



PM/84/22

PRIME MINISTER

Falkland Islands: Possible Declaration of a 200-mile Fisheries
Limit

1. On 29 December I circulated a Memorandum (OD(83)19) on the possibility of declaring a 200-mile Exclusive Fisheries Limit (EFL) around the Falkland Islands. Colleagues will also have seen Timothy Raison's minute to me of 20 January. We are due to discuss this subject in OD at 10.45 on 31 January.
2. The Defence Secretary and Lady Young have meanwhile visited the Falklands. They were made aware of the strength of the Islanders' feeling that it is essential that we declare an EFL, and that we shall be letting them down badly if we do not.
3. OD agreed on 25 January that we should move ahead, through the Swiss Protecting Power, with our proposals for normalising our bilateral relations with Argentina. I have already set action in hand on this, and hope that substantive exchanges will get under way shortly with the Argentines: but, as I suggest in paragraph 6(b) of my Memorandum, the prospects for these could be seriously jeopardised if the question of an EFL were handled in a way which the Argentines regarded as confrontational.
4. I have been reflecting further on these issues and have a number of additional points to add to those in my Memorandum.

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5. It is worth underlining that the collaborative approach suggested in the Memorandum would be entirely without prejudice to our position on sovereignty. We have asked the Swiss, in suggesting official discussions on the normalisation of our bilateral relations, to leave the Argentines in no doubt that sovereignty is not and cannot be on the agenda. Nor would it be if we were to explore possible fisheries arrangements with them. As is envisaged for the general normalisation talks, the very most we could possibly accept would be a fall-back position whereby each side could make a short and self-contained statement of their position on sovereignty, for the record; and then agree to discussion of specific practical issues, without prejudice to their stated positions.

6. On the question of policing a unilaterally-declared EFL, to which I refer in paragraph 6(c) of my Memorandum, our obligations would include stopping and arresting the vessels of any third nation which refused to accept our regime. On the present pattern of fishing in the area, this would be liable to include Russian and Polish vessels, thus possibly creating a dispute with the USSR and other states which we succeeded in avoiding throughout the hostilities and subsequently.

7. Tim Raison's minute to me of 20 January illustrated the importance of an EFL if the Falkland Islands are to achieve a balanced budget. The incentives for the Argentines to co-operate with us in this field are less clear cut, and may therefore be worth summarising. Detailed information about the stocks in question (paragraph 8 of the Memorandum) is lacking, but in 1979 the then White Fish Authority estimated the annual value of the potential catch from the waters around the Falkland Islands to be in the region of £108 million (subject to the catching costs). Other calculations suggest that this may have been an under-estimate. Whatever arrangement may eventually be agreed

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for Argentine fishing in the framework of the proposed scheme, there is in any case a reciprocal movement of fish between Falklands waters and those which we acknowledge as Argentine. Argentina thus has a clear interest in the rational, controlled management of the fishery. Moreover, since my Memorandum was circulated, we have received indications that for their own domestic reasons, notably their need to forestall any resurgence of the influence of the military, the Argentine Government wish at least to maintain an impression that progress is being made over the Falklands. It has also been suggested that they might be prepared to discuss compensation with us over joint exploitation of resources, including fisheries. So long as discussion of sovereignty was firmly ruled out, in the way I have described, this factor could work to our mutual advantage.

8. We have to recognise however that the Falkland Islands have more to gain than Argentina from the establishment of an EFL. We shall therefore have to look for imaginative ways of increasing the incentive for Argentina to pursue a collaborative approach with us, despite all the difficulties this would pose for them.

9. I continue to believe that the kind of approach outlined in the Annex of my earlier Memorandum is the least bad of the options available to us in seeking to establish an EFL. If we are to pursue this course, it will have a bearing on the tone of our public statements on Argentina/Falklands. We shall need to do all we can to confirm to the Argentines that we are genuinely seeking a co-operative relationship with them in this as well as in other areas, and I would see advantage in our making an early move to add the subject of fisheries to the agenda already proposed to them for talks on the normalisation of bilateral relations.

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10. I am sending a copy of this minute to our colleagues on OD and to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
30 January 1984

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