

THE CHAIRMAN



Coalite Group PLC

PERSONAL

T. Raison, Esq.,
Minister,
Overseas Development Administration,
Eland House,
Stag Place,
London SW1E 5DH.

Dear Sir,

Many thanks for your letter of 27th April, and so following our pleasant evening in London discussing Falklands affairs.

There still appears to be some misunderstanding even of the basic concept of the proposal which we and Taiyo made. Put simply, it was that two Taiyo vessels would carry out the exploratory fishing and accept British observers on board their vessels in return for fishing licence concessions at varying rates for twelve fishing vessels over the period of the first ten years after any fishing limits may be declared.

F.I.G. have indicated their agreement to put observers on the vessels but have not agreed to the requested licence concessions but did eventually, after a very long delay, make a counter proposal and I was able to persuade Taiyo to go most of the way to meet their counter proposal. The original request was for 12 vessels for 5 years free of licence fees and the next five years at 50% of normal fees. In November 1983, ten months after our proposals were submitted and more than three months after Taiyo had sent their two vessels to the Islands, we received the counter proposal that the licence concessions should be 25% for first two years, 50% for next two and 75% for next two years. This was an enormous change in view of the indication of "acceptance in principle" of our proposals which we had received as far back as February 1983. Nevertheless, I persuaded Taiyo to agree to the following compromise: 25% fee for 3 years, 50% for 3 years and 75% for 3 years, which is much nearer to F.I.G. counter proposals than those originally asked by Taiyo. As I have indicated to Sir Rex Hunt, I would be very nervous about trying to push Taiyo any further. If F.I.G. will agree to the suggested compromise, the road is open to put the observers on board.

/Contrary to the

Contrary to the indication in your final paragraph, there is no question of the agreement on concessions "now" becoming a precondition to observers being put on the vessels. The whole basis of the deal, as was made clear from the outset, has been that one was in return for the other. As in any other such negotiations, both sides of the bargain have to be agreed before anything moves.

I am not sure how much of the correspondence you have seen but am quite prepared to send you copies. Taiyo were over here for negotiations and presentations to everybody concerned in May and August last year, including Sir Rex Hunt, two F.I.G. Councillors, F.C.O., O.D.A., etc., quite apart from about four other visits here by Taiyo to help progress. I appreciate that David Taylor was not even appointed at that time but I suggest it would be unrealistic and damaging to ask Taiyo to start all over again, but I will be happy to try to clear any outstanding points which David feels we should raise with Taiyo. If we can get the point cleared on licence concessions, I shall be happy to ask Taiyo to come again to London at some time convenient to David so that we can get round a table to try to move things along.

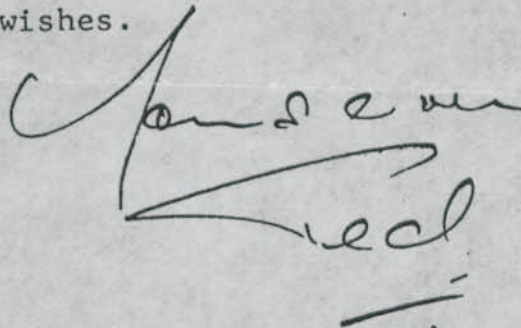
Regardless of whether and when fishing limits may be declared, I have accepted from the outset the views expressed by F.C.O. and your own experts that the first essential is to collect the data on resources, species, catch-rates, etc. That opportunity has been there since August 1st last year and we are missing it.

From the meeting in London when David Taylor was over here, I was under the impression that the observers were being recruited and would be available this month. Is that still the case?

I gather there are some reservations in F.I.G. about the O.D.A. requirement to have a fishing expert on their Staff in Stanley for interpretation of the results. That is none of my business but I can sympathise with their reservations at this stage of the proceedings.

As I understand it, the subject is to be discussed at a meeting of EXCO on May 16th. I do hope that progress can then at last be made.

With best wishes.

A handwritten signature in dark ink, appearing to read 'C. E. Needham', with a horizontal line underneath.

C. E. Needham