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Prime Minister
For OD (FAF) ~
Tuesday.

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PRIME MINISTER

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CDP
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c Sir Robert Armstrong

FALKLAND ISLANDS: Possible Declaration of a 200-mile
Exclusive Fisheries Limited

(OD(85)2) Attached

BACKGROUND

At the meeting of OD on 31 January 1984 the Committee decided to consider the possibility of declaring a 200-mile Exclusive Fisheries Limit (EFL) at a later date, in the light of the way in which the normalisation talks with the Argentine Government developed, and asked for an appraisal of the costs involved. Since then there has been the deadlock in the Berne talks and the United Nations General Assembly debate. The prospects for bilateral co-operation with the Argentine Government on fisheries figuring as part of the normalisation process look bleak. The Islanders strongly favour the declaration of a 200-mile EFL because they want the revenue and because fish stocks are being seriously depleted; but the cost of a unilaterally declared EFL is considered to be prohibitive (Annex II) - £49 million in capital outlay (three vessels and an aircraft) plus £12 million per annum in running costs. The memorandum advises that the Garrison could not be used for this purpose. The Foreign Affairs Committee considered this issue and concluded that they were not convinced that the establishment of an EFL could be justified unless it could be done with the support of neighbouring countries. Parliamentary pressure for some form of EFL nevertheless remains strong.



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2. There are no good options. The alternatives are:
- to declare a 200-mile EFL unilaterally;
 - to continue to do nothing;
 - to explore through the Food and Agriculture Organisation (FAO) the possibility of establishing a regional conservation and licensing scheme under multilateral auspices.

The Foreign and Commonwealth Secretary continues to regard the last of these as the 'least bad' option. The prospects would be uncertain, but it would stand a better chance of achieving the goal of fish conservation, without prejudicing sovereignty, and might be acceptable to the Argentines who are also concerned about stocks.

3. The Minister of State, Department of Trade and Industry (Mr Channon) will be representing the Secretary of State for Trade and Industry. The Attorney General, the Minister of State, Ministry of Agriculture, Fisheries and Food (Lord Belstead) and the Chief of Defence Staff have been invited to attend.

HANDLING

4. You should invite the Foreign and Commonwealth Secretary to introduce his memorandum; and the Secretary of State for Defence to comment on the cost of maintaining a credible defence of a unilateral EFL.

5. In discussion the following points should be addressed:

(a) The practicability of operating a 200-mile EFL

The annual income from licences issued under an EFL arrangement is estimated to be between £1.85 million and £3.1 million. The cost of naval policing under a unilaterally imposed EFL is estimated to be £49 million



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in capital expenditure and £12 million in annual running costs, while under a multilaterally agreed system of the type which might result from an approach to the FAO, the Ministry of Agriculture, Fisheries and Food have advised that the most appropriate method of policing, run exclusively by the Falkland Islands Government, would cost about £3 million per annum plus fuel. Given the high cost of policing a unilateral EFL, should this option be ruled out on financial, if not political, grounds? Is it likely that we will be able to negotiate a share-out of income and policing costs under multilateral arrangements which might result from an approach to the FAO? If not, would even this scheme be economically viable for the long term? The Foreign and Commonwealth Secretary should be asked to comment, with the Defence Secretary and the Minister of State, Ministry of Agriculture, Fisheries and Food advising on costs of enforcement.

(b) Disadvantages of taking no action to impose an EFL

If the practicability of operating a 200-mile EFL is in doubt, how serious are the implications of taking no action for the time being? How serious is the fish stock situation? How great the impatience among Falkland Islanders, in Parliament and among United Kingdom conservation groups? Does it matter if Argentine approaches to FAO, based on their sovereignty claim, are left unchallenged? The Foreign and Commonwealth Secretary should advise.

(c) Use of the Garrison

The memorandum indicates that the Garrison cannot be used to assist the enforcement of an EFL. Is the Committee sure that some of the Garrison's tasks could not be cost-effectively combined with such policing operations? The Defence Secretary should be invited to comment.



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(d) Procedure and Timing

Should this issue be decoupled from the rest of the normalisation procedures? Is the FAO the only possible forum in which to seek a multilateral solution? If so, when should we approach it? Should we inform any other interested Latin American governments, e.g. Brazil or Uruguay, first? The Foreign and Commonwealth Secretary should be asked for his views.

(e) Public Presentation, particularly in the Falkland Islands

It is recognised in the memorandum that the Falkland Islanders favour a unilaterally declared EFL. How realistic are their hopes of revenue from such a regime? What will be their reaction to the Foreign and Commonwealth Secretary's proposed approach and what steps can be taken to convince them of the sense of it? The Foreign and Commonwealth Secretary should advise.

CONCLUSIONS

6. Subject to the discussion you might guide the Committee to:

(a) endorse the Foreign and Commonwealth Secretary's proposal to approach the FAO with a view to establishing a regional conservation and licensing scheme under multi-lateral auspices;

(b) invite the Foreign and Commonwealth Secretary to act accordingly and to explain our intentions fully to the Falkland Islanders.

B G Cartledge

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22 February 1985