST/WEST ECONOMIC RELATIONS , WHILE
RECOGNISING THAT STRATEGIC CONSIDERATIONS ARE OF SOME
IMPORTANCE WHEN ALLOCATING ODA E.G. JAPANESE AID TO
TURKEY, PAKISTAN AND THAILAND SUZUKI IS LIKELY TO
ARGUE THAT THEY ARE ONLY ONE FACTOR AMONG MANY TO BE
BORNE IN MIND IN DETERMINING AID POLICY.

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