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FROM PORT STANLEY 162115Z MAY 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 169 OF 16 MAY

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MR RENTON'S MEETING WITH COUNCILLORS : 16 MAY

SUMMARY

1. AN AMICABLE AND WIDE-RANGING DISCUSSION. COUNCILLORS EXPRESSED SCEPTICISM ABOUT THE MULTILATERAL APPROACH TO OFF-SHORE FISHERIES AND EMPHASISED THE URGENCY OF REACHING AGREEMENT ON EFFECTIVE MEASURES; BUT DISCUSSION WAS NOT HEATED. CONCERN OVER LACK OF OPPORTUNITY TO EXPLOIT MOUNT PLEASANT AIRPORT FOR THE BENEFIT OF THE LOCAL ECONOMY. EXCHANGES ON DEVELOPMENT STRATEGY, LAND SUB-DIVISION AND OFF-SHORE OIL EXPLORATION.

DETAIL

2. MR RENTON ATTENDED A MEETING OF JOINT COUNCILS FOR ONE AND A HALF HOURS THIS MORNING. IN AN OPENING STATEMENT HE REAFFIRMED THE GOVERNMENT'S FIRM INTENTION TO STAND BY THEIR COMMITMENTS TO THE ISLANDS; COUNCILLORS EXPRESSED APPRECIATION. HE ALSO EXPLAINED THE GOVERNMENT'S CURRENT THINKING ON RELATIONS WITH ARGENTINA, CIVILIAN USE OF MOUNT PLEASANT AIRPORT, OFF-SHORE FISHERIES AND DEVELOPMENT STRATEGY. HE EXPRESSED THE HOPE THAT THE BEST POSSIBLE CANDIDATES WOULD STAND FOR THE LEGISLATIVE COUNCIL ELECTIONS IN SEPTEMBER/OCTOBER. HE IDENTIFIED THE ENCOURAGEMENT OF IMMIGRATION AND THE PROVISION OF HOUSING AS TWO PARTICULAR PROBLEM AREAS.

3. THE ENSUING DISCUSSION WAS FRIENDLY AND WIDE RANGING. NO COUNCILLOR RAISED RELATIONS WITH ARGENTINA. MAJOR THEMES ARE SET OUT BELOW.

(A) FISHERIES

4. ALL THE COUNCILLORS EMPHASISED THE IMPORTANCE AND URGENCY OF INTRODUCING ARRANGEMENTS TO CONSERVE FISH STOCKS AROUND THE FALKLANDS AND DERIVE REVENUE THEREFROM. THEY EXPRESSED SCEPTICISM ABOUT HMG'S MULTILATERAL INITIATIVE, AND OUR CONTENTION THAT A UNILATERALLY-DECLARED EXCLUSIVE FISHERIES ZONE(EFZ) WOULD BE DISPUTED BY THE MAIN FISHING NATIONS. COUNCILLOR TIM BLAKE CLAIMED THAT STOCKS WERE ALREADY BEING GREATLY OVER-FISHED, AND ASKED WHAT HMG WOULD DO IF ARGENTINA VETOED A MULTILATERAL APPROACH. CLLR CHEEK SAID IT WOULD BE UNACCEPTABLE IF AN EFZ WAS DECLARED AROUND THE DEPENDENCIES BUT NOT AROUND THE FALKLANDS. A SUBSIDIARY THEME WAS THE NEED TO PROVIDE FACILITIES FOR OFF-SHORE FISHING FLEETS AND DERIVE GREATER REVENUE FROM THEIR PRESENCE IN FALKLANDS WATERS. DISCUSSION WAS LIVELY BUT NEVER HEATED; MR RENTON EXPLAINED WITH CARE THE REASONS FOR THE GOVERNMENT'S PREFERRED APPROACH.

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(B) MOUNT PLEASANT AIRPORT

5. COUNCILLORS EXPRESSED CONCERN LEST OPPORTUNITIES TO EXPLOIT THE AIRPORT TO THE BENEFIT OF THE CIVIL ECONOMY SHOULD BE STIFLED BY THE MOD. THE MILITARY COMMISSIONER POINTED OUT THE CONSTRAINTS DERIVING FROM THE ISLANDS' SMALL LABOUR FORCE. HE ACCEPTED THE NEED TO BRIDGE THE GAP BETWEEN "MOD ATTITUDES" AND THE DEVELOPMENTAL APPROACH; THIS COULD ONLY BE DONE BY HIGH LEVEL COORDINATION BETWEEN DEPARTMENTS IN LONDON.

(C) DEVELOPMENTAL STRATEGY

6. ISSUES RAISED INCLUDED THE FEAR THAT CURRENT STUDIES WOULD RESULT IN UNREALISTIC RECOMMENDATIONS FOR FUTURE EXPENDITURE; THE DIFFICULTY OF MAINTAINING INFRA-STRUCTURE PROJECTS FINANCED OUT OF DEVELOPMENT FUNDS; AND THE NEED FOR BETTER LAND COMMUNICATIONS.

(D) LAND SUB-DIVISION

7. THE CONSENSUS WAS THAT LAND SUB-DIVISION SHOULD GO AHEAD WITHOUT SLACKENING PACE. THE VALUATION OF LAND FOR SUB-DIVISION WAS IDENTIFIED AS A MAJOR PROBLEM. MR RENTON SAID THAT HMG WOULD FIND IT DIFFICULT TO SANCTION COMPULSORY PURCHASE.

(E) OIL

8. CLLR TIM BLAKE ASKED WHAT WERE THE ARGUMENTS AGAINST ANNOUNCING A ROUND OF LICENSING FOR OFF-SHORE OIL EXPLORATION. MR RENTON POINTED OUT THAT THERE HAD BEEN NO ENQUIRIES FROM THE OIL MAJORS. IT WOULD BE UNWISE TO LAUNCH ACTION IN THIS AREA AT A TIME WHEN WE WERE SEEKING ARGENTINE ACQUIESCENCE IN ARRANGEMENTS OVER FISH. THE FCO AND DEPARTMENT OF ENERGY WOULD BE UNDERTAKING A DETAILED STUDY OF THE CONDITIONS IN WHICH OFF-SHORE LICENCES MIGHT BE OFFERED. BUT THIS REQUIRED INTEREST FROM THE BIG COMPANIES WITH CONSIDERABLE RESOURCES.

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