

CONFIDENTIAL.

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11/4000
SECRETARIAT

(Formerly)

0004/11

0004/11

ALGINATE

INDUSTRIES

Commercial Wd. File 165

CONNECTED FILES.

NUMBER

0004

*Formerly named "British American
Kelp Company."*

2428

Seaspeed.

Closed

0004

COPY.

Original filed in 0099/A/III.

Date 24th January 1969.

Col 187

Vol 776

165. L1

FOREIGN AND COMMONWEALTH AFFAIRS.

Falkland Islands.

Mr Biggs-Davison asked the Secretary of State for Foreign and Commonwealth Affairs what progress has been made with the development of the seaweed industry in the Falkland Islands.

Mr Whitlock: Alginate Industries Limited is in correspondence with the Governor and I understand that it intends sending out a representative to the Islands in April or May this year for discussions.

AA.

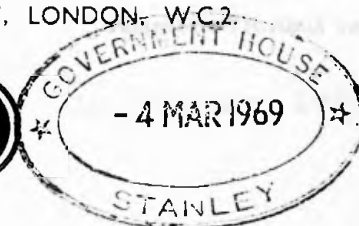
ALGINATE INDUSTRIES

LIMITED

DIRECTORS:
W. R. MERTON, Chairman.
R. R. MERTON
R. C. W. PRESTON, } Managing
O.B.E., M.C. } Directors.
A. C. W. NORMAN, O.B.E.
R. H. McDOWELL.
D. L. BANKES.
THE RT. HON. THE VISCOUNT
STUART OF FINDHORN,
P.C., C.H., M.V.O., M.C.
F. L. G. GRIFFITH-JONES.

22, HENRIETTA STREET, LONDON, W.C.2.

TELEPHONE:
TEMPLE BAR 0451/4.
0142/3.
TELEGRAMS:
ALGINATES, LONDON, W.C.2"
CABLES:
ALGINATES, LONDON, W.C.2"
BENTLEY'S SECOND PHRASE.
TELEX: 23815.



RRM/ad

4th February, 1969.

Dear Sir Cosmo,

I am writing to thank you very much for your letter of the 14th January in which you confirm the contents of your cable. I am sending a copy to Mr. Pery, and we will certainly try and let you have in advance of his visit a list of points to be considered.

I am enclosing a ^{165 A} further letter I have received from the Ministry of Overseas Development, which please forgive me for not having sent to you earlier.

The question of obtaining financial assistance from the Government is not an urgent one at the pilot plant stage, but we shall certainly return to the matter when it comes to the initial operating plant. We are hoping that you may be able to give valuable advice to Mr. Pery on this subject.

Pery 168

Sir Cosmo Haskard, K.C.M.G., M.B.E.,
Governor of the Falkland Islands,
Government House,
Port Stanley,
Falkland Islands,
South Atlantic.

*Yours sincerely
Ralph M. G.*



THE DUTY OF THE GOVERNMENT

*CS. for Secretariat file
165/3*

*61
6/3*



MINISTRY OF OVERSEAS DEVELOPMENT
BLAND HOUSE, STAG PLACE
LONDON S.W.1
TELEPHONE: VICTORIA 2377

CLA 278/60/01

7th January, 1969.

Dear Mr Merton

Thank you for your letter of 30th December about the Falkland Islands.

I fear that there is nothing I can add to my letter of the 24th December. I need hardly say that what I wrote there was in accordance with policy settled by Ministers. You do not refer to my suggestion that you might get in touch with the Commonwealth Development Corporation but I trust that you will not overlook this possibility.

Yours sincerely

R. B. M. King

(R. B. M. King)

R. R. Merton, Esq.,
Alginate Industries Limited,
22 Henrietta Street,
W.C.2

C.S. / ^{Dear} I think that ^{6.6.} ~~advise~~ ^{9/3} ¹⁶⁶
a ~~in~~ mail has gone WIT
that should be incorporated in
a memo for all members of ExCo
and LegCo. I also think that
heads of government depts concerned
should be asked to apply their minds
to problems in advance of ExCo meeting
of 24 March. ^{to 5/3}

ALGINATE INDUSTRIES

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CABLES:
"ALGINATES, LONDON, W.C.2"
BENTLEY'S SECOND PHRASE.
TELEX: 23815.

MHCP/ad

24th February, 1969.

Sir Cosmo Haskard, K.C.M.G., M.B.E.,
Governor of the Falkland Islands,
Government House,
Port Stanley,
Falkland Islands,
South Atlantic.



Dear Sir Cosmo,

Mr. Merton is away on business in the Far East for a month, and has asked me to reply in his absence to your letter of the 14th January in which you suggested that it would be helpful to have a list of points for discussion some time in advance of my visit in April.

I know that Mr. Merton has outlined our general intentions in the course of previous correspondence with you, but I feel that it might be helpful if I were to bring you up-to-date with our latest thinking.

Reply at 169

We hope to set up a pilot plant as early as possible in 1970 on the site of the mink farm. I shall be discussing arrangements before I leave for leasing this site from the Falkland Island Company. Provided that we do not encounter any unforeseen snags, we plan to build the main plant on the Camber site, and start production towards the end of 1971. To this end we are about to advertise for an engineer who will be appointed in the Summer, and immediately start work on collecting the machinery required for the pilot plant.

The main points I should like to discuss during my visit are as follows:-



THE QUEEN'S AWARD TO INDUSTRY

*CS. In Secretariat file
in 1/3*

Sir Cosmo Haskard.

24th February, 1969.

Ownership of kelp rights.
Kelp harvesting concessions.
Availability and price of electricity.
Availability and price of fuel oil for dryers
(Consumption will be approximately 2,000 tons
per year when the main plant is started in
1971-2).
Availability of fresh water - Query Murrell River.
(approximately 8,000 gallons per hour will be
required when the main plant is started).
Approach to Admiralty for Camber site.
Approach to H.M.G. for financial aid.
Availability of local contractors for civil engineering
works.
Arrangements for harvesting kelp in small quantities
for pilot plant.
Possibility of salvaging any suitable plant and machinery
from Port Albemarle or Ajax Bay.
Long term labour situation.
Availability of housing for employees.
Facilities for maintaining harvesting craft.
Estimated kelp requirements over next ten years.

I shall be arriving on the "DARWIN" on 21st April, and
leaving on 2nd May. In the relatively short time available, I
should be most grateful for the opportunity to discuss the points
listed above with those who are concerned.

I much look forward both to my visit to the Falkland
Islands and to meeting you.

I have sent a copy of this letter to Mr. Sloggie, and
to Mr. Frederick Jones.

Yours sincerely,

Michael Pery

M.H.C. Pery

5th March, 1969.165th

Many thanks for your letter of 4th February which arrived yesterday.

I have also had a letter from Mr Pery dated 24th February written during your absence in the Far East and it has been most useful to receive from him a list for the main points of discussion during his visit next month.

66

R.R. Merton, Esq.,
Alginate Industries Limited.

Copy to A. St.J. Sugg, Esq., C.M.G. with copy of inward letter.

5' March, 1969.

167

Thank you very much for your letter of 24th February.
We look forward to your visit to the Falkland Islands with great interest and I am grateful to you for sending a list of points for discussion during your visit.

The time available to you is indeed short but I am sure that personal contact at this stage is essential.

Prior to your arrival I hope that at this end we shall be able to make some progress with consideration of the various points raised by you so that while you are here time is not wasted unnecessarily.

la

The Hon. M.H.C. Pery
Alginate Industries Limited,
22, Henrietta Street,
London, W.C. 2.

Copy to A. St.J. Sugg, Esq., C.M.G. with copy of inward letter.

10th March, 1969.

MEMORANDUM NO. 16/69 FOR EXECUTIVE AND LEGISLATIVE COUNCILS

Alginate Industries Limited

Further to my letter and enclosures of the 21st January, 1969, the following letter addressed by Mr M.H.C. Pery to His Excellency the Governor is copied for the information of all Members.

This letter will be for discussion in Executive Council on March, 24th.

"Mr Merton is away on business in the Far East for a month, and has asked me to reply in his absence to your letter of the 14th January in which you suggested that it would be helpful to have a list of points for discussion some time in advance of my visit in April.

I know that Mr Merton has outlined our general intentions in the course of previous correspondence with you, but I feel that it might be helpful if I were to bring you up-to-date with our latest thinking.

We hope to set up a pilot plant as early as possible in 1970 on the site of the mink farm. I shall be discussing arrangements before I leave for leasing this site from the Falkland Islands Company. Provided that we do not encounter any unforeseen snags, we plan to build the main plant on the Camber site, and start production towards the end of 1971. To this end we are about to advertise for an engineer who will be appointed in the Summer, and immediately start work on collecting the machinery required for the pilot plant.

The main points I should like to discuss during my visit are as follows:-

- Ownership of kelp rights
- Kelp harvesting concessions
- Availability and price of electricity
- Availability and price of fuel oil for dryers
(Consumption will be approximately 2,000 tons per year when the main plant is started in 1971-2).
- Availability of fresh water - Query Murrell River.
(approximately 8,000 gallons per hour will be required when the main plant is started).
- Approach to Admiralty for Camber site.
- Approach to H.M.G. for financial aid.
- Availability of local contractors for civil engineering works.
- Arrangements for harvesting kelp in small quantities for pilot plant.
- Possibility of salvaging any suitable plant and machinery from Port Albermarle or Ajax Bay.
- Long term labour situation.
- Availability/...

Availability of housing for employees.
Facilities for maintaining harvesting craft.
Estimated kelp requirements over next ten years.

I shall be arriving on the "Darwin" on 21st April, and leaving on 2nd May. In the relatively short time available, I should be most grateful for the opportunity to discuss the points listed above with those who are concerned.

I much look forward both to my visit to the Falkland Islands and to meeting you.

I have sent a copy of this letter to Mr Sloggie and to Mr Frederick Jones."



(W.H. THOMPSON)
COLONIAL SECRETARY

BU X 21.36e

0004

~~172~~
—

171

10th March, 69.

Dear Sir,

170

Please see the attached copy of Memorandum No. 16/69 to Members of Executive and Legislative Councils. Please study before the 24th March all the various problems listed and particularly in the light of the Draft of Heads of Agreement between the Falkland Islands Government and the British American Alp Company Limited which is also attached.

Yours faithfully,

(W.H. THOMPSON)
COLONIAL SECRETARY

R.E.S.C.
Colonial Treasurer
S.P.E.
S.P.W.
A.C.S.

SC

Ref.....



153
172
POWER & ELECTRICAL DEPARTMENT,
STANLEY,
FALKLAND ISLANDS.

To:-

The Colonial Secretary,
Secretariat,
STANLEY.

.....13th March.....1969.

Alginate Industries Ltd.

172.171
With reference to your letter of the 10th March 1969, File Ref: 0004. and with regard to Electricity Supply.

Assuming Alginate's demands are similar to those of B.A.Ks. 1947, then F.I.G. would not be able to supply either the pilot plant or the main plant.

In view of this, Alginates may decide to generate their own electric power.

If F.I.G. wish to be the supplier's then our present plant will need to be increased, in fact replaced as it is nearing the end of it's useful life now.

Deliveries of plant required are likely to be extended, planning and installation would take some time. In view of this and Alginate's optimistic early starting dates, should I produce in written form, proposals on the technical and economic aspects of increasing the generating capacity and distribution system to meet Alginates demands and to cater for future growth.

A handwritten signature in dark ink, appearing to read "B. Smith", written over the typed name of the Superintendent.

Supt. Power & Electrical
Department.

What would SE require to generate
then original demand

As Secs.

1187
173

(HGT 7/5)

25th March, 1969.

ALGINATES

152

You said in your telegram No. 52 in reply to my telegram No. 29 about Alginates that you would like some information about the royalties charged for seaweed collection in the United Kingdom and I have managed to get this from the Crown Estate Office (Dorsetshire Branch) who deal with this matter.

2. Apparently Alginite Industries have a licence from the Crown Estate Office to collect seaweed from all round the coast of Scotland. This licence which was first granted in 1952 costs the Company £1 per year and in addition they pay 3d. per ton on wet and 1/1½d. per ton on dry seaweed collected. This licence does not give them any exclusive rights. The rate of £1 for the licence and 3d. per ton of wet seaweed is apparently the same as was levied in the United Kingdom at the time of the negotiations with British American Kelp in 1946. It would certainly seem that if 3d. per ton was a realistic rate in 1946 at least 1/- per ton would be the present day equivalent. Incidentally, 2/6d. per ton is charged for the collection of small amounts of seaweed for agricultural or other purposes.

3. I have been in touch with the Scottish Regional Development Division who I thought might have known something about the actual collection side of things and who might have been able to give some advice about the sort of rates that could be charged now but they have not been any help about this. I will pursue this line elsewhere but will probably not be able to get anything in time for this mail.

.....

Cs. for your Alginates file.
Exco are aware of WNT letter. 14 5/6/69

Gen. Office. F & R 7/5/6

DECODE.

TELEGRAM.

~~173~~
174

From Mr F. Jones, R.M.S. Darwin

To Colonial Secretary, Stanley.

Despatched : 29th March 1969 *Time :* 1500

Received : 30th March 1969 *Time :*

Alginat Industries Limited will be anxious to know if and where there really are 8,000 repeat eight thousand gallons fresh water hourly available in the Murrell every month every year. Perhaps the Major Pape Report gives an indication.

Jones

PL : TB

reply 176

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDSSENT~~RTT~~
174(a)

P2538 P4776/32/401381 500 11 66 R. Ward 843

Number	Office of Origin	Words	Handed in at	Date
	Stanley			31.3.69
To				
LTF	ALGINATES LONDON WC2			HO A/C

Please see Perrys letter to Governor stop What sort and grade of fuel oil will you require and what is your estimate of electricity consumption for pilot plant stop Grateful telegraphic reply or telephone

Colonial Secretary

Time

TB

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched : 19/3/69

Time :

Received :

No. 52

RESTRICTED

Your telegram 29 of 6th March: Alginate Industries.

Paragraph 2 information on royalties in United Kingdom would be most helpful. Grateful if you could send by next bag.

Cypher : SJS

175

CA
lw

SI
Time : 19/3

→ p 32 in Conf of the 0004

DECODE.

TELEGRAM.

Q.
176

From PERY.....

To COLONIAL SECRETARY, STANLEY.....

Despatched : 2nd April 1969 Time : 1250

Received : 2nd April 1969 Time : 1000

174

Reference your communication approximate power
requirements pilot plant 100 kilowatts light
marine diesel or heavy fuel oil suitable
whichever cheapest

Pery

P/L : AA

Ref.....



177
POWER & ELECTRICAL DEPARTMENT,
STANLEY,
FALKLAND ISLANDS.

To :- The Colonial Secretary,
Secretariat,
STANLEY.

2nd. April 1969.

Subject:- Electricity, Alginates Ltd.

I refer to your request of Monday 31st. March, 1969. and submit the following information;

If Alginates become established and Government are to supply them with electric power, its effect will be to advance the date for the replacement of the existing generating plant, due in any event in two or three years time.

In replacing the existing plant, factors to be considered are normal rate of growth in demand plus the demand of the potential new industry. The former can be fairly well gauged but of the latter there is no information other than that previously given by the British American Kelp Co. in 1947. That of 250 Kw. (pilot stage) and (750 Kw. Unit stage). Whether these figures are currently representative is not known, neither is it known whether the figures represent connected load, maximum demand, or average demand.

In order that I may produce some figures as a guide, and I advise only as a guide, I am going to assume that Alginates maximum demand will be 750 Kw. and that their average will be 60% of this.

Capital Costs.

	£
Building.	15,000
Generating and ancillary plant, one 1.25 megawatt set, two 750 Kilowatt sets, at £60 per Kw.	165,000
Distribution to Camber,	12,000
Transformers, Switchgear.	8,000.
Total	£200,000.

Costs of Production.

Calculated on an annual sale of 6×10^6 units.

	Pence.	£
Amortisation on capital of £200,000 at 5% over period of 15 years.	0.744	18,600 +
Salaries, including pensions etc.	0.600	15,000
Distribution.	0.040	1,000
General Maintenance.	0.080	2,000

Fuel and oil.	1.200	30,000
	<u>pence 2.664</u>	<u>£66,600.</u>

+ Represents average repayment, maximum at outset and minimum on liquidation would be; £23,333 and £14,000 respectively.

Using above constant as output, 0.1 pence represents £2,500 in revenue.

Butler
Supt. Power & Electrical Dept.

Kiv - Tel. 2

See 178

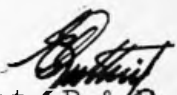
178

177

C.S. Addendum to my minute to you dated 2nd. April, 1969.

Subject:- Electricity-Alginates Ltd.

You informed me that Alginates initial requirements for the pilot plant are stated at 100Kw. but it is not known whether this represents their connected, average or maximum loading. Under present conditions it is doubtful whether continuity of supply could be maintained to them for this amount.


Supt. P. & E. Dept.
3rd. April 69.

COMMERCIAL IN CONFIDENCE

ALGINATE INDUSTRIES LTD.

Barcaldine Works,
By Connel,
Argyllshire,
Scotland.



London Office: 22 Henrietta Street, London, W.C.2.

Dun & Bradstreet Consultant's Register gives the company as established in 1934 as a private limited company with a nominal capital of £150,000 of which £127,551 has been issued, Credit rating is £3,000.

Alginate Industries Ltd. were awarded the Queens Award to Industry in 1968 for export achievement and have again applied this year. We know them as the main United Kingdom manufacturers of alginates from seaweed; about 500 people are employed by the company which exports 10% of its output by tonnage (60% by value) to about 90 countries. There are as far as we are aware only two other considerably smaller manufacturers of alginates in this country.

In 34 years the alginate industry in Scotland has grown to be the second largest in the world, and it is still growing.

C.R.E. 2
Board of Trade,
December, 1968.

*CS for appropriate filing please - file
it with me at present. 2/4*

No.

It is requested that, in any reference to this memorandum, the above number and date should be quoted.

MEMORANDUM

Alphamale *Σ 180*

5th April,

19 69.

To: The Colonial Secretary,

7/4

From: Superintendent of Works P.W.D.

STANLEY.

Stanley, Falkland Islands.

SUBJECT :-

MINK FARM WATER SUPPLY.

The abandoned town supply from Mt. William at present still has a continuous flow.

The catchment tank is still in a reasonable condition as is the 4" pipeline from the tank west to east to a position 200 yds. due south of the farm (this being the nearest point of main) a 1½" service line from this main leads into the farm compound and is distributing to all three buildings through various pipes from ½" to 1".

The butchery has 2 No. 1½" service lines (which are now obsolete) and no longer in use as they have now run a 2" line from Feltons Stream reservoir which is proving adequate for their need.

By disconnecting the main at the first joint east of the farm service line and fixing a stop end, the pressure would increase considerably and provide far more than the estimated 350 g.p.h. required.

Estimated dry weather flow from Mt. William is 800 g.p.h. into a 4,000 gallon tank.

J.W. Royans.

Supt. of Works.

Note: During joint meeting of Councils Mr. R.W. Allen stated that the X-hoos, Orage, Stone Crusher and his dips also use connection from this Supply. X

Σ 287.

No.

It is requested that any reference to this memorandum the above number and date should be quoted.



Alphabetic file 181
5th April, 1969.

From: Superintendent of Works, P.W.D.

To: The Colonial Secretary,

STANLEY.

Stanley, Falkland Islands.

SUBJECT :-

CAMBER WATER SUPPLY.

Sir,

I have the honour to submit this brief report concerning water supply for the proposed developement at Camber.

Investigation shows fresh water far in excess to the estimated 8,000 g.p.h. required, dry weather flow at it's worst can produce well over that, and without doubt the average year could cope with a 24 hour production at over 8,000 g.p.h.

Travelling east to west along the Murrell south of Hearnden Waters fresh water became predominant over salt water at a point 5 $\frac{1}{2}$ miles from Camber. For estimation purposes this should read 6 miles due to the contour and direction of the pipeline.

Showing on Sheet 15 of the Falkland Islands map D.O.S. 453 by striking a direct line from the centre of Mt. Longdon north to the eastern tip of the Saddlebacks, the point at which it crosses the Murrell is the point of upstream fresh water.

For the benefit of pumping, the river narrows at this point and the embankments are higher, average 5ft. and the width 25 to 30 ft. It also becomes shallow during the dry weather flow till it becomes a minature rapid, but an ideal site for an overflow type weir to be formed, with a gravity fed screened pumpsuction well on the south embankment, the river bed is of shale and loose rock, the embankments consist of sandy clay with suspect rock below bed level.

Approaches to the river are hazardous within 100 yds. of the water due to swamp with many irrigation channels draining to the river and is consistant along the river throughout the year, for transport purposes it is not practical, so it may be considered that the pumphouse would be some distance from the suction well.

The stone from the embankments and shallow water in the close vicinity could be used for a weir type reservoir helping to eliminate overland transporting.

A delivery pipe could follow contour 100 where this is practical and economical from west to east, south of Hearnden Waters turning and rising gradually south east to Fairy Cove and continue to a high level tank of sufficient capacity to production requirements, this helping to reduce the surge and keeping down to a minimum the essential need for sluice and air valves.

Pumps being capable of producing 6,000 g.p.h. through a 6 inch pipeline on a two shift basis each of eight hours, produces 96,000 gallons which is equal to a twelve hour production of 8,000 g.p.h. which for all practical purposes is adequate and subject to the water level in the High Level Tank being maintained it gives four hours on a normal day for maintenance and repairs (a tank with the capacity of approx. 100,000 gallons would cope with the demand and could be increased as and when production hours increased, the plant being gravity fed from the tank.

T. Royane

Supt. of Works.

182

Juli
G.M.

Record of Discussions held at Government House

7th April 1969.

Present: His Excellency the Governor (Chair)
The Honourable, the Colonial Secretary
The Honourable, Mr A.G. Barton, C.B.E., J.P.
The Honourable, Mr R.V. Goss, E.D.
Mr A. Sloggie, Manager, Falkland Islands
Company Limited
Mr H.L. Bound, Assistant Colonial Secretary.

His Excellency explained that the meeting had been called to discuss and consider problems arising from an application from Messrs. Alginates Industries to establish a kelp harvesting plant in the Colony.

Electricity. Referring to a report submitted by the Superintendent, Power and Electrical Department, the Colonial Secretary explained that the final power requirements of the firm were not known but in the initial stage, the pilot plant would require 100 kilowatts. It appeared that our present machinery could only just handle this demand and that there could be no question of Government providing Alginates Industries with their maximum requirements without replacement of the existing generating plant. Replacement of the plant is however already envisaged and the establishment of such an industry would serve to hasten replacement plans. The capital cost of replacement was estimated to be in the region of £200,000 and from the figures available it appeared that the production cost per unit would amount to 2.664 pence.

Siting. Alginates favoured siting the final plant at the Camber but this was considered uneconomical in as much as most of the services required were already established on the south side of the Harbour. A more suitable site would be to the east of Stanley, possibly in the vicinity of the site once occupied by the Hutchinson Butchery.

Water supply. It was noted that the pilot plant would require 350 gallons per hour but that in its final stage of development the requirement would be far in excess of this. The Stanley water supply, presently obtained from Moody Brook, would need to be supplemented from another source to meet the increased demand. The Murrell River offered a dry weather flow of something in excess of 8,000 gallons per hour and the Mount William source 800 gallons per hour. Another supplementary source existed at the spring located near the Stone Corral but the output of this source was not known.

It was reported that the current average water consumption in Stanley totalled 60,000 gallons per day and that the present plant could supply water at the rate of 5,500 gallons per hour.

Labour. It was agreed that the question of provision of labour would have to be investigated carefully when discussing the scheme with Mr Pery on his arrival in May.

Gas Oil. Mr Sloggie undertook to investigate the possibility of the bulk delivery of gas oil during his forthcoming visit to Punta Arenas.

file for ref.

183

The S.P.W. has reported to me that the pumping station at the stone corral at one time produced 3,000 gallons per hour for 12 hours a day. He is looking further into this.

Albermarle is leased to the South Atlantic Sealing Company (agents, Estate Louis Williams) who continue to lease the site at 25/- per annum, paid up to 31st December, 1969.

W. H. Thompson

(W.H. THOMPSON)
COLONIAL SECRETARY

11th April, 1969.

c.c. H.E.

SC

11 April, 1969.

I am asking Mr Sloggie, who is travelling today to Punta Arenas, if he would be good enough to hand you this short note of welcome, of which I am sending him a copy.

We hope that Darwin will be back in Stanley in sufficient time on 21st April for you to come to our Queen's Birthday dance that evening. In the Falklands The Queen's Birthday is celebrated on 21st April because the date in June chosen for the official Birthday at home coincides with the southern winter and the weather is sometimes less pleasant then.

So that best use may be made of the limited time you will be in the Islands I propose that there should be a meeting on Tuesday, 22nd April at the Secretariat at which you would be able to outline the object of your visit to Council Members.

My wife and I would be very glad if you would come to stay with us on Wednesday, 23rd until Saturday 26th. We should have liked to have made this a longer period but, unfortunately, the house will be full during the rest of your time in Stanley.

LH

Copied to A. Sloggie, Esq.

C. to filing please

No.

It is requested that, in any reference to this memorandum the above number and date should be quoted.

MEMORANDUM



12th, April, 1969.

To: Colonial Secretary,

STANLEY.

From: Superintendent of Works, Stanley, Falkland Islands.

SUBJECT :-

MULLET CREEK SPRINGS.

Last known operational in January 1958.

A Mill pump later converted to mechanical pump now derelict in every form, buried pipes of various sizes in iron and salt glaze appear to have been laid in an effort to divert any available surface water into the pump suction well in order to supplement water produced from the springs. There is evidence of two springs 40 yards apart and at least two water headings (surface)

According to unofficial report it has been said to produce 3,000 g.p.h. it's almost a certainty that it never produced more than 2,100 g.p.h. at it's peak and this can be broken down to two sources, the springs producing approx. 1,050 g.p.h. and surface headings about the same. After 14 hours of continuous pumping in normal flow it used to dry up and 10 hours were required to replenish itself (the spring itself has been known to pump dry after producing approx 8,000 gallons)

The spring and surface headings were (now diverted) directed to the silt pits then into the pump suction well, when it has reached it's overflow capacity of 4,200 gallons, it's gravity feeds into the reservoir, under valve control, it is then returned to the pump suction well.

Walls of the reservoir are of concrete blocks, at the moment useless.

From the pump suction well it was then pumped to a high level tank on Sapper Hill and then gravity fed to the town reservoir and consumers.

Summing Up.

The clear springs produced (when in good order) approx. 1,050 g.p.h.
Surface water headings (Peat colour) approx. 1,050 g.p.h.
The pump suction well holds 4,200 gallons and is in reasonable repair.
The holding reservoir could hold 25,000 gallons but would require a new screed to the floor and the 3' high concrete block wall reinforced.
An 18' x 10' block built pump house could be renovated. The remainder of the installation is completely derelict.
The present flow of water passing through the silt or (filter) pits is estimated at approx. 240 g.p.h.
Ponds on the east summit of Sapper Hill in dry weather flow season are forming natural reservoirs containing approx. 300,000 gallons which could be utilised.

A handwritten signature in dark ink, appearing to read 'J. W. Rogers'.

Supt. of Works.

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 17/4/68

Time: 2245

Received:

Time:

RESTRICTED No. 113 of 17/4

Alginate Industries are again showing interest in Falkland Islands kelp. Grateful information about their standing locally and advise on whether they should be encouraged.

Cypher

reply 187

LM SI #17
18/4 20/4
186

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched : 23/4/68

Time : p.m.

Received :

Time :

No.83

RESTRICTED

186
Your telegram 113. Alginate Industries.

Nothing known to their detriment. Although early developments unlikely, their interest is welcome.

Cypher

157

C.S. please note to let me have file. noted ~~17~~
4/5 5.88

ALGINATE INDUSTRIES

L I M I T E D

DIRECTORS:
W. R. MERTON, Chairman
R. R. MERTON
R. CAMPBELL-RESTON, Managing Director.
OBE, MC

A. C. W. NORMAN, OBE
R. H. McDOWELL
D. L. BANKES
THE RT. HON. THE VISCOUNT STUART
OF FINDHORN, PC, CH, MVO, MC.
F. L. G. GRIFFITH-JONES

22, HENRIETTA STREET, LONDON, W.C.2



TELEPHONE
01-836 0451/4
01-836 0142/3
TELEGRAMS
"ALGINATES"
LONDON W.C.2

CABLES
"ALGINATES, LONDON, W.C.2"
BENTLEY'S SECOND PHRASE
TELEX: 23815

RRM/ad

11th April, 1968.

Sir Cosmo Haskard, K.C.M.G., M.B.E.,
Governor of the Falkland Islands,
Government House,
Port Stanley,
Falkland Islands,
South Atlantic.

CONFIDENTIAL

Dear Sir Cosmo,

I am enclosing for your information a copy of a letter which I recently wrote to Sir Andrew Cohen of the Ministry of Overseas Development, together with a copy of his reply.

Read in conjunction with my earlier letter to you of the 1st February, to which you very kindly replied on the 7th March, I think this letter will be of interest to you, particularly inasmuch as it brings out our mutual interest in preferring a British firm so far as development of the natural resources of the Falkland Islands are concerned.

Frankly, we are the only possible British firm which could take a sensible interest in Falkland Island seaweed, and we not only carried out an extensive survey some years ago, but as you know we have recently picked up the threads again by means of appointing Frederick Jones to be our part-time local representative responsible for providing regular samples for detailed analysis.



/Partly because.....

Reply at 120.

188 (a)

Sir Cosmo Haskard.

11th April, 1968.

Partly because of the interest which these activities are likely to stimulate, we feel that we should now take some steps to secure our position.

By this I mean that we should like to apply for some form of tentative concession from the Government of the Falkland Islands for the rights to work all the kelp around the Falklands' coast, preferably upon an exclusive basis.

You will appreciate that we would be unable at this stage to give any firm undertaking to go ahead in the Falklands, but the fact that we have in the past spent a considerable sum on a survey, and that we are currently spending money on obtaining samples, would be an earnest that we are serious in our intentions.

In any case we would hope to receive some form of undertaking that if we continue with the present programme we should be granted first refusal in respect of any weed rights that might be granted.

I should be extremely grateful if you would be kind enough to consider this matter, and let me know your views as to what steps should be taken.

Yours sincerely,
Philip [unclear]

47 a

189

REM/bc

CONFIDENTIAL

14th March 1968.

Sir Andrew Cohen, K.C.M.G.,
K.C.V.O., O.B.E.,
Ministry of Overseas Development,
Eland House,
Stag Place,
London, S.W.1.

Dear Sir Andrew,

I am writing to you at the suggestion of my colleague Lord Stuart to ask you whether I may pay you a visit. The purpose of my visit would be to bring to your attention information concerning the possible future development of the seaweed resources of the Falkland Islands.

For your information seaweed is the raw material of the Alginate Industry in which we are second only to the Americans. Based on the record of expansion since the war, within a few years the industry throughout the world will run out of locally available seaweed, and will then be using around half a million wet tons per annum.

It will be at this stage that we shall look to the Southern Hemisphere for raw material and virtually the only British source will be the Falkland Islands, where we carried out a survey some years ago and which offers very considerable advantages. Hence we recently appointed a representative in the Islands and we are now receiving regular samples for detailed analysis.

It was therefore with consternation that we received a copy of the Governor's recent address to the Islanders (copy enclosed) and read Lord Chalfont's statement on the 13th March in the Lords regarding negotiations with the Argentine.

I am enclosing a letter which I wrote to the Governor of the Falklands before hearing the news about these negotiations. The reason for writing the letter was merely to disabuse the local inhabitants of any impression that we could be in a position to embark on the project forthwith.

In our view, the importance of having a British source of raw material derives from the fact that in all countries Government pressure is brought to bear on the local use of raw materials e.g. the manufacture of Argentinian

R. R. Merton, Esq.

1891(a)

alginate from Argentinian seaweed; and we would very much prefer to manufacture alginates from Falkland Islands seaweed in Britain. In this context we already export two thirds of our production, based on local seaweed supplies, to over ninety countries. If we were to supply the whole of the balance of the world alginate requirements after local supplies of seaweed had dried up, the seaweed from the Falkland Islands would be likely to enable us in a period of ten years to support an additional annual turnover of value around £20 million or ten times our present turnover. At least 90% of this would be exported.

I shall look forward to hearing from you whether I may have an opportunity to enlist your interest in our Falkland Islands plans in face of the present threats.

Yours sincerely,

R. R. MERTON
(Managing Director)

R. R. Merton, Esq.



MINISTRY OF OVERSEAS DEVELOPMENT

ELAND HOUSE, STAG PLACE

LONDON S.W.1

TELEPHONE: VICTORIA 2377

File

190

CONFIDENTIAL.

19th March, 1968.

Mr. R. R. Nerton

Thank you for your letter of the 14th March in which you suggest that we might have a talk about the possible future development of the seaweed resources of the Falkland Islands.

From reading your letter I think that it would be more useful for you to have a talk with the Commonwealth Office which is concerned with our relations with the Falkland Islands generally. I am therefore sending a copy of your letter and its enclosure to them and asking them to get into touch with you direct to say whether they would be prepared to have a talk with you.

I am sorry not to respond to your suggestion directly but I think, as I have said, that you will find it more useful to have a talk with them rather than with us.

Yours truly
R. R. Nerton

R. R. Nerton, Esq.

CONFIDENTIAL

C.S.: you will note classification
10 May 1963
11/5
191
119

Thank you very much for your letter of 11th April about Falkland Islands seaweed and for sending me copies of your letter of 14th March to Sir Andrew Cohen and his reply of 19th March.

I am interested in your suggestion that your firm should be granted some form of concession for the right to work all the kelp around the Falkland Islands coast, perhaps on an exclusive basis.

We are always looking for ways whereby the economy of the Falkland Islands can be diversified and naturally the exploitation of the Colony's enormous reserves of kelp interests us very much.

I shall be discussing your tentative proposal with my immediate advisers and shall write to you further on the subject but you will realise that from the point of view of the Colony a delay of five or ten years, to quote your letter of 1st February, is very long indeed. I am sure that your enquiry would receive a most encouraging reply if you were to indicate interest in setting up a small pilot project here in the near future.

As Sir Andrew Cohen has already put you in touch with the Commonwealth Office, I am sending a copy of this letter to A. St.J. Sugg, the officer at Curtis Green Building who deals with all day to day Falkland Islands matters.

CH
reply at 12/1
1/20

R.R. Merton Esq.,
Alginate Industries Ltd.,
22 Henrietta Street,
W.C.2



s.s. "DARWIN",
Stanely.
14.5.69.-

~~1886~~
1912

1/10
14/5

The Honourable The Colonial Secretary,
Stanley.

Sir,

I beg to inform you that, subject to certain terms, circumstances and approval, it is likely that Alginat Industries Limited will appoint Mr. Frederick Dudley Gooch as Resident Engineer.

At present Mr. Gooch is the Engineer of Frigorifico Anglo at Fray Bentos (the same establishment is also known under the name of Frigorifico Nacional de Fray Bentos).

2. The target dates for Alginat Industries Limited in the Falkland Islands, broadcast on a recent Friday's News Letter are inaccurate and un-authorized, but Mr. Pery has instructed me not to make a public statement concerning the matter at this stage.

I have the honour to be,

Sir,

Your obedient Servant,

for Alginat Industries Limited.

P.S.

E

RESTRICTED

Ref: 0004.

22nd May 1968

1973

MEMORANDUM NO. 24/68 FOR EXECUTIVE COUNCIL

Alginat Industries Ltd.

In February 1968 a letter was addressed to the Governor from Mr. R.R. Merton, one of the managing directors of Alginat Industries Ltd., of 22 Henrietta Street, London, W.C.2. which states:

"I am writing you this short note of explanation of our recent activities in relation to samples of Falkland Island seaweed, so that you may have first hand information of our plans and intentions.

As manufacturers of alginates seaweed is our raw material, and apart from a small amount from South Africa our present supplies all come from Europe; and whereas we can see our way to meeting the requirements of our plant expansion for a number of years without going outside Europe, nevertheless we do foresee that perhaps within five or ten years we may need to open up new areas.

In these circumstances we are taking the necessary steps well in advance to obtain full information so as to enable us to compare the various alternatives from the point of view of cost of operation.

An all important factor in cost is the amount of alginat present in the seaweed, and this varies to some extent not only seasonally, but from year to year. It is for this reason that we have decided if possible to obtain regular samples from the more likely areas.

You will see, therefore, that although the Falkland Islands is included, it is not the only possible area, nor is there any likelihood that our weed requirements will justify us in taking any action for some years to come.

I hope that this gives you a useful picture of our position, and had the matter been a more urgent one I would, of course, have been in touch with you before.

Should the position change to any material degree, I will certainly keep you in touch, and you will doubtless appreciate that long term forecasts such as are involved in this case are extremely difficult to make, and can only be based on a precarious extrapolation of expansion achieved hitherto.

Our research chemists are, of course, intent upon discovering new uses for alginates, and new chemical derivatives, which might increase our markets. The kind of break-through which one is always hoping for could happen at any time, so that the position was transformed overnight. A further devaluation would, moreover, enable us greatly to extend our markets, two thirds of which are already in the export field. Even so I think it most unlikely that we shall require weed from outside Europe in less than say five years".

2. His Excellency replied on 7th March as follows:

"It/.....

"It was very good of you to put me so fully in the picture regarding the possible demand for kelp from these Islands and I am only sorry that your conclusion is that it is unlikely that you would require seaweed from outside European waters in less than about five years.

Our preference here is of course for British firms to undertake any development of our natural resources which may be possible and I would therefore suggest that we continue to keep in touch with each other so that if, as I hope, the time comes when exploitation of our seaweed resources can take place, such activity may be in British hands".

3. There followed a further letter dated 11th April from Mr. Merton which reads:

"I am enclosing for your information a copy of a letter which I recently wrote to Sir Andrew Cohen of the Ministry of Overseas Development, together with a copy of his reply.

Read in conjunction with my earlier letter to you of the 1st February, to which you very kindly replied on the 7th March, I think this letter will be of interest to you, particularly inasmuch as it brings out our mutual interest in preferring a British firm so far as development of the natural resources of the Falkland Islands are concerned.

Frankly, we are the only possible British firm which could take a sensible interest in Falkland Island seaweed, and we not only carried out an extensive survey some years ago, but as you know we have recently picked up the threads again by means of appointing Frederick Jones to be our part-time local representative responsible for providing regular samples for detailed analysis.

Partly because of the interest which these activities are likely to stimulate, we feel that we should now take some steps to secure our position.

By this I mean that we should like to apply for some form of tentative concession from the Government of the Falkland Islands for the rights to work all the kelp around the Falklands' coast, preferably upon an exclusive basis.

You will appreciate that we would be unable at this stage to give any firm undertaking to go ahead in the Falklands, but the fact that we have in the past spent a considerable sum on a survey, and that we are currently spending money on obtaining samples, would be an earnest that we are serious in our intentions.

In any case we would hope to receive some form of undertaking that if we continue with the present programme we should be granted first refusal in respect of any weed rights that might be granted.

I should be extremely grateful if you would be kind enough to consider this matter, and let me know your views as to what steps should be taken".

4. The letter sent by Mr. Merton to Sir Andrew Cohen reads:

"I am writing to you at the suggestion of my colleagues Lord Stuart to ask you whether I may pay you a visit. The purpose of my visit would be to bring to your attention information concerning the possible future development of the seaweed resources of the Falkland Islands.

For/.....

For your information seaweed is the raw material of the Alginate Industry in which we are second only to the Americans. Based on the record of expansion since the war, within a few years the industry throughout the world will run out of locally available seaweed, and will then be using around half a million wet tons per annum.

It will be at this stage that we shall look to the Southern Hemisphere for raw material and virtually the only British source will be the Falkland Islands, where we carried out a survey some years ago and which offers very considerable advantages. Hence we recently appointed a representative in the Islands and we are now receiving regular samples for detailed analysis.

It was therefore with consternation that we received a copy of the Governor's recent address to the Islanders (copy enclosed) and read Lord Chalfont's statement on the 13th March in the Lords regarding negotiations with the Argentine.

I am enclosing a letter which I wrote to the Governor of the Falklands before hearing the news about these negotiations. The reason for writing the letter was merely to disabuse the local inhabitants of any impression that we could be in a position to embark on the project forthwith.

In our view, the importance of having a British source of raw material derives from the fact that in all countries Government pressure is brought to bear on the local use of raw materials e.g. the manufacture of Argentinian alginates from Argentinian seaweed; and we would very much prefer to manufacture alginates from Falkland Islands seaweed in Britain. In this context we already export two thirds of our production, based on local seaweed supplies, to over ninety countries. If we were to supply the whole of the balance of the world alginate requirements after local supplies of seaweed had dried up, the seaweed from the Falkland Islands would be likely to enable us in a period of ten years to support an additional annual turnover of value around £20 million or ten times our present turnover. At least 90% of this would be exported.

I shall look forward to hearing from you whether I may have an opportunity to enlist your interest in our Falkland Islands plans in face of the present threat."

5. Sir Andrew Cohen replied saying that it would be more useful to Mr. Merton if he were to discuss the matter with the Commonwealth Office, with whom Mr. Merton duly got in touch, although no details are yet available.

6. Meanwhile the Governor replied to Mr. Merton on 10th May saying:

"I am interested in your suggestion that your firm should be granted some form of concession for the right to work all the kelp around the Falkland Islands coast, perhaps on an exclusive basis.

We are always looking for ways whereby the economy of the Falkland Islands can be diversified and naturally the exploitation of the Colony's enormous reserves of kelp interests us very much.

I shall be discussing your tentative proposal with my immediate advisers and shall write to you further on the subject but you will realise that from the point of view of the Colony a delay of five or ten years, to quote your letter of 1st February, is very long indeed. I am sure that your enquiry would receive a most encouraging reply if you were to indicate interest in setting up a small pilot project here in the near future."

7. The directors of Alginatc Industries are listed as Messrs W.R. Merton (Chairman), R.R. Merton and R. Campbell-Preston, O.B.E., M.C. (Managing Directors), A.C.W. Norman, O.B.E., R.H. McDowell, D.L. Banks, Viscount Stuart of Findhorn, P.C., C.H., M.V.O., M.C., and Mr. F.L.G. Griffith-Jones.

8. Mr. R.R. Merton visited the Falkland Islands in 1947 in connection with the abortive attempt to establish the British American Kelp Company.

9. For the information of Honourable Members a copy is attached of the draft heads of agreement of May 1947 between this Government and the British American Kelp Company. The agreement was never implemented but was apparently regarded as a satisfactory basis for future negotiations.

10. Honourable Members are asked to note the situation presented in these papers and, from their experience of the earlier attempt to establish a kelp industry, to advise on the policy to be followed in future.

W.H. (11/11/50)

(W.H. THOMPSON)
COLONIAL SECRETARY

TB.

DECODE.

TELEGRAM RECEIVED.

SECRETARY OF STATE

From ~~SECRETARY FOR TECHNICAL CO-OPERATION~~ to GOVERNOR

Despatched: 5.12.68

Time: 1915

Received: 6.12.68 Time

PRIORITY IMMEDIATE

No 269 Parliamentary question MIPT "John Hall to ask the Secretary of State what estimate has been made of the effect on the economy of the Falkland Islands of the exploitation of the resources of seaweed to provide raw material for the Alginate Industry of Great Britain"

2. This is for oral reply on 9th December

STEWART

P/L : AA

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 5/12/68

Time:

Received: 5/12/68

Time: 2150

No. 268

IMMEDIATE CONFIDENTIAL

Addressed Governor Falkland Islands telegram number 268 of
5th December repeated Buenos Aires.

Seaweed.

You will by now be aware that there have been references in parliament to Alginate Industries recent announcement about their intentions to extract seaweed and you will have seen reply given by Mr Mulley to questions about this.

2. In today's "Times" there is mention of proposals made direct to you by Alginate Industries and we are contacting them here to find out about these.

3. We also have a PQ (see MIFT). I should be grateful your view of company's latest proposal and for any assessment you can give for reply to this question by tomorrow morning.

Cypher : SJS

See ~~442~~ 196

#44
7/12
W. W. W. 195.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 6/12/68

Time : 2100

Received :

Time :

No. 250

IMMEDIATE CONFIDENTIAL

Addressed FCO telegram 250 of 6th December repeated Buenos Aires.

Your telegrams ¹⁹⁵268 and 269. Seaweed.

Transmission of your 268 delayed for technical reasons.

2. In 1947 British American Kelp Company Limited carried out survey of seaweed resources and Ralph Merton himself spent some time here. Governor Clifford tried to persuade Company to go ahead but project was abandoned see Colonial Office telegram number 306 dated 28th August 1947. Reasons given were

- (1) high costs of collection and raw materials
- (2) prohibitive freight rates
- (3) large capital outlay involving high depreciation and amortisation of charges.

However company hoped to resume negotiations when world conditions more favourable.

3. Interest was resumed in July 1967 see Sugg's letter YC 7/ALG of 19th July 1967 to Thompson indicating we should correspond direct with firm.

4. Latest correspondence contained in my letters of 10th May and 4th July to Merton ^{both} copied to Sugg.

5. On 4th December Ralph Merton telegraphed long letter to me. Main points are (1) analysis of seaweed collected here particularly over last few weeks plus growth rate of industry means Alginate Industries Limited definitely plan to start here within next five years (2) Merton enquires whether some form of concession might be granted (3) firm may even have pilot plant in operation in considerably less than 5 years provided assured of islands future.

6. Having consulted Stanley members of Executive Council and Legislative Council I replied on 5th December quote many thanks your letter telegraphed yesterday we look forward receiving your detailed proposals for study. Pilot project within year or two would be very encouraging unquote.

7. My view of company's proposal is to welcome any opportunity of diversification whatever involved reasons lie behind it.

8. Regarding parliamentary question no detailed estimate of effect on economy has yet been made.

Cypher : SJS

By 20.12.68.
(mail)

Issued 24/12/68

CONFIDENTIAL

197

~~146~~
~~147~~
Q

Ref: 0004

23rd December 1968

MEMORANDUM NO. 72/68 FOR EXECUTIVE COUNCIL

Exploitation of Kelp
Alginate Industries Ltd.

copied to:
Mr. [unclear]
Mr. Mr. Clement
Mr. Mrs. King.

Honourable Members are referred to memorandum No. 24 of 1968, dated 22nd May 1968, minute No. 13 of the meeting of the 24th May 1968, and minute No. 6 of the 19/22nd July 1968.

The following summarises the position to date:

25th July 1968. The Development Committee studied the position and minuted:

"(b) Kelp - The position regarding the kelp industry was noted. It was advised that experts on kelp be contacted and the following questions put to them:

- (i) What is the value of kelp as a fertiliser?
What type of plants respond to it?
- (ii) Is it of any value as food for animals?
- (iii) Could it be used in any grasslands improvement scheme?"

Arising out of this a request for information was sent to the Ministry of Overseas Development. No reply has yet been received.

27th August 1968. Mr. F. Jones provided a copy of a letter dated 22nd August 1947. Though it is out-of-date it provides arguments against kelp harvesting and is therefore worthy of note. It read:

"Dear Sir,

I write to inform you that since the return of Mr. E.D. MacPhee and Mr. R.R. Merton to this Country, the matter of this Company's proposal to establish a seaweed collecting and processing plant at Port Stanley, Falkland Islands, has been under most careful consideration and it has reluctantly been decided that it is not possible at the present time for the Company to go ahead.

In view of the considerable amount of both time and trouble which has been devoted to consideration of the proposal by the Colonial Office and the Government of the Falkland Islands and in view of the very real assistance which the Company has already received at their hands, it is felt that some explanation of the reasons leading to this decision is called for.

During the course of the visits paid to the Falkland Islands by Mr. Merton and members of his staff, information was obtained not only regarding the quantity of weed likely to prove available for harvesting but also regarding such factors as would enable an accurate estimate to be made of the cost of the product as it would be delivered to Messrs. Alginate Industries Ltd., for use in their chemical plants.

The/.....

The two questions of quantity and cost are of course to some extent inter-related, but it is nevertheless as a result of the estimate of cost per ton arrived at that the decision to abandon the project has been taken, the total quantity of weed present being considered sufficient.

The unexpectedly high cost figure is attributable to several factors of which the following are the most important.

In the first place, the weed, although present in sufficient quantity, is distributed over such a wide area that it would be necessary for harvesting vessels to travel a very much greater average distance than was anticipated.

Secondly, weather conditions were found to be more severe than was at first supposed, leading to the conclusion that an altogether more seaworthy and hence expensive type of harvesting craft would be necessary. Furthermore, a considerably greater proportion of harvesting time would be lost, thus increasing the number of craft it would be necessary to operate.

Thirdly, a closer study of the question of freight rates discloses that this item, which has throughout been recognised as likely to prove a necessarily heavy burden, is at present prohibitively high.

Finally, it has been estimated that in spite of every offer of assistance on the part of the Government of the Falkland Islands, extending to the provision of both power and housing, a capital outlay on the part of the Company on the present inflated costs of not less than five hundred thousand pounds would be necessary, thus involving very considerably higher depreciation and amortisation charges than were initially envisaged.

It will be appreciated, however, that a number of the factors contributing to the present high estimate of cost are related to the prevailing world economic conditions; that in course of time one or more of the factors may significantly alter; and that the decision not to go ahead refers only to the present time.

It is in fact the opinion of the Board of the Company that the quantity of weed found, although disappointing compared with initial expectations, are such that if the alginate industry is to go ahead and become firmly established on a world basis, the potential raw material supplies of the Falkland Islands cannot be overlooked. It is for this reason that it has been decided that the Company's one remaining representative in the Falkland Islands shall continue to complete the survey.

We therefore trust that, should it be commercially possible for us to reconsider our decision at a later date, negotiations can be resumed at the stage which they have reached.

In conclusion, the Board would like to express their very sincere appreciation for the extremely generous treatment which the Company has received from both the Colonial Office and the Government of the Falkland Islands, and to express their regret regarding the decision which it has become necessary for them to take.

Yours faithfully,

BRITISH AMERICAN KELP CO. LTD.

Director".

2nd December 1968/...

2nd December 1968. Alginat Industries released the following statement to the British Press:

" "It has recently been reported that the Falkland Islands have no economic potential. Far from being Islands without a future, they represent to the alginat industry of Great Britain possibly the world's largest untapped source of raw material which could provide a 12-fold increase in the Islands' gross annual income."

"It is estimated that the present annual world production of alginates is around 15,000 (fifteen thousand) tons worth £10 million, derived from some half a million tons of wet seaweed, supplied by countries principally in the Northern Hemisphere. Within a very few years these sources will have been developed to their maximum capacity and alginat manufacturers will have to turn to the Southern Hemisphere for their supplies - the only British source will be in the Falkland Islands."

"Alginat Industries Limited has carried out an extensive survey of the seaweed resources within easy reach of Port Stanley and has discovered a vast area of seaweed growth, capable of providing ten times the raw material requirements for the present total world alginat production."

"Chemical analysis of recent samples supplied by our representative in the Falkland Islands confirms our earlier estimates of the amount of alginat present in the seaweed. It is unlikely that there is so favourable a source anywhere else in the world."

"It is for this reason that Alginat Industries Ltd. is basing its plans upon a factory at Port Stanley as soon as present supply sources prove inadequate which, at the present rate of expansion, is likely to be within the next five years. This plant would be capable of producing and exporting seaweed to the value of at least £12 million per annum - sufficient to supply future world alginat production worth some £100 million per annum. As it gives the prospect of vast increase in export value, without importing additional labour, this industry is ideally suited to the Falklands."

"Unlike the present European sources, where the collection of seaweed is almost entirely manual, the nature of the Falkland seaweed makes it possible to harvest mechanically, using methods long-established on the Pacific coast of North America, and the subsequent drying and milling for shipment to Britain would be fully automated."

"The spectacular growth of the alginat industry since the War shows no sign of decreasing. Alginat Industries Limited is the world's second largest alginat manufacturer - producing approximately a quarter of the world's output and regularly exports two-thirds of its production."

"If we could be assured of the Falklands' source of raw material, Britain would stand to capture the major share (90% of which would be re-exported) of the future estimated £100 million world production."

5th December 1968. Mr. Ralph Merton telegraphed to His Excellency The Governor:

"Herewith text of letter from Mr. Ralph Merton.
Original being mailed today.

Dear/.....

Dear Sir Cosmo,

You will doubtless have heard that our interest in Falkland Island seaweed is now common knowledge and I am enclosing a copy of our actual statement released to the press. We have in fact made considerable progress since I last wrote to you both as a result of the analyses of seaweed collected and sent to us monthly from the Falkland Islands (particularly over the last few weeks) and also in the rate of growth of our Industry as already achieved in 1968 and recently forecast for 1969. You will see therefore from our statement that we now definitely plan to make a start within the next five years and in these circumstances I should like to ask you to return to the question of granting us some form of concession. The next step will be to arrange for much larger samples to be provided for our Chemical Departments during 1969 and we shall have to make a start on the engineering side in the near future. If all goes well we may even have a pilot plant in operation in considerably less than five years provided we can be assured of the islands future but I will keep you informed regarding our progress. In view of the new state of affairs our correspondence need no longer be confidential.

Yours sincerely,

Ralph Merton."

5th December 1968. His Excellency The Governor replies:

"Many thanks your letter telegraphed yesterday. We look forward receiving your detailed proposals for study. Pilot project within year or two would be very encouraging."

All the above can be summarised thus:

(1) Alginate Industries Ltd. say that the analysis of seaweed collected over the last few weeks prior to the 2nd of December has provided encouraging information;

(2) The growth rate of the alginates industry is reported as "exceeding expectations";

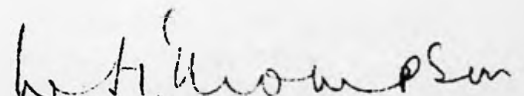
(3) Alginate Industries Ltd. have stated that provided there is a future for the Falkland Islands they plan to commence operations in considerably less than five years;

(4) They have enquired whether some form of concession might be granted;

(5) We have responded by welcoming appropriate development and have encouraged an early pilot project.

(6) The next move appears to be up to Alginate Industries Ltd.

Honourable Members are asked to note the position.



(W.H. THOMPSON)
COLONIAL SECRETARY

CONFIDENTIAL.

DECODE.

CS: Alginate file

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 10/1/69

Time :

Received :

Time :

No. 5

RESTRICTED

Alginate Industries.

On 5th December Merton wrote to Wilson permanent secretary Ministry of Overseas Development saying firm planned to establish factory at Stanley provided assured of islands' political future and suggesting H.M.G. should provide investment grant as for development area of United Kingdom but on considerably more generous scale. Grateful know what reply was given.

2. Merton proposes send representative named Pery visit Stanley April or May.

Cypher : SJS

100 2
10/1
198

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 13/1/69

Time:

Received: 15/1/69

Time

No. 3

CONFIDENTIAL

Addressed Governor Falkland Islands telegram 3 of 15th January repeated saving to Buenos Aires.

Alginat industries.

Your telegram 5.

Alginat have been sending us copies of correspondence with you and they have sent you a copy of CDM's letter to them about assurances for the Falkland Islands' future and investment grants. In their letter CDM referred to the Secretary of State's statements to the House on 11th and 12th December saying that they can not provide out of aid funds. Investment grants similar to those made in U.K. but suggest Alginat contact Commonwealth Development Corporation.

2. Alginat again wrote to CDM (also copied to you) pressing for further assurance for aid and CDM have referred them again to CDC.
3. We will keep you informed of future developments.

Cypher: EJS

Cs. The John Biscoe mail may bring us something from Alginates but meanwhile

P.T.O

despite classification we should tell members of
both councils what OSM has referred Agendas
to CTC. I want to keep members fully up
to date and I shall also mention to Wallton

15/1
16/1

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 4/2/69

Time: p.m.

Received:

Time

No. 30

101

PRIORITY RESTRICTED

Your telegram 17. Parliamentary Question. Seaweed.

Situation has not changed since my telegram 250 of 6th December. We have received copies of correspondence between Werton and ODM concluding with King's letter of 7th January.

2. Alginat Industries representative named Perry expected here April or May. We have written welcoming visitor and have pointed out need for early establishment pilot project.

3. Suggest your reply includes reference to visit upon which much depends. Mention of CEC as possible source of assistance might be helpful.

Cypher : SJS

Copy filed in 0099/14/III

KIV —

(161) for signature.

CONFIDENTIAL

GIBRALTAR AND SOUTH ATLANTIC DEPT.,

Foreign and Commonwealth Office
London S.W.1

[Handwritten signature]



(NGF 7/5)

20 February, 1969.

(02

7/3 ✓ *7/2. 7/1* *5. 7/4*

May I refer to your letter to Wallace of 6 February which has been passed on to me, about Alginat Industries' activities.

2. Fairly recently the Secretary of Alginat Industries told me over the telephone that the company were definitely going ahead with their plans for harvesting and processing seaweed in the Falklands irrespective of whether they could get any financial aid from Her Majesty's Government. This may or may not be true but the Secretary certainly gave me the impression that the company wanted to make sure of the Falkland Islands seaweed supply and were fairly certain of the demand for the product.

3. I rather doubt whether there would be much scope for Anglo/Argentine investment in this project because Alginat's main reason for wanting a British source of supply of seaweed is that the extraction, which is the most profitable part of the industry, can be done in the U.K. The processing is merely dehydrating a fairly simple matter. There is apparently plenty of seaweed in Argentina but if the company used this, Argentina would presumably insist on the extraction plant being put up in the Argentine.

4. But I agree that a scheme like this could provide an excellent beginning for Anglo-Argentine economic co-operation in the Islands and we shall certainly look out for any opportunity of promoting such a scheme that may present itself. We will however, as you say, know more about Alginat's intentions after their representative has been to the Islands.

(A. St. J. Sugg)

F.R.A. Mansfield, Esq.,
Buenos Aires.

Copied to:

W.H. Thompson, Esq., C.B.E.,
Stanley,
Falkland Islands.

CONFIDENTIAL

5072/64

291353

109



CEFOIL LIMITED

At an EXTRAORDINARY GENERAL MEETING of the above-named Company duly convened and held at the offices of Erlangers Ltd. 4 Moorgate London E.C.2 on the 30th day of August 1945 the following Resolution was duly proposed and passed as a Special Resolution :—

RESOLUTION

“THAT the name of the Company be and the same hereby is changed to ‘Alginate Industries Limited.’” ✓

L. Haward

Chairman.

3993/46

4

~~214~~

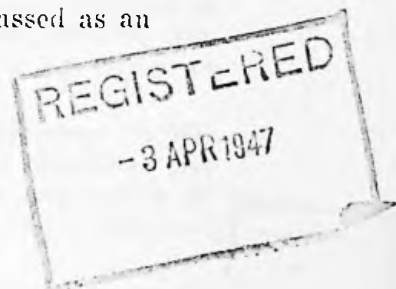
110



GP4353

ALGINATE INDUSTRIES LIMITED

At an EXTRAORDINARY GENERAL MEETING of the above-named Company, held at 4, Moorgate, London, E.C.2, on the 26th day of March, 1947, the following Resolution was duly proposed and passed as an ORDINARY RESOLUTION :—



Resolution

"THAT the capital of the Company be increased to £110,000 by the creation of 35,000 shares of £1 each."

H. M. Mather

Acting Chairman.

285993/84.

111

ALGINATE INDUSTRIES LIMITED.



Special Resolutions

Passed 7th December 1948.

285993

AT an EXTRAORDINARY GENERAL MEETING of the Members of ALGINATE INDUSTRIES LIMITED, held on Tuesday, the 7th day of December 1948, the following Resolutions were duly proposed and passed as Special Resolutions :—

RESOLUTIONS.

I. That the capital of the Company be re-organised and increased so as to consist of £150,000, divided into 100,000 Preferred Ordinary Shares of £1 each and 100,000 Deferred Shares of 10/- each and that such re-organisation and increase be effected—

(A) By the conversion of 100,000 of the existing Shares of £1 each (including all shares now issued) into Preferred Ordinary Shares of £1 each having attached to them and being subjected to the respective rights, privileges and restrictions contained in the Articles of Association of the Company as amended by the next succeeding Resolution.

(B) By the sub-division of each of the remaining 10,000 unissued Shares of £1 each in the present authorised capital of the Company into two Shares of 10/- each and by the conversion of the 20,000 Shares resulting from such sub-division into Deferred Shares, and

(C) By the creation of a further 80,000 Deferred Shares of 10/- each.

II. That the Articles of Association be amended by the adoption of the following new Article to be numbered 24 :—

"24. The capital of the Company at the date of the adoption of this Article as one of the Articles of Association of the Company is £150,000, divided into 100,000 Preferred Ordinary Shares of £1 each and 100,000 Deferred Shares of 10/- each.

The rights attached to these Shares shall be as follows :—

(A) The profits of the Company for each year or other period for which its accounts are made up and audited available for distribution to the shareholders and resolved to be distributed shall be applied in the first place in payment of a non-cumulative dividend on the Preferred Ordinary Shares for the time being issued until the holders of such Preferred Ordinary Shares shall have received a dividend in respect of such year or other period at the rate of 50 per cent. per annum and any balance of such profits shall be applied in payment of dividends to the holders of the Deferred Shares rateably in accordance with the amounts paid up or credited as paid up on such Shares.

(B) On a return of assets on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied first in repaying to the holders of the Preferred Ordinary Shares the amounts paid up on such Shares together with a premium of £6.10.0 per share and the balance of such assets shall belong to and be distributed among the holders of the Deferred Shares rateably according to the amounts paid up or credited as paid up on such Shares held by them respectively."

E. D. MACPHER,

Chairman of the Meeting.

LINKLATER & PAINE,

S.L. 172

AUSTIN FRANK

S.L.S.S.—C81495—33AUSTIN FRANK

LONDON, E.C. 4

Number of 285,993
company



THE COMPANIES ACT, 1948.

FORM OF ANNUAL RETURN OF A COMPANY HAVING A SHARE CAPITAL
As required by Part IV of The Companies Act, 1948 (Section 124)

Annual Return of

ALGINATE INDUSTRIES
LIMITED

made up to the 30th day of May

(Being the fourteenth day after the date of the Annual General Meeting for the year 19

SITUATION OF REGISTERED OFFICE

The address of the Registered Office of the Company is 22, Henrietta Street, London, W.C.2.

SITUATION OF REGISTER OF MEMBERS

The address of the place of which the Register of Members is kept (if other than the Registered Office of the Company) is

SITUATION OF REGISTER OF DEBENTURE-HOLDERS

The Address of the place in Great Britain, other than the Registered Office of the Company, at which is kept any Register of holders of Debentures of the Company or any duplicate of any such Register or part of any such Register which is kept outside Great Britain is

CERTIFICATES APPROPRIATE TO A PRIVATE COMPANY ONLY

A. CERTIFICATE TO BE GIVEN BY A DIRECTOR AND THE SECRETARY OF EVERY PRIVATE COMPANY (whether an Exempt Private Company or not).* (The Signatures of two separate persons are required.)

I do Certify that the Company has not since the date of [the incorporation of the Company/the last Annual Return] issued any invitation to the public to subscribe for any Shares or Debentures of the Company.

Signed [Signature] Director. Signed [Signature] Secretary.

In the case of the first Return strike out the second alternative. In the case of a second or subsequent Return strike out the first alternative.

B. FURTHER CERTIFICATE TO BE GIVEN AS AFORESAID IF THE NUMBER OF MEMBERS OF COMPANY EXCEEDS FIFTY.

I do Certify that the excess of the number of Members of the Company over fifty consists wholly of persons who, under Paragraph (b) of Sub-Section (1) of Section 28 of The Companies Act, 1948, are not to be included in reckoning the number of fifty.

Signed [Signature] Director. Signed [Signature] Secretary.

* If the Company is an EXEMPT PRIVATE COMPANY the additional Certificate (C) on page 5 must be completed.

Note.—A Banking Company, in order to avail itself of the benefit of Section 432 of The Companies Act, 1948, must add to this Return a statement of the names of the several places where it carries on business.

The Return must be signed, at the end, by a Director and the Secretary of the Company

Telegrams: "CERTIFICATE, ESTRAND, LONDON"

Telephone Number: FLEet Street 8941

JORDAN & SONS, LIMITED

Company Registration Agents, Printers, Publishers and Stationers

116 Chancery Lane, London, W.C.2, and 13 Broad Street Place, E.C.2

Delivered for filing by

Alginate Industries Limited,
22, Henrietta Street,
London, W.C.2.

Summary of Share Capital and Debentures.*

(A) NOMINAL SHARE CAPITAL £ 150,000

	Number	Class	
DIVIDED INTO	100,000	Prof. Ord.	shares of £ 1 each
	50,000	Deferred	shares of £ 10/- each
			shares of £ each
			shares of £ each

(B) ISSUED SHARE CAPITAL AND DEBENTURES*

NOTE : * The reference to " Debentures " relates to paragraphs 12 and 13 only.

1. Number of shares of each class taken up to the date of this return (which number must agree with the total shown in the list as held by existing members).	87,227	Prof. Ord.	shares
	80,648	Deferred	shares
2. Number of shares of each class issued subject to payment wholly in cash.	78,005	Prof. Ord.	shares
	56,048	Deferred	shares
3. Number of shares of each class issued as fully paid up for a consideration other than cash.	9,222	Prof. Ord.	shares
	24,600	Deferred	shares
4. Number of shares of each class issued as partly paid up for a consideration other than cash and extent to which each such share is so paid up.			shares
			{ issued as paid up to the extent of £ per share
			{ issued as paid up to the extent of £ per share
			{ issued as paid up to the extent of £ per share
			{ issued as paid up to the extent of £ per share
5. Number of shares (if any) of each class issued at a discount			shares
6. Amount of discount on the issue of shares which has not been written off at the date of this return.	£1 per share on 10,581	Prof. Ord. Shares (At par)	£
7. Amount called up on number of shares of each class.	£ 2 per share on 6,542	Prof. Ord. (At par)	£ 13,084
	£ 1 per share on 30,515	" " (At par)	£ 30,515
	£ 1 per share on 11,267	" " (At par)	£ 11,267
	£ 10 per share on 16,600	Deferred Shares (At par)	£ 166,000
8. Total amount of calls received, including payments on application and allotment and any sums received on shares forfeited.			£ 106,029 £206,576
9. Total amount (if any) agreed to be considered as paid on number of shares of each class issued as fully paid up for a consideration other than cash.	9,222	Prof. Ord.	shares
	12,300	Deferred	shares
10. Total amount (if any) agreed to be considered as paid on number of shares of each class issued as partly paid up for a consideration other than cash.			shares
			shares
			shares
11. Total amount of calls unpaid			£
12. Total amount of the sums (if any) paid by way of commission in respect of any shares or debentures.			£
13. Total amount of the sums (if any) allowed by way of discount in respect of any debentures since the date of the last return.			£
14. Total number of shares of each class forfeited			shares
			shares
			shares
15. Total amount paid (if any) on shares forfeited			£
16. Total amount of shares for which share warrants to bearer are outstanding			£
17. Total amount of share warrants to bearer issued and surrendered respectively since the date of the last return.	Issued		£
	Surrendered		£
18. Number of shares comprised in each share warrant to bearer, specifying in the case of warrants of different kinds, particulars of each kind.			

Particulars of Indebtedness

19. Total amount of indebtedness of the Company in respect of all mortgages and charges which are required (or, in the case of a Company registered in Scotland, which, if the Company had been registered in England, would be required) to be registered with the Registrar of Companies under The Companies Act, 1948, or which would have been required so to be registered if created after 1st July, 1908.	£ 220,273
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Note: This margin is reserved for binding and must not be written across.

PARTICULARS OF THE PERSONS WHO ARE DIRECTORS* OF THE COMPANY AT THE DATE OF THIS RETURN					
NAME (In the case of an individual, present christian name or names and surname.† In the case of a Corporation, the corporate name)	Any former christian name or names and surname‡	NATIONALITY	USUAL RESIDENTIAL ADDRESS (In the case of a Corporation, the registered or principal office)	BUSINESS OCCUPATION AND PARTICULARS OF OTHER DIRECTORSHIPS§	DATE OF BIRTH
William Ralph Merton		British	Seymour Court, Marlow, Bucks.	Company Director Manuacol Products Limited Alginate Industries (Ireland) Limited Alginate Industries (Scotland) Limited Fulmer Research Institute Limited Erinoid Limited The Public & General Holdings Co., Ltd., Henrietta Holdings Limited Forestal Land Timber and Railways Co. Limited The Channel Tunnel Co., Sterling Trust Co., British & American General Trust Limited Moorgate Holdings Limited Robert Fleming & Co., Electronic Trust Limited Technology Investments Limited Leach's Argentine Estates Limited Triplevest Limited Fleming-Suez Limited Alabama Finance Limited Alginate Industries (Manufacturing) Limited.	
Robert Ralph Merton		British	The Old Rectory, Burghfield.	Company Director Alginate Industries (Manufacturing) Limited.	

PARTICULARS OF THE PERSON WHO IS SECRETARY OF THE COMPANY AT THE DATE OF THIS RETURN		
NAME (In the case of an individual, present christian name or names and surname.† In the case of a Corporation or a Scottish firm, the corporate or firm name)	Any former christian name or names and surname‡	USUAL RESIDENTIAL ADDRESS (In the case of a Corporation or a Scottish firm, the registered or principal office)**
Alan Hay Stewart		2, Talbot Place, Blackheath, S.E.3.

NOTES.

* "Director" includes any person who occupies the position of a director in whatever name called, and who exercises the powers or performs the duties or instructions of the Directors of the Company as accustomed to act.

† "Christian name" includes a forename and "surname" in the case of a peer or person usually known by a title different from his surname, means that title.

‡ "Former christian name" and "former surname" do not include—
(a) in the case of a peer or a person usually known by a British title different from his surname, the name by which he was known previous to the adoption of or succession to the title; or
(b) in the case of any person, a former christian name or surname where that name or surname was changed or disused before the person bearing the name attained the age of eighteen years or has been changed or disused for a period of not less than twenty years; or
(c) in the case of a married woman the name or surname by which she was known previous to the marriage.

§ Directorships.—The names of all bodies corporate incorporated in Great Britain of which the Director is also a Director should be given, except bodies corporate of which the Company making the return is the wholly-owned subsidiary or bodies corporate which are the wholly-owned subsidiaries either of the Company, or of another Company of which the Company is the wholly-owned subsidiary. A body corporate is deemed to be the wholly-owned subsidiary of another if it has no members except that other and that other's wholly-owned subsidiaries and its or their nominees. If the space provided in the form is insufficient, particulars of other directorships should be listed on a separate statement attached to this form.

|| Dates of birth need only be given in the case of a Company which is subject to Section 185 of The Companies Act, 1948, namely, a Company which is not a Private Company or which, being a Private Company, is the subsidiary of a body corporate incorporated in the United Kingdom which is neither a Private Company nor a Company registered under the law relating to companies for the time being in force in Northern Ireland and having provisions in its constitution which would, if it had been registered in Great Britain, entitle it to rank as a Private Company.

** Where all the partners in a firm are joint secretaries the name and principal office of the firm may be stated.

N.B.—If there is not sufficient space for all the necessary entries in the above columns, attach a separate sheet.

(C) Additional Certificate to be given in the case of
EXEMPT PRIVATE COMPANY by the
persons signing the Certificates on page 1.

We Certify that, to the best of our knowledge and
belief, the conditions mentioned in Sub-Section (2) of
Section 129 of The Companies Act, 1948, are satisfied at
the date of this Return and have been satisfied at all
times since _____.

(Signed) _____ Director.

(Signed) _____ Secretary.

* Insert "1st July, 1948" (the date of the commencement of The Companies
Act, 1948), or if the Company was registered after that date, the date on which
it was registered, or, if the proviso to Section 129 (1) has effect in relation to the
Return, the time at which it was shown to the Board of Trade that the conditions
mentioned in the Certificate were satisfied.

(D) (The Signatures of two separate persons are required
on Certificates (C) and (D).)

We Certify that there is annexed hereto a true copy
of every Balance Sheet laid before the Company in General
Meeting during the period to which this Return relates
(including every document required by law to be annexed
to the Balance Sheet) and a true copy of the report of
the Auditors on, and of the report of the Directors accom-
panying, each such Balance Sheet.

(Signed) _____ Director.

(Signed) _____ Secretary.

The Balance Sheet referred to above should be identified by writing thereon—
"This is the copy referred to in the annexed Certificate (D)" and signed as above.

This margin is reserved for balance sheet and must not be written across.

This margin is reserved for balance sheet and must not be written across.

Indicate whether a Full List of
Members or of Changes only } FULL LIST

LIST OF PAST AND

LIST of persons holding Shares or Stock in the Company on the fourteenth day after the Annual since the date of the last Return, or, in the case of the

NOTE (1).—If the Return for either of the two immediately preceding years has given as at the date of that Return the full particulars required as to past and present Members and the Shares and Stock held and transferred by them, *only* such of the particulars need be given as relate to persons ceasing to be or becoming Members since the date of the last Return and to Shares transferred since that date or to changes as compared with that date in the amount of Stock held by a Member.

Folio in Register Ledger containing particulars.	NAMES (Christian or forenames of past and present members should be shown in full as well as surnames).	ADDRESSES
A.1.	Albright & Wilson Limited.	1, Knightsbridge Green, London, S.W.1.
B.7.	David Lindsay Bankes., c/o. Childs & Co.,	1, Fleet Street, London, E.C.4.
B.9.	Cyril Thomas Blood, 'Badeaul'.	Lunghurst Road, Woldingham, Surrey.
B.10. B.1.	Mrs. C. Bonniksen, Ford Cottage, Drayton St. Leonard, Oxon. Cyril Wilfred Bonniksen, Ford Cottage, Drayton St. Leonard, Oxon.	
B.8.	The British Linen Bank Edinburgh Nominees Ltd.,	38, St. Andrew Square, Edinburgh 2.
B.1.	Alan Samuel Butler, Studham Hall Farm,	Studham, Nr. Dunstable, Beds.
C.14.	Charles Alexander Cameron, Skirinish,	Skeabost Bridge, Isle of Skye.
C.10.	Robert Modan Thorne Campbell-Preston,	Ardehatten Priory, By Connell, Argyllshire
C.6.	Antonio L.V. Cauvin, Passegiata-a-Mara, Ventimiglia,	Imperia, Italy.
C.2.	Air Chief Marshal The Hon. Sir Ralph A. Gochrane, K.B.E., K.C.B.,	Great Rolright, Manor, Chipping Norton, Oxon
C.9.	Control Nominees Limited,	41, Lethbury, London, E.C.2.
C.11.	Cowdray Trust Limited,	Millbank Tower, London, S.W.1.
C.7.	Dr. John Edgley Curnock,	22, Wimpole Street, London, W.1.
D.4.	Mrs. Annie Lillian Dobson,	177, Dornice Road, Oakville, Ontario, Canada.
E.2.	Leo Frederick d'Erlanger,	Gillett House, 55, Basinghall Street, E.C.2.
G.5.	Glyns Nominees Limited,	67, Lombard Street, London, E.C.3.
G.3.	Francis Lionel Grant,	18, Gordon Place, Kensington, W.8.
G.6.	Frederick Lionel Guthrie Griffith-Jones,	Beacon Wood, Penn. Bucks.
J.1.	Douglas Gadsby Jones,	Clent House, Hill Farm Road, Taplow, Bucks.
L.1.	Lloyds Bank (Foreign) Nominees Limited,	100, Pall Mall, London, S.W.1.
L.2.	London Office Royal Bank of Scotland Nominees Ltd.,	3, Bishopsgate, E.C.2.
Mc.2.	Richard Henry McDowell,	20, Oak Tree Close, Virginia Water, Surrey.
M.4.	Robert Ralph Merton,	The Old Rectory, Burchfield, Nr. Reading, Berks.

NOTE. This margin is reserved for particulars, and must not be written across.

* The aggregate number of Shares or Stock held by each member must be stated, and the aggregates must be added up so as to agree with the number of Shares or amount of Stock stated in the Summary of Share Capital to have been taken up. (The words in italics are applicable only when the full list of members is given.)

† When the Shares are of different classes these columns should be sub-divided, so that the number of each class held, or transferred, may be shown separately. Where any Shares have been converted into Stock the amount of the Stock held by each Member must be shown.

PRESENT MEMBERS

Gal. No. J.S.A. Jordan & Sons, Ltd., 116, Chancery Lane, W.C.2. S312(v)

General Meeting for 1968, and of persons who have held Shares or Stock at any time therein
First Return, of the incorporation of the Company.

NOTE (2).—If the names in this List are not arranged in alphabetical order, an Index sufficient to enable the name of any person to be readily found must be annexed.

NOTE (3).—Christian or forenames of past and present members should be shown IN FULL as well as surnames.

ACCOUNT OF SHARES.

*Number of Shares or amount of Stock held by existing Members at date of Return.†		‡Particulars of Shares transferred since the date of the last Return, or, in the case of the first Return, of the incorporation of the Company, by (a) persons who are still Members, and (b) persons who have ceased to be Members.		REMARKS:
		Number.†	Date of Registration of Transfer.	
Pref. Ord.	Deferred	Pref. Ord. Deferred	(a) (b)	
5,500	-			
50	1			
1	-			
4,213	2,500	2,500	29.5.68.	
2,400	2,000	373	15.3.68.	
2,735	2,208	259	31.7.67.	
1	-			
715	1,703	5	25.3.68.	
80	85			
113	30			
1,100	715			
-	5			
325	-			
30	-			
612	399			
25,697.	41,719			
275	50			
1	1			
	48			
2,313.	1,021			
12,511.	2,715			
50.	2			
-	5,428			

(Signed) _____ Director

(Signed) _____ Secretary
(The Signatures of two separate persons are required.)

† The date of registration of each Transfer should be given as well as the Number of Shares transferred in each date. The particulars should be placed opposite the name of the Transferor, and not opposite that of the Transferee, but the name of the Transferee may be inserted in the "Remarks" column immediately opposite the particulars of each transfer.

Indicate whether a Full List of
Members or of Changes only

LIST OF PAST AND

LIST of persons holding Shares or Stock in the Company on the fourteenth day after the Annual
since the date of the last Return, or, in the case of the

Note (1).—If the Return for either of the two immediately preceding years has given as at the date of that Return the full particulars required as to past and present Members and the Shares and Stock held and transferred by them, only such of the particulars need be given as relate to persons ceasing to be or becoming Members since the date of the last Return and to Shares transferred since that date or to changes as compared with that date in the amount of Stock held by a Member.

Folio in Register Leger containing Particulars.	NAMES	ADDRESSES
M.5.	William Ralph Merton.	Seymour Court, Marlow, Bucks.
M.7.	Midland Bank (Overseas) Nominees Limited.	60, Gracechurch Street, E.C.3.
M.6.	Ernest Knight Mitchell.	11, North Park Avenue, Girvan, Ayrshire, Scotland.
M.10.	Morgan Nominees Limited.	23, Great Winchester Street, London, E.C.2.
N.5.	J.F.T.Nangle Esq., & Others.	Aldermans House, Bishopsgate, London, E.C.2.
N.3.	Harold Hovenden Nave.	74, High Street, Maidenhead, Berks.
N.8.	Nominees Limited.	100, Wood Street, London, E.C.2.
N.4.	Anthony Wynyard Norman.	2, Mansfield Street, London, W.1.
R.8.	Victor Charles Reeve.	46, Mallard Way, Kingsbury, N.W.9.
R.3.	Reginald Charles Richards.	130, Wainock Lane, Lower Willington, Eastbourne, Sussex.
R.5.	Mrs. Tora Rolt.	Broadlands, Beegemery Road, Wellington, Shropshire.
R.9.	The Royal Trust Company of Canada.	3, St. James's Square, London, S.W.1.
R.2.	Roy Nominees Limited.	3, St. James's Square, London, S.W.1.
R.6.	C.W. Bover & Others. Executors of the late F.W. Roques.	4, Breems Blds., Chancery Lane, E.C.4.
S.6.	Nathaniel Charles Sebag-Montefiore.	15, Jameson Street, London, W.8.
S.1.	Major Henry Sherwood.	Crawford House, Spetisbury, Blandford Forum, Dorset.
S.3.	The Rt. Hon. The Viscount Stuart of Findhorn.	3, Stafford Mansions, Stafford Place, S.W.1.
S.7.	Alan Hay Stewart.	2, Talbot Place, Blackheath, S.E.3.
S.4.	Dr. Michael Matthe Lister Sutcliffe.	31, Lancaster Avenue, Hadley Wood, Barnet, Herts.
S.8.	M.P. Sutton Esq., & Others. Executors of the late Dr. F.C. Harris.	2, Town Quay, Blacksmiths Lane, Balcham-on-Thames.
T.1.	Trust Corporation of Bahamas Ltd.,	P.O. Box 288, Nassau, N.P. Bahamas.

* The aggregate number of Shares or Stock held by each Member must be stated, and the aggregates must be added up so as to agree with the number of Shares or amount of Stock stated in the Summary of Share Capital to have been taken up.

† When the Shares are of different classes their value must be stated, and the number of each class must be converted into Stock the

Note—This margin is reserved for binding and must not be written across.

PRESENT MEMBERS

Est. No. J.S.A. Jordan & Sons, Ltd., 116, Chancery Lane, W.C.2. 8812(v)

General Meeting for 19....., and of persons who have held Shares or Stock at any time therein
First Return, of the incorporation of the Company.

NOTE (2).—If the names in this List are not arranged in alphabetical order, an Index sufficient to enable the name of any person to be readily found must be annexed.

NOTE (3).—Christian or forenames of past and present members should be shown IN FULL as well as surnames.

8.

ACCOUNT OF SHARES.

*Number of Shares or amount of Stock held by existing Members at date of Return.†	†Particulars of Shares transferred since the date of the last Return, or, in the case of the first Return, of the incorporation of the Company, by (a) persons who are still Members, and (b) persons who have ceased to be Members.		REMARKS.
	Number.†	Date of Registration of Transfer.	
Pref. Ord. Deferred	Pref. Ord. Deferred	(a) (b)	
4,113.			
850. -			
126 -			
305 -			
6,475 -	22 1,090	18.4.68. 31.7.67.	
56 46			
3,089 1,764			
2,670 1,716			
76 57			
50 -			
86 87			
1,165 4			
11,774 9,620	1,165	24.8.67.	
100 -			
- 47			
750 481			
1 -			
1 -			
500 325			
100 1			
301 1,733			

(Signed) _____ Director

(Signed) _____ Secretary
(The Signatures of two separate persons are required.)

* The date of registration of each Transfer should be given as well as the Number of Shares transferred on each date. The particulars should be placed opposite the name of the Transferor, and not opposite that of the Transferee, but the name of the Transferee may be inserted in the "Remarks" column immediately opposite the particulars of each transfer.

BOARD OF DIRECTORS

Chairman:

W. R. Merton

Joint Managing Directors:

R. R. Merton

R. M. T. Campbell-Preston, O.B.E., M.C.

A. C. W. Norman, O.B.E.

R. H. McDowell

D. L. Banks

The Rt. Hon. the Viscount Stuart of Findhorn, P.C., C.H., M.V.O., M.C.

F. L. G. Griffith-Jones

Secretary:

A. H. Stewart

Registered Office:

22, Henrietta Street,
London, W.C.2.

Auditors:

Smallfield, Fitzhugh, Tillett & Co., *Chartered Accountants*,
24, Portland Place, London, W.1.

NOTICE OF
ANNUAL GENERAL MEETING

REPORT OF THE AUDITORS
to the Members of Alginat Industries Limited

10

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company so far as appears from our examination of those books. We have examined the annexed Balance Sheet which is in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given us the said Balance Sheet, together with the Report by the Directors and the notes on pages six, seven and eight, gives the information required by the Companies Act, 1948, in the manner so required and gives a true and fair view of the state of the Company's affairs as at 31st December, 1967.

We have also examined the annexed Consolidated Balance Sheet and Consolidated Profit and Loss Account of the Company and its subsidiaries dealt with thereby, with the audited accounts of those companies of which two have not been audited by us. Subject to the foregoing, in our opinion such Consolidated Balance Sheet and Consolidated Profit and Loss Account, together with the notes on pages six, seven and eight, have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give a true and fair view respectively of the state of affairs and of the profit of Alginat Industries Limited and its subsidiaries dealt with thereby so far as concerns members of Alginat Industries Limited.

SMALLFIELD, FITZHUGH, TILLET & CO.,
Chartered Accountants.

24, Portland Place,
London, W.1

22nd April, 1968.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-third Annual General Meeting of Alginate Industries Limited will be held at 22, Henrietta Street, London, W.C.2, on Thursday, the Sixteenth day of May, 1968, at 12 noon, for the following purposes:—

1. To receive and adopt the Directors' Report and the Statement of Accounts for the year ended 31st December, 1967.
2. To confirm and declare dividends.
3. To re-elect two Directors.
4. To fix the remuneration of the Auditors for the ensuing year.
5. To transact any other business of an Ordinary General Meeting.

A Member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and on a poll vote instead of him, and that Proxy need not also be a Member.

By Order of the Board,

A. H. STEWART;

Secretary.

22, Henrietta Street,
London, W.C.2.

24th April, 1968.

REPORT BY THE DIRECTORS

For the year ended 31st December, 1967

The Directors submit herewith the Accounts of the Company for the year ended the 31st December, 1967.

	1967		1966	
	£	£	£	£
The Net Profit of the Group for the year ended 31st December, 1967, after charging all working expenses amounted to.....		286,918		221,270
There is required as reserves:—				
For taxation on the profits for the year, including adjustments for previous years.....	112,195		95,776	
For a transfer to reserve in respect of taxation deferred by Capital Allowances (1966 a transfer from reserve)	10,250		3,800	
		128,445		91,976
Leaving a Net Profit after Taxation and Transfer to Reserve of		158,473		129,294
Your Directors recommend that the following Gross Dividends should be paid:—				
On the 50 per cent. Non-Cumulative Preferred Ordinary Shares 50 per cent.....	43,613		43,613	
On the Deferred Shares 50 per cent.....	20,162		20,162	
		63,775		63,775
Leaving an unappropriated balance of.....		94,698		65,519
To which must be added the unappropriated balance brought forward from last year of.....		604,614		539,095
Giving an unappropriated balance to be carried forward of.....		£699,312		£604,614

Lord Stuart and Mr. D. L. Bankes who retire by rotation in accordance with Articles 84 and 85 of the Articles of Association of the Company offer themselves for re-election.

The Auditors, Messrs. Smallfield, Fitzhugh, Tillett & Co., Chartered Accountants, have intimated their willingness to continue in office.

By Order of the Board,
A. H. STEWART,
Secretary.

London,

24th April, 1968.

ALGINATE INDUSTRIES LIMITED AND SUBSIDIARIES

BALANCE SHEET as at 31st December, 1967

		Alginat Industries Limited		The Group	
	Notes	1967 £	1966 £	1967 £	1966 £
Assets Employed					
Fixed Assets.....	(1)	593,234	520,677	643,914	589,282
Subsidiary Companies.....	(2)	122,653	99,656		
Interest in Associated Company.....	(3)	13,061	13,924	13,061	13,924
Current Assets:					
Stocks and Stores.....		527,659	482,667	534,320	525,766
Debtors.....		531,714	457,114	591,169	464,406
Cash with Bankers and in Hand		2,737	6,977	14,545	33,193
		1,112,101	946,758	1,200,554	1,023,365
Less Current Liabilities:					
Creditors.....		214,495	144,654	227,492	157,310
Current Taxation.....		76,989	54,055	81,680	54,359
Corporation Tax due 1.1.69.....		132,030	86,000	132,800	88,150
Proposed Dividends of Alginat Industries Limited.....		63,775	63,775	63,775	63,775
Bank overdraft—secured.....		220,273	231,417	229,273	231,417
		709,524	579,901	726,020	595,011
Net Current Assets.....		402,637	366,857	474,534	428,354
Preliminary Expenses.....		—	—	441	441
		£1,105,635	£1,001,114	£1,136,950	£1,032,001
Financed by:					
Issued Share Capital of Alginat Industries Limited.....	(4)	127,551	127,551	127,551	127,551
Capital Reserves.....	(5)	224,783	224,783	224,787	224,786
Retained Profits.....	(6)	673,001	580,080	699,312	604,614
Taxation deferred by Capital Allowances.....	(8)	76,300	68,700	85,300	75,050
		£1,105,635	£1,001,114	£1,136,950	£1,032,001

4 This is the copy referred to
in the annexed Certificate (D)
Signed by the Directors

W. R. MERTON
R. R. MERTON

WILLIAM R. MERTON
R. R. MERTON } Directors.

14 ALGINATE INDUSTRIES LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1967

	Notes	Group 1967 £	Group 1966 £
Group Trading Profit		<u>452,895</u>	<u>361,508</u>
Provision for depreciation		59,618	55,336
Directors' Emoluments		62,139	52,015
Staff Bonus Scheme (other than Directors)		30,043	19,403
Auditors' Remuneration		787	787
Interest		<u>13,384</u>	<u>12,697</u>
		<u>165,977</u>	<u>140,238</u>
Group Profit before Taxation		<u>286,918</u>	<u>221,270</u>
Taxation	(7)	<u>128,445</u>	<u>91,976</u>
Profit after Taxation of Alginat Industries Limited		159,696	128,802
Retained by Subsidiaries		<u>-1,223</u>	<u>492</u>
ALGINATE INDUSTRIES LIMITED			
Profit of Alginat Industries Limited available for appropriation		159,696	128,802
Retained in Reserves by Alginat Industries Limited		95,921	65,027
Dividends of Alginat Industries Ltd	(9)	<u>63,775</u>	<u>63,775</u>

ALGINATE INDUSTRIES LIMITED AND SUBSIDIARIES

NOTES ON THE ACCOUNTS—31st December, 1967

1. Fixed Assets

	1967			1966	
	Cost	Depreciation	Net Book Value	Cost	Depreciation
	£	£	£	£	£
(a) Alginate Industries Ltd:					
Land, Buildings and Roads.....	283,791	58,443	225,348	272,078	47,414
Plant, Machinery, Furniture and Fittings.....	735,738	333,513	452,225	634,134	285,384
Motor Vehicles.....	35,246	16,093	19,153	29,409	13,416
	<u>1,104,775</u>	<u>408,049</u>	<u>696,726</u>	<u>935,621</u>	<u>346,214</u>
Investment and Other Grants.....	146,774	18,332	128,442	74,624	5,894
	<u>958,001</u>	<u>383,717</u>		<u>860,997</u>	<u>340,320</u>
			<u>568,284</u>		<u>520,677</u>

Investment and other grants £146,774, comprise £74,624 in respect of Development Area Grants and Investment Grants received and receivable in previous years, and £72,150 in respect of similar grants received and receivable in respect of the current year. The depreciation charge for the year, calculated by reference to the cost of fixed assets as in previous years, amounts to £64,832. This has been reduced by £12,437 being the appropriate proportion of investment and other grants.

(b) The Group:

Land, Buildings and Roads.....	343,491	70,982	272,509	319,367	58,897
Plant, Machinery, Furniture and Fittings.....	862,456	375,597	486,859	706,184	323,647
Motor Vehicles.....	47,184	21,712	25,472	41,563	20,092
	<u>1,253,131</u>	<u>468,291</u>	<u>784,840</u>	<u>1,067,114</u>	<u>402,636</u>
Investment and Other Grants.....	155,296	19,370	135,926	81,547	6,351
	<u>1,097,835</u>	<u>448,921</u>		<u>985,567</u>	<u>396,285</u>
			<u>648,914</u>		<u>589,282</u>

Investment and other grants £155,296 comprise £81,547 in respect of Development Area Grants and Investment Grants received and receivable in previous years, and £73,749 in respect of similar grants received and receivable in respect of the current year. The depreciation charge for the year calculated by reference to the cost of fixed assets as in previous years, amounts to £72,637. This has been reduced by £13,019 being the appropriate proportion of investment and other grants.

NOTES ON THE ACCOUNTS—(continued)

	1967 £	1966 £
2. Subsidiary Companies		
Shares at Cost.....	25,498	25,498
Shares at Directors' Valuation.....	35,000	35,000
Amounts due on Current Account.....	62,655	39,658
	<u>123,153</u>	<u>100,156</u>
Less amount owing on Current Account.....	500	500
	<u>122,653</u>	<u>99,656</u>

3. Interest in Associated Company		
Shares at Cost.....	6,998	6,998
Amount due on loan.....	6,063	6,926
	<u>13,061</u>	<u>13,924</u>

4. Share Capital of Alginate Industries Ltd.		
Authorised:		
50 per cent. Non-Cumulative Preferred Ordinary Shares of £1 each	100,000	100,000
Deferred Shares of 10s. each.....	50,000	50,000
	<u>150,000</u>	<u>150,000</u>
Issued:		
50 per cent. Non-Cumulative Preferred Ordinary Shares of £1 each fully paid.....	87,227	87,227
Deferred Shares of 10s. each fully paid.....	40,324	40,324
	<u>127,551</u>	<u>127,551</u>

	Alginate Industries Limited		The Group	
	1967 £	1966 £	1967 £	1966 £
Share Premium Account.....	204,070	204,070	204,070	204,070
General Reserve.....	20,713	33,544	20,717	36,500
Less Grants transferred and set off against appropriate assets.....	—	12,831	—	15,784
	<u>20,713</u>	<u>20,713</u>	<u>20,717</u>	<u>20,716</u>
	<u>224,783</u>	<u>224,783</u>	<u>224,787</u>	<u>224,786</u>

NOTES ON THE ACCOUNTS—(continued)

6. Retained Profits

	Alginatc Industries Limited		The Group	
	1967	1966	1967	1966
	£	£	£	£
As at 31st December, 1966.....	580,080	515,053	604,614	530,025
Undistributed Profits for the year.....	95,921	65,027	94,698	65,519
Undistributed Profits carried forward at 31st December, 1967	676,001	580,080	699,312	604,614

7. Taxation

	Alginatc Industries Limited		The Group	
	1967	1966	1967	1966
	£	£	£	£
Adjustment in respect of previous years.....	—14,986	—	—14,958	—
Corporation Tax on the profits of the year.....	132,078	91,000	133,153	93,150
Income and Profits Taxes.....	—	3,507	—	2,626
Transfer to Reserve for Taxation deferred by Capital Allowances.....	9,600	—3,050	10,250	—3,800
	126,692	91,457	128,445	91,976

Corporation Tax has been provided at rates of 40 per cent. up to the 31st March and 42½ per cent. thereafter.

8. Reserve for Taxation deferred by Capital Allowances

	Alginatc Industries Limited		The Group	
	1967	1966	1967	1966
	£	£	£	£
Balance at 31st December, 1966.....	68,700	71,750	75,050	78,850
Provided in the year.....	9,600	—3,050	10,250	—3,800
Balance at 31st December, 1967.....	78,300	68,700	85,300	75,050

Tax equalisation accounts are based on taxation at current rates on the excess of initial and writing down allowances computed for tax purposes over depreciation to date calculated on the original cost of assets acquired.

9. Proposed Dividends of Alginatc Industries Limited

	1967	1966
	£	£
Non-Cumulative Preferred Ordinary Shares of £1 each fully paid—50 per cent. gross.....	43,613	43,613
Deferred Shares of 10s. each fully paid—50 per cent. gross.....	20,162	20,162
	63,775	63,775

10. Capital Expenditure authorised but not provided for is estimated to amount to £161,000 (1966 £66,700).

N.B. Searchers may find it desirable to refer to the documents mentioned in column (2) for more detailed particulars

REGISTER of Mortgages and Charges,

Alginate Industries

118

GA 4353

(1) Date of Registra- tion	(2) Serial No. of Docu- ment on File	(3) Date of Creation of each Mortgage or Charge and Description thereof	(4) Date of the acquisition of the Property	(5) Amount secured by the Mortgage or Charge	(6) Short particulars of the Property Mortgaged or Charged	(7) Names of the Mortgagees or Persons entitled to the Charge	
1965 4 th March	131	17 th Feb. 1965 <i>Single Debenture</i>		£ All monies due or to be- come due from the Company to the bank on account thereof.	Undertaking and goodwill, all property and assets present and future including uncalled Capital with all fixtures (including trade fixtures) fixed plant and machinery now or here- after thereon (see doc. 131 for details) (fixed and floating charges)	Lloyds Bank Ltd.	Reserved for Binding

IN CONFIDENCE



HGF 7/5

Gibraltar & South Atlantic Depa.
Foreign and Commonwealth Office
London S.W.1

18 February, 1969.



Dear Sir

*C.I. Wsu
L.G. 8/3/69
6/3*

In your letter to me of 15 January you asked me to find out something about Alginate Industries.

2. I now attach copies of various documents relating to the Company which show something of its history and present position. The Annual Return for 1967 gives a list of shareholders and the amounts held by them. If the firm wished to raise funds for any particular project they could of course do this in a variety of ways. I hope this gives you the information you require.

3. Thank you for your letter also of 15 January enclosing a copy of your letter to Merton. We have not had any further contact with the Company apart from that mentioned in James Morgan's letter to you of 5 February and the P.Q. which was the subject of our telegram No. 17 of 3 February.

*You sincerely
A. St J. Sugg*

(A. St J. Sugg)

Sir Cosmo Haskard, K.C.M.G., M.B.E.,
Stanley,
Falkland Islands.

*C.I. For appropriate file keeping
please.*

WJ/3

IN CONFIDENCE

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 6/3/69

Time:

Received: 7/3/69

Time:

No. 29

RESTRICTED

Alginates.

We have just received a copy of Pery's letter to you of 24th February. Assume you have copies of telegrams exchanged in December 1946 (our 257 and 280 and your 393) which shows position reached then. Our 1947 file apparently destroyed so we do not know end of story.

2. Would information about Royal^{ties} charged for collection of sea weed in the United Kingdom help?

Cypher: SJS

Cs. Please follow up on file

ln 7/3

Reply at 33

~~17~~

120. 30

462 48 in 478/28

186 in 0004/10

} copies now at fs. 121 122 123

0004/11/167

21. ALGINATE INDUSTRIES (Memo 16/69) 124 86

His Excellency referred to Mr Pery's letter of 21st January and Mr Maurice Waldron's letter of 14th February, both of which indicated that Messrs Alginat Industries Limited were going ahead with their plans to establish their industry in the Colony.

Council studied the points raised by Mr Pery in his letter of 21st January and made the following observations:

- (1) The ownership of kelp rights are vested in the Crown.
- (2) A previous application by the British American Kelp Company in 1946 resulted in an offer by the Government of a free rental of the harvesting areas for the first five years of operation and at the rate of £100 per annum for the next succeeding five years. At the same time a tax of £2 per ton of dried weed was agreed and this was estimated to produce an income of £1,200 annually to the Colony.
- (3) An adequate supply of electricity would not be forthcoming with our present plant and the Superintendent Power and Electrical Department would be asked to estimate the requirements based on the 1946/47 plans.
- (4) Investigate availability and cost of fuel oil required for dryers and ascertain exact type of oil required.
- (5) The present water supply would not be adequate and the possibility of increasing the supply should be investigated.
- (6) The Camber site suggested by Mr Pery was considered doubtful. A more suitable and economical site appeared to be on the south side of the Harbour to the east of Stanley.
- (7) Council awaited with interest the outcome of the approach to Her Majesty's Government for financial aid.
- (8) The availability of local contractors for engineering work was extremely limited.
- (9) A very limited local labour force might be available for harvesting kelp in small quantities for the pilot plant.
- (10) Mr Pery could visit Ajax Bay and Albemarle on his arrival with a view to deciding what plant or machinery might be suitable for the needs of Alginat Industries.
- (11) The long term labour situation would have to be discussed in detail with Mr Pery. Local labour would obviously not be available on any large scale.

MARCH 1969.

-7-

(12) Government would not be able to assist in the housing problem but it was thought that Alginate Industries might succeed in acquiring one or two properties by local advertising.

(13) Providing the harvesting craft was shallow enough, it was thought that maintenance work could be handled locally.

(14) The estimated kelp requirements over the next ten years could be discussed in detail with Mr Pery.

Council advised that a committee be formed to consider the whole matter in closer detail. The committee would consist of His Excellency the Governor, the Colonial Secretary and Messrs Barton and Goss. The Colonial Treasurer and the Manager of the Falkland Islands Company would be asked to attend as required.

Council further advised that Mr Pery could meet Members during the discussions arranged for the first day of the budget meeting, Tuesday 22nd April.


Clerk of Council

0004

1st May,

69.

1. The proposal by Alginate Industries Limited to establish a kelp supply base in the Colony is welcomed.

2. Until the Company is able to fully exploit all the waters of the Colony it is thought that an initial exclusive concession should be limited to an area south of a line between the points -

A 51° 32'S 57° 41'W
B 52° 06'S 60° 11'W

This would not exclude the right of the Company to harvest kelp for experimental purposes elsewhere around the Falkland Islands.

3. Should the Company eventually wish to apply for a larger exclusive concession, the Falkland Islands Government would be prepared to negotiate. In the event of any other operator applying for concessions in the uncommitted area, the Company would be given the opportunity of first refusal.

4. Any agreement would take into account your acceptance of the fact that, in certain instances, kelp beds are an aid to navigation and play an important part in the preservation of wild life. It is understood you will accept that kelp could be harvested by any individual, or group of individuals, resident in the Falkland Islands for use only within the Islands.

5. In respect of the grant of a licence to harvest kelp, it is agreed that provision should be made for a revision of the licence fee at appropriate intervals. Such a provision would allow for any increase in the sum requiring to be paid to be limited to 50 per cent of the rate of the previous period. It is appreciated you will require time to re-examine your suggestion that reviews should take place at five yearly intervals.

6. Should the Company fail to produce in 1972, and subsequently maintain, an agreed annual weight of dried milled kelp, and in 1975, and after, a further agreed amount of production, the Falkland Islands Government would reserve the right to review the exclusiveness of the licence. To allow for difficulties connected with shipping and the setting up of new plant and equipment, the Government would be open to discussion as to the precise years to be used in this respect.

7. To keep royalties in step with the value of money it is thought that they should be based on the prevailing market prices of Alginates at the 1st of January and 1st of July in every year at a percentage of the market or average sale price. It might be more convenient to base such royalty on the average sale prices for the six months previous to the royalty period.

8. Because kelp would not be sold and is not subject to a market quotation we are willing to ask our Income Tax representative in the United Kingdom to discuss with your Company and the Inland Revenue the question of fixing a notional profit from operations in the Falkland Islands, which will otherwise be difficult, if not impossible, to assess.

9./...

The Hon. M.H.C. Pery.

9. It is recognised that, initially, there will be considerable capital expenditure with only a small output of dried milled kelp, and it will not be until about 1975 that a satisfactory level of profit can be expected.

10. Profits subject to Falkland Islands taxation should be expressed in terms of a percentage of the annual cost of production, including overheads, but in the years 1970 to 1975 inclusive, this cost should exclude amortisation charges by which initial capitalised expenditure will be written off. After 1975 any such charges should be taken into account in arriving at the annual cost of production, including overheads.

Profits subject to	1970	of cost of production including overheads
Falkland Islands	1971 - 1%	" " " "
Taxation	1972 - 3%	" " " "
	1973 - 5%	" " " "
	1974 - 7%	" " " "
	1975 - 10%	" " " "

11. In respect of power requirements, every effort will be made to provide for the pilot plant up to a loading of 100 kilowatts, although it is understood that this figure may be on the high side.

12. Should the Company decide not to generate its own power requirements for the unit stage, the earliest possible notice will have to be given to allow the Falkland Islands Government to plan and estimate for the purchase and installation of additional machinery and the buildings to house it. In the meantime, your suggestion is agreed that a suitable basis for negotiation is that the Company should pay a charge per kilowatt of electricity consumed such as to include allowance for amortisation over a period of 15 years, or so, of that proportion of the capital cost of the plant which would have been installed to meet your requirements, together with interest on the sum at a rate to be agreed. It is also understood for the purposes of negotiation, that installation of a reserve capacity to meet breakdowns and overhauls would be part and parcel of your requirement for the purpose of calculation and that it might be necessary to accept a figure on which amortisation would be based representing the total cost of the installation, should it prove necessary to instal a plant of capacity greater than the Company's estimated requirements, no part of the balance of which is made regular use of by the Colony.

13. It is also agreed for the purposes of negotiation that the charge per kilowatt to the Company would be calculated by adding the figure obtained for amortisation to the figure representing that proportion of the combined cost of insurance, fuel, operating costs and overheads, represented by the number of units consumed compared with the number of units generated. The figure for overheads being accepted as 10 per cent of the operating costs.

14. The Government regrets that it is unable to make any promises in regard to the provision of housing and recommends that you should be responsible for the purchase and erection of your own. Should the Government have housing available it will most certainly rent them to the Company at an agreed economic rental.

15. In respect of water supplies, it is confirmed that the Mount William water supply, less that portion used by Moody Valley Farm and the stone crusher, could be made available to the Company free of charge.

16. It is understood that you will be responsible for providing your own water supply at the unit stage and, subject to any previous water extraction grants, to allow the use of water from the Murrell River, or any other suitable supply in the area, to be used free of tariff. Likewise, it can be agreed that a supply pipe from the source to the site of the factory may be laid on the surface of the Camp provided that adequate crossing places, to be determined by agreement, are provided for. No rental will be charged for the land taken up by the supply pipe.

17./...

17. Equality of treatment with other commercial undertakings will be guaranteed in respect of port dues and harbour rights.
18. When it is known whether the formation of a subsidiary Company registered in the Falkland Islands is a possibility, sympathetic consideration will be given to the encouragement of local participation in such Company.
19. The Government cannot say that the taxation of income and profits shall for ever form the sole contribution by your Company to the revenue of the Colony.
20. It is realised that considerable investigation must be made before you can make a decision about the site to be used but, should the Company select the Camber, the Falkland Islands Government will be as helpful as it can in support of your approaches to the Ministry of Defence (Navy).
21. I hope that all this will eventually lead to the conclusion of an agreement beneficial to both Alginite Industries Limited and the Falkland Islands.
22. Obviously much of what I have written is of an exploratory nature and much negotiation lies ahead of us.

(W.H. THOMPSON)
COLONIAL SECRETARY

REQUIREMENTS OF A WEED SUPPLY BASE.

The chief requirements of a weed supply base are as follows:-

- a. Port or anchorage
- b. Labour and social amenities
- c. Power
- d. Fresh water
- e. Fuel
- f. Jetty
- g. Factory buildings and/or level ground
- h. Servicing and repair facilities

The advantages of siting a factory within the precincts of Stanley Harbour are clearly overwhelming when considering the factors listed above. Although there is no spare labour as such within the Colony, owing to the nature of various contracts, etc., there are occasions when labour may become available for short periods of time and people, who would otherwise leave the Colony, might be persuaded to stay if there was suitable employment at - or near - Stanley.

Two possible sites exist within Stanley harbour, the Admiralty owned Camber site and a site to the East of Stanley town known as Hutchinson's Butchery. Shown below is a comparison between the two sites in the order of the factors listed above:-

CAMBER

HUTCHINSON'S BUTCHERY

Labour & Amenities

It is assumed that employees would live in Stanley town and would be conveyed to and fro by launch at an estimated additional cost of £3000 per year.

No problem

Power

Would almost certainly require to generate power on site at an initial capital cost of say £40,000. However the cost of power per unit generated is estimated at approximately $\frac{1}{2}$ d. less than the price at which it could be purchased from the F.I. Government (saving of approx £4000 per year)

Could be suitable for power supply from Stanley generating station (with suitably increased capacity)

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CAMBER

HUTCHINSON'S BUTCHERY

Fresh Water

Would require to be piped from either the Murrell River, Turner's Stream or Weir Creek stream depending on quantity required. Capital cost unknown but guessed at as in region of £60,000 to £100,000 depending on which source

Could be supplied by Stanley pumping station if water was to be pumped from Murrell river to Moody Brook and new pipe was laid from Moody Brook for untreated, unfiltered supply. Capital cost of such a scheme unlikely to be less than £120,000

Fuel

Suitable fuel and fuel storage available if Admiralty permits

Estimated cost of providing adequate fuel storage and pipes for 16,000 tons would be in excess of £120,000

Jetty

Excellent enclosed harbour suitable for discharging harvesting craft and as a storage area for holding kelp to allow a buffer stock in times when bad weather prevents harvesting (kelp can not be stored piled up on dry land). Some dredging and/or blasting might be required to deepen part of this harbour.

2. At the end of the oiling jetty there is some 15 feet of water and the bottom shelves steeply to the 4 fathom mark some 200 feet off the jetty. This is thus ideally suited for taking in oil and pneumatic bulk loading of dried milled kelp - possibly with a short extension to the oiling jetty.

There is no jetty or harbour and the bottom shelves gently to the 4 fathom mark some 1,200 feet off shore. At a budget price of £500 per yard run the cost of building a jetty to depth of the Camber oiling jetty would be from £120,000. This, however, would not allow for any sheltered kelp storage area (being only a jetty) and would be 700 feet short of the 4 fathom mark for purposes of taking in oil and bulk loading of dried milled kelp. Finally a jetty sited at this point would provide little shelter from a northerly gale through the Narrows.

Factory buildings and site

The entire buildings are already in use but there is a large area of level ground with a firm base immediately adjacent to the jetty. If the old pump house could be leased, this might be suitable for a power generating building.

There are no buildings and levelling would require to be carried out. The nearest suitable site would require conveying the kelp to some distance from the jetty.

Servicing & Repair facilities

As a launch service would be in operation, this should prove fairly easy, except in cases where heavy equipment was required.

No problem.

... / ...

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- 3 -

CONCLUSION.

Because of the prime consideration of providing adequate fuel storage and a suitable jetty, it seems almost certain that the additional capital expenditure involved in building a kelp supply base at Hutchinson's Butchery as opposed to the Camber site would be in the region of £200,000 to £250,000 balanced against which would be the relatively small convenience in dispensing with a launch service across Stanley Harbour.

IN CONFIDENCE

36
89

9 April, 1969.

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(10)

Thank you very much for your letter HGF 7/5 of 18th February with which you enclosed copies of documents relating to Alginate Industries.

We have studied these with interest and are most grateful to you for providing so much information.

Pery is due here on 21st April and we look forward to hearing in greater detail what exactly the Company has in mind.

CA

A. St.J. Sugg, Esq., C.M.G.

IN CONFIDENCE

DU Xco 19.4.69

127
1st May,

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As I leave the Falklands tomorrow this will be my last letter to you, but as you have probably read in the United Kingdom press we are beginning to negotiate with Alginate Industries Limited.

My successor will be turning to you for much advice and the enclosed copy of our first major letter to Alginate Industries is to keep you in the picture. No action is yet asked of you.

(W.H. THOMPSON)

Sir Hubert Flaxman, C.M.G.

ENCL:

SC

(Kiv P.32..)

8th May,

69

Dear Sir,

The enclosed book was handed to His Excellency the Governor by Mr Pery of Alginate Industries Limited and is presented to the people of the Falkland Islands as a token of good will.

It is suggested that the book be placed in the Public Library and made available to anyone who may wish to see it. Naturally, it would not be wise to make it available for loan and the best course appears to be to have it kept in the glass case with other similar publications.

Yours faithfully,

(H.L. BOUND)
ASSISTANT COLONIAL SECRETARY

The Town Clerk,
Stanley.

ENCL:

(KIV f3a)

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(12)

DRAFT OF HEADS OF AGREEMENT BETWEEN
THE FALKLAND ISLANDS GOVERNMENT and ALGINATE INDUSTRIES LTD.

Whereas it is proposed by Alginate Industries Ltd. to establish a kelp supply base at Port Stanley, Falkland Islands, and whereas it is the opinion of the Government of the Falkland Islands, that such a project would be in the interests of the Colony, the following are agreed as a basis for co-operation.

KELP

1. It is agreed on the part of the Government that the Company shall be granted exclusive rights for a period of 50 years to harvest kelp throughout the Falkland Islands within an area bounded by co-ordinates as follows:-

51° 00'S	61° 30'W
52° 30'S	61° 30'W
52° 30'S	57° 30'W
51° 00'S	57° 30'W

2. It is further agreed that the Company shall be granted an option, to be revised on the expiry of the 50 year period referred to above, to take up exclusive kelp harvesting rights for a further period of 49 years, making 99 years in all.

3. It is agreed on the part of the Company that with regard to the question of cutting plans will take particular note of the fact that, in certain instances kelp beds are an aid to navigation or play an essential part in the preservation of indigenous wild life.

4. It is further agreed that, notwithstanding the granting of exclusive kelp harvesting rights, the Company accepts that kelp may be harvested by any individual, or group of individuals, resident in the Falkland Islands for use within the Islands only for purposes of agriculture or horticulture.

5. It is further agreed that, in return for the grant of an exclusive licence to harvest kelp, the Company shall pay a sum of £1,000 annually for a period of 5 years, and that thereafter revision shall be made at 5 yearly intervals, any increase in the sum requiring to be paid by the Company being limited to 50% of the rate of the previous period.

6. It is further agreed that for the first ten years from the commencement of operations a royalty of £1 per ton of dried milled kelp shall be paid by the Company and that, as from the expiry of that period, royalty will continue to be assessed on a tonnage basis but will be re-examined at ten yearly intervals and adjusted in the light of the circumstances of the market; any increase in the royalty requiring to be paid by the Company being limited to 50% of the rate of the previous period.

7. It is further agreed that, in connection with paragraph 6 above, the minimum royalty guaranteed by the Company will be as follows:-

£2,000 per year during the first 5 years from the commencement of operations and £5,000 per year thereafter. This minimum royalty shall be re-examined at ten yearly intervals, any increase in the minimum royalty requiring to be paid by the Company being limited to 50% of the rate of the previous period.

8./...

8. For the purpose of this agreement it is understood that the word 'kelp' refers to all varieties and species of seaweed to be found on the coast of the Falkland Islands.

POWER

9. It is agreed on the part of the Government to make available such requirements as the Company might require for the Pilot Plant up to a loading of 100 Kw's.

10. In the event that the Company shall decide not to generate its own power requirement for the Unit Stage, it is agreed on the part of the Government to make available such requirements to meet the Company's programme of development on the basis that:-

11. It is agreed on the part of the Company to pay a charge per kilowatt of electricity consumed by the Company such as to include allowance for amortization over a period of fifteen years of that proportion of the capital cost of the plant which shall have been installed to meet the Company's estimated requirements, together with interest on the sum to be charged at $3\frac{1}{2}\%$, it being clearly understood that installation of a reserve capacity to meet the case of breakdowns and overhaul is part and parcel of the Company's requirement for the purpose of calculation although not included in the figures given for the estimated requirements, and that it may be necessary during the pilot stage for the Company to accept a figure on which amortization shall be based representing the total cost of the installation should it prove necessary to install a plant of capacity greater than the Company's estimated requirements, no part of the balance of which is made use of by the Colony.

12. It is further agreed that the charge per Kw. to the Company shall be arrived at by adding the figure obtained as in paragraph 11 above for amortization to the figure representing that proportion of the combined cost of insurance, fuel, operating costs and overheads, represented by the number of units consumed by the Company compared with the total number of units generated, the figure for overheads being accepted as 10% of the generating costs.

HOUSING

The requirements of the Company with regard to housing are estimated for the Pilot Plant at one Engineer's house and one mechanic's house; in the second instance for the Unit Stage at a further two houses for the Captain and a second mechanic and for 3 staff houses.

13. It is agreed on the part of the Government to make available, where possible, housing at an agreed economic rent should housing prove a limiting factor in the Company's programme for expansion.

WATER

14. It is agreed on the Part of the Government that the Mount William water supply (now disused) shall be made available to the Company free of charge.

15. It is understood by the Company that the Company will be responsible for providing its own water supply for the Unit stage on the basis that:-

16./...

16. It is agreed by the Government that the Murrell River, or any other suitable supply in the vicinity of the Murrell River, may be used by the Company free of any tariff.
17. It is further agreed by the Government that a supply pipe from the said source to the site of the factory may be laid on the surface of the camp provided that adequate crossing places are provided for.

PORT DUES AND HARBOUR DUES

Whereas it is a requirement of the Company to make use of the facilities of Stanley Port and Harbour:-

18. It is agreed on the part of the Government to assure equality of treatment with other commercial undertakings with regard to both Port dues and Harbour rights.

LOCAL PARTICIPATION

19. It is agreed by the Company to give consideration to the question of forming a wholly owned subsidiary company registered in the Falkland Islands once the Unit stage has been established and shown to operate successfully. At this stage consideration may be given to local participation in such a company if so desired in the form of preference shares or debentures.

GENERAL

20. It is agreed on the part of the Government that the concession payment, royalty payment and other forms of payment described above, together with the rules set out in the Income Tax Ordinance governing the taxation of income and profits shall form the sole contribution by the Company to the revenue of the Colony and no additional tax shall be levied in the form of an export tax, fuel tax, power tax or payroll tax.
-

Record of Meetings held at the Secretariat Conference Room on
Tuesday 22nd April and at Government House on Monday 28th April
and Wednesday 30th April, 1969 between members of the Executive
and Legislative Councils and the Honourable M.H.C. Pery of
Alginate Industries Limited

Present: His Excellency the Governor
The Honourable the Colonial Secretary
The Honourable the Colonial Treasurer
The Honourable Mr A.G. Barton, C.B.E., J.P.
The Honourable Mr R.V. Goss, E.D.
The Honourable Mr S. Miller, J.P.
The Honourable Mr R.M. Pitaluga
The Honourable Mrs N. King
The Honourable Mr W.H. Clement, J.P.
The Honourable Mr R.W. Hills
The Honourable M.H.C. Pery

Clerk of Councils - Mr H.L. Bound, J.P.

Opening the meeting, His Excellency introduced Mr Pery to members of Councils and invited him to give an outline of the background of Messrs Alginates Industries Limited and their current interests.

Mr Pery thanked His Excellency for the opportunity of addressing Members of Councils and went on to outline the aims and achievements of his company and the purpose of his visit.

He explained that the company had been originally formed in the early 1930's and that since the late 1940's it had developed steadily and continued to grow. The business was now a privately owned company with an annual turnover of £2½ million handling 4,500 tons of alginates annually. It carries a staff of 500 employees and provides part employment for some additional 1000 crofters engaged in harvesting the seaweed in the outer Scottish Isles.

By a system of ploughing its profits back into the industry the company had succeeded in doubling its turnover every five or six years during the past twenty years. Of the world supply of 15,000 tons produced annually his company accounted for 4,500 tons of alginates, of which 70% were exported.

The chemical is now used in the manufacture of textiles, ice cream, pies, beer and soft drinks, jellies, sauces, dental moulding, high quality paper, photography, burn dressings, preservation of tree seedlings and many other purposes.

The operation of the company in the Falkland Islands would be restricted to the harvesting, wet milling, washing and drying of the kelp and subsequent shipment of the dried product to the United Kingdom for final processing and production of the chemical. In its dried state the kelp would contain 50% alginate.

Mr Pery mentioned that the Falkland Islands Company Limited would not be making a claim on any of the kelp beds and so he presumed that the whole area would be entirely the property of the Government and his purpose now was to seek ownership of the harvesting rights on behalf of his company. There would be no advantage at this stage in forming a subsidiary company in the Falklands although this might be considered when the industry became firmly established in 1973/74. It was expected that the company would become fully operational by 1975.

At the present rate of harvest and growth it was estimated that by 1973 all the available kelp in Europe would be under development and to maintain their present rate of growth and expansion it was therefore in his company's interest to establish the industry in the Falklands before their maximum output was reached in Europe. Within thirty miles of Stanley he envisaged a total harvest of 405,000 tons of wet kelp which would replace itself in four years. It was planned to work the fields on an average of 300 days per year, handling possibly two loads of kelp per day. Harvesting would be carried out by a mechanical device fitted to a harvesting craft with a carrying capacity of 200 tons.

It was proposed to establish a pilot plant early in 1970 and to commence building the main plant the following year so that production could commence during the latter part of 1971. To accomplish this, financial assistance would be required either in the form of a grant or loan from H.M. Government but at this stage this was not easily forthcoming.

Mr Pery had in mind the mink farm area as a suitable site for erecting the pilot plant and the Camber for the main plant. The Camber site had the advantage of oil storage facilities, a good jetty and harbour. The Admiralty had agreed in 1947 to this site being made available but a recent approach had not been made. An enormous disadvantage in siting the plant elsewhere would be the cost of providing oil storage tanks and adequate harbour facilities which could cost up to £220,000.

Fuel requirements would be heavy and at peak production (possibly 1980) it was estimated that an annual requirement of 28,000 tons would be necessary. To supply the pilot scheme a total of 3,200 tons would be required for the first year of operation. This figure would increase to 9,000 tons annually by 1975. The possibility of importing propane gas from Chile might have to be considered.

In assessing the cost of fuel oil Mr Pery mentioned that he would require an assurance that his company would not be faced with a fuel tax at some future date.

The power required to operate the pilot plant would be 100 kw at maximum and this would rise to 500 kw in 1975, but the intention at this stage was for the company to provide its own generators to meet the requirements of the main plant.

An adequate water supply presented some problem and it was thought that this would need to come from the Murrel River. The pilot plant would not require more than 300 gals per hour while in operation but the main plant would consume as much as 10,000 g.p.h. and by 1975 this could reach 25,000 g.p.h. 24 hours per day, less weekends. A 12" piped supply from the Murrell was estimated to cost £80,000.

When the plant became fully operational (say 1975) it was estimated that a total labour force of 27 semi skilled workmen would be required. It was hoped that some might be available in the Colony and that families could be brought out from Britain to supplement the force. In addition a first class engineer would be required, also two trained mechanics and it was hoped to recruit an analyst locally. No manager, as such, was envisaged at this stage.

The question of housing would then arise and Mr Pery would be making enquiries on this during his visit.

Arrangements would be made for Mr Pery to meet the various Heads of Departments concerned and discuss his plans. Visits to Ajax Bay and Albemarle would be arranged.

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It was provisionally agreed that further discussions be arranged to take place on Monday the 28th April.

The Joint Councils met again at 9.30 a.m. on Monday 28th April to continue their discussions with Mr Pery of Alginate Industries Ltd.

Mr Pery had prepared a Draft Heads of Agreement for consideration of Council. It was felt that at this stage the title "Heads of Agreement" was not a suitable term as it suggested that some form of agreement was about to be made.

Council went on to study the paper paragraph by paragraph.

Para 2. Mr Pery explained that his firm proposed to utilise all the kelp available in the Colony within fifty years and, with the enormous capital outlay envisaged, his company would naturally want protection from the possibility of other companies operating in the same field. It was unlikely that alginate chemical itself would ever be manufactured in the Colony. He observed that Falkland Islands free kelp contained approximately 10% alginate, which is less than that available in Scotland and Tasmania.

Para 3. It was explained that the kelp would be cut at a point between 4 and 6 feet below surface level.

Para 4. The term "for any purpose other than export" was considered more suitable than "for use within the Islands only for purposes of agriculture or horticulture."

Paras 5 & 6. It was explained that the Colony's current adverse financial position would require the best deal possible. Mr Pery replied that his company is heavily burdened with capital expenditure and that with an expected expenditure of £500,000 he could not promise too much in the early stage. He agreed that there may be a point in favour of increasing the licence fee and tying the concession to a lesser period. It was reasonable that a clause be provided to cover the possibility of the concession being withdrawn in the event of the company failing to operate on the scale envisaged. It was considered possible that exclusive harvesting rights would be withdrawn if production fell below a certain level.

It was suggested that royalty could be paid at a percentage of the market value of the chemical. Mr Pery agreed to discuss the taxation question with the Colony's income tax representative in London.

Para 9. There would be no problem in the Government supplying power from existing supplies for the pilot plant if this is sited at the Mink Farm.

Paras 10 & 11. Alginates would prefer to generate their own power if the unit plant is established at the Camber site. The capital cost of the generating equipment was expected to be in the region of £40,000 and it was thought the plant would be capable of producing power at a cost of 2d per unit.

Para 12. This refers to the production of electricity, not distribution.

Para 13. Mr Pery explained that if the Camber site were not available the Government would be asked to assist in providing housing. He thought that a C. D. & W. application on the grounds of attracting the industry to the Colony might be successful.

Para 14. Delete the words "now disused".

Paras 15, 16 & 17. It was noted that the Murrell River offered 600,000 gallons of water per hour and that Moody Brook supply was limited to 100,000 g.p.h. Mr Pery thought that Weir Creek stream could offer slightly more than Moody Brook. He said he thought it quite possible to reduce his first estimate of a 12-inch pipe line to a 9-inch one.

Mr Pery mentioned that he hoped to recruit the services of an engineer in South America to take charge of the initial operations. His Excellency stressed the importance of selecting the right type of person for this post.

It was agreed that the points discussed be incorporated in a draft letter to Mr Pery and that this draft be prepared for consideration at a further meeting to be held on Wednesday 30th April.

The meeting accordingly reconvened at 2.15 p.m. on Wednesday 30th April with all members of both Councils present.

Members studied Mr Pery's paper entitled "Requirements of a weed supply base" which clearly showed that the advantages of siting the unit plant at the Camber far outweighed those offered at the Hutchinson Butchery site east of Stanley town.

Copies of the draft letter to Mr Pery were passed to all members and studied in detail and amended where required. Mr Pery was then invited to join the meeting and the Colonial Secretary read the amended draft letter.

Commenting on the operational area offered to the company, Mr Pery said that his company would much prefer to obtain sole harvesting rights throughout the Colony rather than the comparatively restricted area offered along the south-east coast of East Falkland. It was explained that although sole harvesting rights would be restricted to this area, there would be no objection to the company collecting kelp from other areas both on East and West Falkland for experimental purposes.

Mr Pery expressed concern that the plant would be expected to produce an output of 4,000 tons by 1972 and 10,000 tons by 1975. Although he agreed his company would aim at achieving these figures, he felt that they were far too high to fix as a minimum output and suggested they be halved.

It was felt that the best means of taxation would be the application of a royalty which would take into account currency inflation.

HCF 7/5:

C.S. for Alginates

file

28/4/69



With the compliments of

FOREIGN AND COMMONWEALTH
OFFICE

● The form of licence
(or agreement) mentioned in
my letter of 23 March.

AS/PLW
9/4.

LONDON, S.W.1

131

MINUTE OF AGREEMENT

between

THE CROWN ESTATE COMMISSIONERS

and

1952

containing licence to
cut seaweed from seabed
and foreshore

HGF 7/5:

C.S. for Alginates
file

28/4/69



With the compliments of

FOREIGN AND COMMONWEALTH
OFFICE

● The form of licence
(or agreement) mentioned in
my letter of 25 March.

AS/Ph
9/4.

LONDON, S.W.1

~~133~~
131

MINUTE OF AGREEMENT
between
THE CROWN ESTATE COMMISSIONERS
and

1952

containing licence to
cut seaweed from seabed
and foreshore

MINUTE OF AGREEMENT between THE CROWN ESTATE COMMISSIONERS acting in exercise of the powers of the Crown Estate Act 1961 on behalf of the Queen's Most Excellent Majesty (who acting and on behalf as aforesaid are hereinafter called "the said Commissioners") of the first part and

(hereinafter called "the Licensees") of the second part.

The parties hereto have agreed and hereby agree as follows videlicet:- The said Commissioners hereby GRANT to the Licensees licence to cut and carry away seaweed from ^(one) the bed of the sea below low water mark of ordinary spring tides up to a depth not exceeding fifteen fathoms at low water ex adverso the coasts of

and (two) the foreshore of the said coasts between high and low water marks so far as in the ownership of the Crown and under the management of the said Commissioners. The Licensees agree as follows:-

FIRST

To pay to Her Majesty's Crown Receiver for Scotland on the granting of this licence and within twenty one days from the day of in every subsequent year during the continuance of this licence the sum of and also to pay within twenty one days from the day of , the day of , the first day of August and the day of in every year a lordship or royalty of

cut and carried away as aforesaid during the preceding quarter or period.

SECOND

To pay all rates, taxes and assessments in respect of the right hereby granted.

THIRD

To keep books showing the number of tons of seaweed cut and carried away as aforesaid in such form as the said Commissioners/

PAGE SECOND

Commissioners may approve.

FOURTH

To submit to the said Crown Receiver for Scotland during the continuance of this licence and within twenty one days from each of the quarter days hereinafter mentioned an accurate return of the number of tons seaweed cut and carried away as aforesaid during the preceding quarter, and to verify the said return in such manner as the said Commissioners or their successors may require.

FIFTH

To permit any person appointed by the said Commissioners or their foresaids to inspect at all reasonable times the said books and to take extracts therefrom or copies thereof, and to produce to the person so appointed for inspection by him such vouchers, invoices or other documents as he may require,

SIXTH

Not to cut or carry away seaweed as aforesaid so as to cause any damage, loss or injury to any body or person or to any property adjacent to or in the neighbourhood of the said coasts and in the event of any damage, loss or injury to pay compensation to such body or person or to the proprietor of such property and to indemnify Her Majesty or Her Successors and the said Commissioners or their foresaids from all actions, suits, costs, claims and demands on account of any such damage, loss or injury or of any breach of the provisions of this licence.

SEVENTH

Not to interfere with the dredging, winning, cutting and carrying away from any part or parts of the said bed of the sea or foreshore of any sand, shingle, gravel or seaweed by any body or person acting under a licence from or with the permission of the said Commissioners or their foresaids; PROVIDED ALWAYS and it is hereby agreed and declared that if any dispute or question shall arise between the Licensees and such body or person such dispute or question shall be referred to/

PAGE THIRD

to an arbiter to be nominated by the said Commissioners or their foresaids whose decision shall be final and binding upon the parties.

EIGHTH

Not to carry on any work under this licence on Sunday without the consent in writing of the said Commissioners or their foresaids or in any way whatever that may be deemed a nuisance.

NINTH

Not to assign or dispose of this licence to any body or person or to grant any sub-licence thereof or to delegate any of the powers and rights thereby conferred to any body or person (other than the servants, agents or workmen of the Licensees) or to grant permission either verbally or in writing to any body or person to cut and carry away seaweed without the consent in writing of the said Commissioners or their foresaids; provided that the said Commissioners and their foresaids shall be entitled as a condition of their consent to any sub-licence or permission as aforesaid to require the Licensees to pay in addition to the lordship or royalty payable as aforesaid such additional lordship or royalty as they may fix; PROVIDED ALSO that the said Commissioners or their foresaids may by notice in writing given to the Licensees prohibit the further cutting and carrying away of seaweed from any part or parts of the said bed of the sea and foreshore and upon receipt of the said notice the Licensees shall forthwith cease such operations until the said notice is withdrawn or cancelled in writing by the said Commissioners or their foresaids; PROVIDED ALSO that if payment of the said yearly sum of or of the said lordship or royalty or additional lordship or royalty or any part thereof shall be in arrear for fourteen days after the same shall have become due (whether demanded or not) or if the Licensees without the consent in writing of the said Commissioners or their foresaids shall assign or/

PAGE FOURTH

or dispose of this licence or grant any sub-licence or permission as aforesaid or shall default in the performance or observance of any obligation or condition imposed on them by this licence the said Commissioners or their foresaids may by notice in writing to the Licensees determine this licence as from the date stated in such notice; PROVIDED ALSO that this licence may be determined by the said Commissioners or their foresaids giving to the Licensees or by the Licensees giving to them notice in writing of their intention so to do at the expiration of one month from the receipt thereof and thereupon this licence shall cease and determine; PROVIDED ALSO that any notice given under any of the three immediately preceding provisions shall be duly given to the said Commissioners or their foresaids if sent by registered post to the Office of the said Crown Receiver for Scotland or to the Licensees if sent by registered post at their said registered office or at their last known address; PROVIDED ALSO that in whatever manner this licence shall be determined such determination shall be without prejudice to the right of the said Commissioners or their foresaids to recover from the Licensees any sum or sums due up to the date of determination and also without prejudice to and as not affecting any liability under this licence on the part of the Licensees which may be subsisting or have accrued; PROVIDED ALSO and it is hereby declared that this licence shall be subject to such interest in and rights in respect of any coal and rights annexed thereto which were vested in the National Coal Board on first January Nineteen hundred and forty seven in virtue of the provisions of the Coal Industry Nationalisation Act Nineteen hundred and forty six: IN WITNESS WHEREOF

CS for Alpinates file please
lw 20/5-

29 May, 1969.

By second class airmail I am sending you a copy of my address at the budget meeting of Legislative Council. Most of the contents are rather parochial but some parts of what I had to say may be of interest to you.

lw

The Hon. M. H. C. Pery.

Genl Office FR J 30/5
BU 20/6 J 18/6