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Foreign and Commonwealth Office

London SW1A 2AH

18 April 1984

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Biff to me on
Tuesday
Monday with
earlier pps pot

Please type letter.

John John, (in CF)

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Falkland Islands: Fishing

As requested in your letter of 2 April I attach a draft reply from you to Mr Needham's letter of 30 March.

Three main points emerge from Mr Needham's letter; his support for a 200-mile exclusive fishery limit (EFL); his dismay that South Georgia might not be included in an EFL; and his general disappointment at what he sees as the Falkland Islands' Government's dilatoriness and unhelpfulness in response to proposals made by Taiyo/Coalite Joint Venture.

On the possible establishment of an EFL, it is impossible at present to go beyond the terms of your letter of 7 February to the Falkland Islands Government Representative in London, Mr Adrian Monk. However, this may be an opportune moment to bring you up to date on where we stand on the three points on which the Secretary of State was invited to report at the meeting of OD on 31 January.

- a) Appraisal of financial costs of establishing a 200-mile EFL in co-operation with the Argentine Government.

Further work is still required; but one possibility currently being actively studied by MAFF and ODA would involve the charter of a suitable modified UK-based stern freezer trawler, equipped with a helicopter, which could be used for both patrolling and commercial fishing. The proceeds from the latter could help offset the costs of the former, which is estimated to be in the region of £1.75 million per annum.

/b) Possible



- b) Possible responses to any new unilateral declarations by Argentina claiming fishing rights over areas overlapping or surrounding the Falkland Islands.

Argentina extended its sovereignty over an area extending 200 miles from its territory in a law of December 1946; this was succeeded by a Decree of 1967 and has been reinforced by later legislation. Although the legislation does not specifically mention the Falkland Islands, Argentina has made quite clear on numerous occasions that it regards them as part of its national territory and that Argentine limits include an area extending 200 miles round the Falkland Islands. We reserved our position on each occasion that legislation has been passed and believe it unlikely that under present circumstances Argentina will now declare a new 200-mile zone. Should they do so we would again reserve our position.

- c) To examine urgently how best to present the issues involved in the possible declaration of the 200-mile EFL to the Falkland Islanders.

We have asked the Civil Commissioner, Sir Rex Hunt, for his views about this and await his reply. In the meantime it seems best again to follow the line in the letter to Mr Monk.

Over South Georgia the best course seems to be to stick to the line that the whole question of fishing limits is currently under consideration. However, a complicating factor with regard to South Georgia is that it lies within the area covered by the Convention for the Conservation of the Antarctic Marine Living Resources (CCAMLR) to which Britain and Argentina are parties. Any declaration would be likely to provoke a hostile Argentine reaction which could disrupt the work of the CCAMLR commission to our embarrassment and the irritation of the other parties.

Whilst it is understandable that Mr Needham should be irked at the failure to conclude any agreement with FIG on the terms of the Joint Venture, he underrates the other pressures under which the FIG have been working and somewhat disingenuously overlooks the fact that the involvement of Coalite, as parent company of the Falkland Islands Company, has caused the Islanders to be especially suspicious of it. However, Mr Taylor, the Chief Executive of the Falkland Islands Development Corporation, which in principle has agreed to take a 15% share in the Joint Venture, recently visited the UK and discussed the matter with Mr Needham. There is now reason to hope that the FIDC will adopt a more sophisticated and consistent approach to the Taiyo/Coalite proposals.

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It is not entirely clear why Mr Needham should have written in this vein at this time. The explanation may be, as he hinted recently to a member of the Department, that Mr Needham wrote to express dissatisfaction with Sir Rex Hunt's conduct at a time when the latter's future was in the balance. As it happens the extension of Sir Rex's tour until September 1985 was announced after Mr Needham had sent his letter.

*Yours
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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DRAFT: ~~minute~~/~~letter~~/~~teleletter~~/~~despatch~~/~~note~~

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C E Needham Esq
Chairman
Coalite Group plc
PO Box 21
Chesterfield
Derbyshire S44 6AB

Copies to:

PRIVACY MARKING

SUBJECT: FALKLAND ISLANDS: FISHERIES

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CAVEAT.....

The Prime Minister has asked me to thank you for your personal letter of 30 March. It is helpful to have this account of the origins of the Coalite/Taiyo Joint Venture and your exchanges with the Falkland Islands Government and Departments here. I note also your continuing advocacy of a 200 mile Exclusive Fisheries Limit (EFL) around the Falkland Islands.

The Prime Minister and her colleagues are keen to see diversification of the Falkland Islands' economy. Fisheries seem to offer promising prospects for this. As you recognise in your letter, the Falkland Islands Government have many other problems on their mind - and the tragic fire at the Hospital in Port Stanley will not have eased matters for them. But I was glad to see from page 7 of your letter that you are impressed by Mr David Taylor, the Chief Executive in the Islands. I know that Mr Taylor, when he was in

Enclosures—flag(s).....

Britain for nearly four weeks early this Spring, spent a high proportion of his time pursuing Fisheries questions. I am confident that [redacted] he [redacted] is following this work up energetically on his return to Port Stanley on the lines you indicate on page 8 of your letter. Regarding the provision of observers, Mr Taylor discussed this whole issue with the ODA Fisheries Advisers during his visit and was persuaded of the need to get observers in place as quickly as possible. We understand he will be making a recommendation to this effect to the Islands Council. I gather that you have been able to discuss the matter personally with Mr Raison when you dined with him on 10 April.

The Government well understand the arguments in favour of declaring a 200-mile EFL around the Islands. They continue to give close attention to this but [redacted]

[redacted] it is far from being a simple issue. The Anglo-Argentine dimension, to which you draw attention, is but one of a series of complicating factors. We are bound to take account of all of these, and to seek to avoid the risks of longer-term repercussions which could outweigh the short term benefits of the declaration of the proposed EFL.

For all these reasons, there is obviously very little that I can say in reply to your query about the status of South Georgia. I suspect, however, that when commenting on the prospects for a Fisheries Limit around South Georgia, Mr Taylor had in mind that it lies within the area covered

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3

by the Convention for the Conservation of Antarctic Marine Living Resources, to which both Britain and Argentina are parties, and which is itself a form of conservation area. As it happens, the next meeting of the parties to the Convention is likely to consider whether, in the interests of fish stock conservation, fishing near South Georgia, which is mainly by Russian trawler, should be limited.

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18 APR 1994

