

17/5/1

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AW 040/225/		
RECEIVED IN DEPARTMENT NO. 18		
21 MAY 1979		
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Copied to AW 162/4.

Mr Hall

PS/Mr Ridley *Minute of conf.*

41A

FALKLANDS/ANTARCTIC RESOURCES

1. Mr Temple's minute of 14 May: Mr Ridley's questions about UK commercial interest in Antarctic oil and fish.

Oil

2. Despite our directing their attention to the area, BP have no current interest in exploration/exploitation in the Antarctic area. We understand that the oil industry's capacity is at present well engaged in more accessible areas. No hydrocarbon resources have yet been found in the Antarctic and there is at present no jurisdictional basis for regulating economic activity in the area which would give the oil industry appropriate guarantees to ensure the safety of its investment. Given the formidable technological problems that would be involved, the oil industry are unlikely to become interested in this area within the next 10/15 years.

3. Exploration of the more limited area of Continental Shelf around the Falkland Islands is however more advanced. We are shortly to receive from ENOC the results of their evaluation of two seismic surveys carried out over the Falkland Islands Continental Shelf last year. Such surveys cannot however prove the presence of hydrocarbons; only exploratory drilling can establish whether oil or gas exists and if so whether in commercially exploitable quantities. Apart from the political difficulties, exploration drilling also poses practical problems. The deep water and severe climatic conditions around the Falkland Islands are much worse than, for example, those encountered in the North Sea and it is doubtful if offshore oil technology has yet developed sufficiently to cope.

Fishing ...

Fishing

4. The waters of the South West Atlantic (i.e. around the Falklands, their Dependencies and the Antarctic peninsula) are rich in marine life and have been fished on an increasing scale over the past 12 years, primarily by the Soviet Union, Poland and Japan (for their domestic markets).
5. The British fishing industry has to date shown little interest in these distant waters. The MAFF are of the view that domestic requirements for white fish are adequately met by resources in our present 200 mile zone and are not convinced that a commercial fishery in the South West Atlantic could pay for itself. They point out that frozen white fish from such a distance would have to compete with plentiful frozen supplies from nearer at hand (e.g. North America, Iceland and Norway). They recognise that there may be wider considerations and that the resources in the area may be exploitable as food fish for markets in the Far East and Africa or fishmeal for world markets.
6. However, a draft of a desk study by the White Fish Authority on the area's resources (commissioned by Ministers after an approach by Mr James Johnson MP, President of the South Atlantic Fishing Committee, which claims to represent the interests of the British fishing industry as well as Falkland Islanders) has now been received. It concludes that:
- (a) the typical British freezer trawler is not suited to operations in the South West Atlantic and on account of the limited hold capacity would be unlikely to operate profitably;
  - (b) accurate information on catch rates and hence on the viability of British fishing in the area would only be obtained by a British expedition;

/(c) ...

- (c) the British fishing industry would only be willing to invest in a South West Atlantic Fishery on the basis of factual information which such an exploratory voyage will provide;
- (d) a 12 month survey programme involving two vessels would cost in the region of £5m (perhaps offset by as much as £1m in revenue from the sale of fish).

When the WFA's report is finalised these recommendations will be examined by other Departments, especially the MAFF who have previously seen no justification in their meeting the costs of any exploratory voyage believing that it was for industry to fund.

7. There are also legal and political difficulties. Because of the sovereignty dispute with Argentina, no 200 mile fishing zone around the Falklands and their Dependencies has yet been declared. Argentina regards such seas as hers; we continue to look on them as high seas. It is this impasse which lets in third country fishing vessels. In the negotiations, fisheries cooperation has been examined in some detail; but Argentine insistence on their sovereignty has prevented practical progress. This would naturally inhibit the use of the Falkland Islands as a fishery base by commercial interests. This is one of the problems that will receive priority attention when we resume talks with the Argentine government.

*Bure*

J B Ure  
South America Department

16 May, 1979

Copies to:  
Sir A Parsons  
Miss Brown  
MAED  
ESSD

*16/5*



Aw 04/325/

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Mr Duggan  
 Mr Cowie  
 Dr Hoop - May 1975  
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Mr Uze

FALKLANDS/ANTARCTIC RESOURCES

(45)

Mr Ridley was grateful for your minute of 16 May. Noting that no British concerns are apparently interested in exploiting the potential oil and fish resources in the area, Mr Ridley has minuted:

"Then we can concede rights to the Argentines in fish and oil - if none of our own people are interested!"

NR."

K D Temple  
17 May 1979

- cc: Sir A Parsons
- Mr Hall
- Miss Brown
- MAED
- ESSD

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P/W the file

Surely this is a misunderstanding  
I thought your minute said v. clearly  
that oil companies were  
interested in oil off the Falklands  
but only later in possible oil  
in the Antarctic. (how this can  
be corrected. of Parsons)

Mr Ure

FALKLANDS/ANTARCTIC RESOURCES

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K D Temple  
17 May 1979

cc: Sir A Parsons  
Mr Hall  
Miss Brown  
MAED  
ESSD



Mr Lowry  
I spoke to Mr Ridley's  
office - BU 30/5