



④
Bennie Austin

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1981

Dear Michael,

Father Walter Lini

Thank you for your letter of 23 November giving an account of Father Lini's talk with the Prime Minister. In view of Father Lini's references to such matters as the aid talks, compensation for the damage caused in the Santo rebellion and the Vanuatu Government's land policy you may wish to know the outcome of Father Lini's discussions here.

Aid talks were held on 24 November at which the Vanuatu Government accepted the ODA's offer of 350 million vatu (approximately £2.2 million) for 1982. The ODA's offer of 350 million vatu was in response to a bid for 354 million vatu made by Mr Kalsakau, the Minister of Finance, who had previously sought 400 million vatu. The ODA's figure, authorised by the Treasury, represents an increase of 30 million vatu over the original offer and was sufficient to conclude a satisfactory agreement. Following these talks Father Lini saw Mr Marten and Lord Carrington. He registered some disappointment at the level of aid agreed but said that he was nevertheless satisfied with the outcome of the talks. He said that as a result of the agreements reached in Paris and London the Vanuatu Government would now be able to implement their budget for 1982.

Father Lini also raised the question of compensation for damage caused during the Santo rebellion. He was told that we would be willing to consider a claim once properly documented evidence had been provided on the basis originally agreed that one third each would be met by the British, French and Vanuatu Governments.

Finally, on the question of the Vanuatu Government's land policy, the Vanuatu Attorney General held preliminary talks on 24 November with FCO Legal Advisers.

What could have been a difficult visit thus concluded satisfactorily. Although Father Lini himself may still harbour some disappointment the evidence from his Ministers and colleagues suggests that they are very happy with the outcome of the visit and appreciative of the way in which it has been handled.

yours etc
R M J Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
 10 Downing Street

File

Vanuatu *256*

7 December 1981

FATHER WALTER LINI

The Prime Minister has seen your
letter of 1 December to Michael
Alexander and noted its contents.

A. J. COLES

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

6