

SUBJECT
cc Master

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10 DOWNING STREET

24 February 1986

From the Private Secretary

Dear Robert,

Prime Minister's Meeting with the Prime Minister of Vanuatu

The Prime Minister had a meeting with Father Walter Lini this morning lasting some half an hour. Father Lini was accompanied by two officials. Dr. Wilson was also present.

Conference of Francophone Heads of Government

The Prime Minister enquired about the Conference of Francophone Heads of Government in Paris which Father Lini had just attended. Father Lini said it had gone quite well and there would probably be another one within two years or so. Not surprisingly, the meeting had not been as well organised as a Commonwealth Heads of Government meeting and there was no Secretariat. It would probably take two or three meetings before one could be certain whether any sort of lasting grouping would emerge. Father Lini added that he was unable to speak French but had not dared to speak English at the Conference. He had therefore delivered his address in pidgin.

The Prime Minister suggested that the Conference might have been a good occasion for Father Lini to put forward some of the strong views he held about French activities in the Pacific. Father Lini said that France seemed determined to preserve its position in the area. He was concerned by reports that the United Kingdom, on the other hand, was thinking of reducing its presence.

United Kingdom Links with the South Pacific

The Prime Minister said that the United Kingdom had no intention at all of pulling out of the Pacific. Indeed in the light of the attitude taken by New Zealand towards visits by nuclear powered ships or ships carrying nuclear

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weapons, it was more than ever important for the UK to preserve a widespread presence in the area. We had traditionally gone to considerable lengths to help the South Pacific countries, for instance the special arrangements made for sugar from Fiji. She thought that Vanuatu had good reason to be thankful for the United Kingdom's continuing interest. Surely it was preferable to being left to the French.

The Prime Minister said that we felt some concern about Soviet interest in obtaining a fisheries agreement with Vanuatu. It was a common Soviet tactic to offer inducements to small island states with the longer term aim of securing shore facilities for their naval forces.

Aid

Father Lini said that he also wanted to be reassured that the United Kingdom would continue its economic aid to Vanuatu. There had been no budgetary aid for the current year though, because of the hurricanes, it might be made available again in the following year. The Prime Minister said that she understood that there was some £2 million left from Vanuatu's independence settlement which could be used for various projects. She understood that Father Lini would be seeing Mr. Raison and she hoped they would have a thorough discussion of aid commitments and plans. She had heard that there was a particular project for codifying and printing the laws of Vanuatu. It seemed reasonable for us to offer help with this.

Father Lini said that he would like to work out with the ODA a programme of aid to various sectors with a ceiling for each. Some further thought was needed on this and he would come back to HMG. Meanwhile he had a number of particular requests to make. The first concerned the time it took to get clearance for individual aid projects. He hoped that procedures could be speeded up. Secondly, and linked to this, he hoped that more aid could be made available through the Small Project Fund which Vanuatu itself could administer. This cut out delays. It could be used through Vanuatu's Development Bank for loans to small farmers. Thirdly he wished to mention the priority being given to education, with the building of eleven new secondary schools. Encouragement was also being given to bilingualism.

The Prime Minister said that she had some sympathy with Father Lini's requests. He should discuss them in more detail with Mr. Raison. She thought that he would be wise to get as much as possible sorted out during his current visit to the United Kingdom.

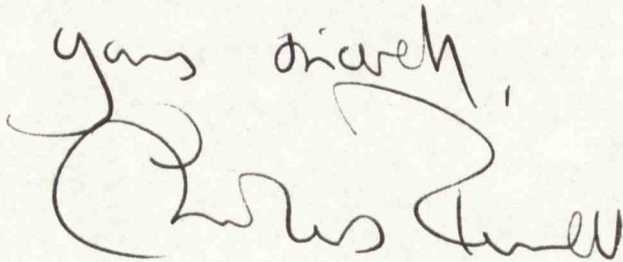
Vanuatu's Economy

In response to the Prime Minister's invitation, Father Lini explained the main features of Vanuatu's economic development. The main problems at present were the sharp fall in the copra price, the damage done by hurricanes particularly to the cocoa and coconut crops and the steep decline - some 34% since 1984 - in tourism (he ascribed the latter partly to the fact that people confused Vanuatu with New Caledonia). As a result of these developments Vanuatu might have to dip into its reserves for the first time since independence. Priority was being given in the economy to agriculture and, increasingly to fishing. There were plans to diversify beef exports particularly to Papua New Guinea, and further to develop local fishing.

Falklands

The Prime Minister thanked Father Lini for Vanuatu's regular abstention on the Falklands issue at the United Nations.

I am copying this letter to Martin Dinham (Overseas Development Administration).

Yours sincerely,


(C.D. Powell)

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.