



UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/AC.109/670  
5 August 1981

ORIGINAL: ENGLISH

SPECIAL COMMITTEE ON THE SITUATION WITH  
REGARD TO THE IMPLEMENTATION OF THE  
DECLARATION ON THE GRANTING OF  
INDEPENDENCE TO COLONIAL COUNTRIES  
AND PEOPLES

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FALKLAND ISLANDS (MALVINAS)

Working paper prepared by the Secretariat

CONTENTS

	<u>Paragraphs</u>
1. General . . . . .	1 - 2
2. Constitutional and political developments . . . . .	3 - 21
3. Economic conditions . . . . .	22 - 36
4. Social and educational conditions . . . . .	37 - 40

## FALKLAND ISLANDS (MALVINAS) 1/

### 1. GENERAL

1. The Falkland Islands (Malvinas) lie in the South Atlantic, some 772 kilometres north-east of Cape Horn. They comprise 200 islands and cover a total area of 11,961 square kilometres. There are two large islands, East Falkland and West Falkland. Apart from a number of small islands, the Dependencies consist of South Georgia, 1,287 kilometres east-south-east of the Falkland Islands (Malvinas), and the uninhabited South Sandwich Islands, some 756 kilometres south-east of South Georgia.

2. At the last census, held in 1972, the population of the Territory, excluding the Dependencies, numbered 1,957, almost all of whom were of European descent, mainly of British origin. Of this total, 1,079 lived in Stanley, the capital. The preliminary results of the December 1980 census showed a total of 1,812 resident civilians in the Territory.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Constitution

3. The constitutional arrangements for the Territory, introduced in 1949 and amended in 1955, 1964 and 1977, are outlined in earlier reports of the Special Committee. 2/ Briefly, the governmental structure consists of: (a) the Governor appointed by the Queen (currently Mr. Rex Masterman Hunt); (b) an Executive Council consisting of two ex officio members (the Chief Secretary and the Financial Secretary), two unofficial members appointed by the Governor and two elected members of the Legislative Council, elected by the members of that Council; (c) a Legislative Council consisting of the Governor who presides, two ex officio members (the Chief Secretary and the Financial Secretary) and six members elected on the basis of universal adult suffrage; and (d) a Court of Appeals set up in July 1965 to hear and determine appeals from the courts of the Territory.

4. Elections under the amended constitutional arrangements were held in October 1977, and the newly elected Legislative Council was sworn in on

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1/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under article 73 e of the Charter of the United Nations on 22 October 1980 for the year 1979.

2/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), vol. IV, chap. XIX, annex, paras. 4-7; and ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. IV, chap. XXVIII, annex I, paras. 4-7.

21 November 1977. There remains one nominated member of the Legislative Council owing to the fact that one of the elected seats was not contested.

5. It will be recalled 3/ that, in a speech to the newly elected Legislative Council in June 1978, the Governor suggested that the Council might consider from time to time how the newly instituted constitutional and legislative arrangements were working. He said that readjustments might be possible in one or two respects, and invited the members to submit their views on the matter. At a meeting of the Legislative Council in June 1980, Mr. W. H. Goss, one of the members, stated that with the prospect of elections in 1981, the Council should consider revising the Constitution. In his opinion, the community was too small to have two Councils, which had led to considerable duplication of work and documentation. He felt that there should be only four elected members of the Legislative Council, all of whom would serve on the Executive Council.

#### B. Public service

6. According to information provided to the United Kingdom House of Commons, 4/ the territorial Government employs 315 persons, including those employed on a contract basis. The policy of the Government is to give all members of the public service every opportunity to enhance their capabilities through further training, thereby reducing the need to recruit officers from abroad. In a speech in June 1978, the Governor stated that proposals would be submitted to the Legislative Council for expanding the training scheme for nurses and introducing in-service secretarial and clerical training in the public service for school leavers. Efforts were also being made to encourage training overseas, not only in academic institutions but through individually arranged working attachments.

7. A review of the salary structure of the public service was expected to be made in December 1980 by Mr. H. P. Ritchie, a Salaries Commissioner from the United Kingdom. The Falkland Islands Civil Service Association, in a circular dated 9 September 1980, urged the full participation of all its members in the review, stating that one of the most important problems facing the Association was the reduction of "the immense emoluments gap" between locally recruited officers and those recruited abroad. The Association also felt that the review should cover the loss of free medical and dental treatment and the need for periodic adjustments to the cost-of-living bonus.

#### C. Relations between the Governments of Argentina and the United Kingdom

8. Detailed information concerning relations between the Governments of Argentina

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3/ Ibid., Thirty-fourth Session, Supplement No. 23 (A/34/23/Rev.1), vol. IV, chap. XXVIII, annex, para. 5.

4/ Parliamentary Debates, House of Commons, 17 December 1980, col. 313.

and the United Kingdom on the question of the Falkland Islands (Malvinas) prior to 1980 is contained in earlier reports of the Special Committee. 5/

9. On 28 and 29 April 1980, a ministerial meeting was held at New York on the question of the Falkland Islands (Malvinas) and related issues in the South Atlantic. The delegations were led by *Commodore* Carlos Cavándoli, Under-Secretary for External Relations and Worship of Argentina, and Mr. Nicholas Ridley, Minister of State at the United Kingdom Foreign and Commonwealth Office. Mr. Adrian Monk, a member of the Falkland Islands Legislative Council, was part of the United Kingdom delegation.

10. Reporting to the United Kingdom House of Commons on the meeting, Mr. Ridley stated that "the exchanges were conducted in a cordial and positive spirit. Each side was able to reach a better understanding of the other's position. No decisions were taken, though it was agreed that contacts on day-to-day matters between the islands and Argentina should be expanded ...". 6/ Subsequently, in response to questions in Parliament, Mr. Ridley said that arrangements had been set in hand to institutionalize contacts between the islanders and the Argentines in Government and the private sector with whom there was co-operation on economic and supply matters. 7/

11. On 25 September 1980, during the thirty-fifth session of the General Assembly, Brigadier Carlos W. Pastor, Minister for External Relations and Worship of Argentina, and Lord Carrington, United Kingdom Secretary of State for Foreign and Commonwealth Affairs, held a meeting at New York.

12. On 11 November, by its decision 35/412, the General Assembly, on the recommendation of the Fourth Committee, decided to defer consideration of the question of the Falkland Islands (Malvinas) until its thirty-sixth session and requested the Special Committee to keep the situation in the Territory under review.

13. In November 1980, Mr. Ridley paid his second visit to the Territory, and on 2 December, reported to Parliament about it as follows:

"We have no doubt about our sovereignty over the islands. The Argentines, however, continue to press their claim. This dispute is causing continuing uncertainty, emigration and economic stagnation in the islands. Following my exploratory talks with the Argentines in April, the Government has been considering possible ways of achieving a solution which would be acceptable to all the parties. In this, the essential is that we should be guided by the wishes of the islanders themselves.

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5/ For the most recent, see Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 23 (A/34/23/Rev.1), vol. IV, chap. XXVIII, annex, paras. 7-17; and A/AC.109/615, paras. 6-14.

6/ Parliamentary Debates, House of Commons, 8 May 1980, col. 224.

7/ Ibid., 14 May 1980, col. 1478.

"I therefore visited the islands between 22 and 29 November in order to consult island councillors and subsequently, at their express request, all islanders, on how we should proceed. Various possible bases for seeking a negotiated settlement were discussed. These included both a way of freezing the dispute for a period or exchanging the title of sovereignty against a long lease of the islands back to Her Majesty's Government.

"The essential elements of any solution would be that it should preserve British administration, law and way of life for the islanders, while releasing the potential of the islands' economy and of their maritime resources, at present blighted by the dispute. It is for the islanders to advise on which, if any, option should be explored in negotiations with the Argentines. I have asked them to let me have their views in due course. Any eventual settlement would have to be endorsed by the islanders, and by this House." 8/

In response to a question on the wisdom of placing the lease-back proposal on the negotiating table, Mr. Ridley stressed that none of the options had been put to the Argentine Government for negotiation. They were for discussion among the islanders, who would decide whether they wished any of them to be pursued.

14. According to The Times (London) of 27 November, the options put to the islanders, in addition to those mentioned by Mr. Ridley, included: (a) the outright transfer of sovereignty to Argentina; (b) the institution of a condominium arrangement similar to that which existed in the New Hebrides under France and the United Kingdom; and (c) the breaking off of negotiations.

15. On 28 November, The Times reported that during a meeting of the Sheepowners' Association in the Territory, Mr. Ridley had stated that under the lease-back proposal "your life style would not be changed, and there would be new financial benefits from fishing, tourism, and oil, which would commence as soon as possible after the change".

16. According to the January 1981 issue of The Falkland Island Times (a local newspaper), Mr. Monk and another member of the Legislative Council visited their constituents in order to ascertain their views on the options open to them. Mr. Monk also addressed the entire community in radio broadcasts on 1 and 2 January 1981. He urged the islanders not to cede their sovereignty and to maintain the position that they were British and wished to remain so.

17. On 7 January, the Legislative Council of the Territory, by a vote of 7 to 1, adopted a motion asking the United Kingdom Government to continue discussions with the Argentine Government with a view to reaching an agreement which would freeze the dispute over sovereignty for a determined period of time. Mr. Monk, who cast the vote against the motion, expressed the view that there should be no further discussion of the question between Argentina and the United Kingdom.

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8/ Ibid., 2 December 1980, cols. 195-196.

18. On 23 and 24 February, a further round of talks was held at New York. The Argentine delegation was headed by Commodore Cavándoli and included the Argentine Ambassador to the United Kingdom. The United Kingdom delegation, led by Mr. Ridley, included the United Kingdom Ambassador to Argentina as well as Mr. Monk and Stuart B. Wallace, both members of the territorial Legislative Council.

19. According to press reports, although the Argentine delegation rejected the proposal that there be a "freeze" on the question of sovereignty, as the islanders had requested, the talks were considered to have been cordial. No date was set for the resumption of negotiations which, it appeared, would not take place until after a general election was held in the Territory.

20. On their return to the Territory after the talks, Messrs. Monk and Wallace met with the other members of the Legislative Council. Subsequently, in a press conference, it was reported that the Argentine delegation, in a direct appeal to the councillors, had offered to make the islands a "most pampered region" and to maintain the democratic, legal, social and educational systems of the Territory, if the inhabitants gave up United Kingdom sovereignty in favour of Argentine sovereignty.

21. Since elections are scheduled to be held in the Territory before November 1981, the present Council believes that any decision on the future of the negotiations should be left to the new Legislative Council.

### 3. ECONOMIC CONDITIONS

#### A. Shackleton report

22. It will be recalled 9/ that a report entitled Economic Survey of the Falkland Islands, 10/ prepared by Lord Shackleton, was issued by the United Kingdom Government in 1976. In the introduction to the report, it was stated that the terms of reference were very wide since it was intended to provide an over-all survey of the economic prospects of the Territory in all sectors. In order to assess fully the development potential of the Territory, account had to be taken of the social dimensions of the situation. The terms of reference excluded any political consideration, however, and the report was thus based on the premise that the political status of the Territory would remain as it had been over the past 150 years. It was none the less stated that in certain proposed areas of development, particularly those related to the exploitation of offshore resources, "co-operation with Argentina - even participation - should, if possible, be secured".

23. As reported above (see para. 13), Mr. Ridley indicated in December 1980 that, until there was a solution to the political problem, there could be no development

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9/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. IV, chap. XXVIII, annex I, paras. 17-21.

10/ London, H.M. Stationery Office, 1976.

of the Territory's economy or its maritime resources. Later that month, in response to a question in the House of Commons on the implementation of the Shackleton report, Mr. Ridley expanded on this theme, stating:

"We desperately want to develop the economy of the islands. My honourable friend mentioned improved farming and markets for farming produce. A great deal of credit is needed to open up those possibilities, and we must get commercial banks to perform their functions in the islands. There is also the question of revenue from the rich harvest of fish and the possibility - there can be no certainty - of finding oil. He wanted us to exert our undoubted rights over the fishing zones and the economic zones that surround not only the islands, but our dependencies. My honourable friend mentioned the vexed question of Magellanes Este, the oil block that straddles the median line. Nothing would give us more pleasure than to be able to say that we had agreed the median line, and that we and the Argentine respected that median line, so that oil exploration and exploitation could go ahead.

...

"We also believe that there is a need for good communications. The airport, the supply of fuel, the air and sea services, education and advanced health services are all adequate at present, but they depend on Argentina for their provision.

"The difference of interpretation between my honourable friend and myself is over how we achieve these aims. That must be made more particular by asking the effect of the long-run dispute with Argentina on these questions. At present, the relationship between Great Britain and Argentina is good and friendly. We are still negotiating in a series of talks with the Argentine Government, as we were for many years before this Government took over. In spite of that, it is still not possible to declare those 200-mile fishery zones, to get the licence fees from foreign fishing in those zones, to explore or exploit oil, or to legalize the position of Southern Thule. Even the commercial banks are unwilling to set up the islands, because of the political risks.

"These hazards are real. It must be recognized that solving these problems requires an over-all political settlement. The economy of the islands, even at this time of relative peace, co-operation and good relations, is still in decline. The population declined last year from about 1,800 to about 1,700. It must be apparent to my honourable friend that even with the status quo, these problems cannot be solved and they are leading to a worsening economic condition in the islands.

...

"My honourable friend seemed to believe that, in spite of these political difficulties, which I can assure him are very real, there was a solution which consisted of pumping more money into the islands. My honourable friend

/...

quoted the Shackleton report. I can tell him that a very large number of the recommendations have been implemented - 49 out of 90. Of the remainder, 14 have been rejected, 20 are in train and 7 are undecided. I concede that the bulk of the recommendations in terms of money have not been implemented because we come immediately to the question of the runway, and the vast proportion of the work that has not been done is the new runway to the airport.

"There are two reasons why it has not been done, both of which seem equally valid to me now. The first is that a runway to take large jets would require the existence of some commercial demand. With 1,700 people in the islands, it is unsurprising that that demand is very small. No commercial airline has expressed any interest in running long-haul jet services there because they frankly and rightly believe that the traffic would not be available." 11/

#### B. General

24. The economy of the Territory continues to be overwhelmingly dependent on sheep farming for wool production. The grasslands are generally poor, owing to difficult climatic and soil conditions, and the resulting yield per hectare is low. Research into the improvement of pastures and related aspects of sheep farming is being conducted by the Grasslands Trial Unit (GTU), established in 1975 and entirely financed by the United Kingdom Government. In July 1979, the staff of GTU was increased from 4 to 6. GTU has also been providing assistance to the territorial Government on agricultural matters pending the recruitment of an agricultural officer.

25. In 1978/79, the latest year for which figures are available, there were 659,012 sheep in the Territory, an increase of 10,646 over the record figure of the previous year. The distribution was as follows: East Falkland, 377,237; West Falkland, 213,743; and other islands, 68,032.

26. The economy is closely tied to the price of wool on the world market, which has tended to remain static in the past few years while production costs have continued to rise. None the less, in 1979, exports of wool amounted to 2,133 metric tons, bringing earnings of £2,463,615, 12/ compared to 1978 earnings of £2.0 million. Exports of hides and skins totalled 48 metric tons in 1979, with a value of £38,636 (£3,457 in 1978). It will be recalled that, in November 1977, an expert in the tanning and processing of sheepskins and hides paid a visit to the Territory to advise on the development of this activity. 13/

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11/ Parliamentary Debates, House of Commons, 18 December 1980, cols. 996-998.

12/ The local currency is the pound sterling.

13/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. IV, chap. XXVIII, annex I, para. 23.



27. During the period under review, sheepowners in the Territory sought assistance in the preparation of wool clip for marketing. A member of the New Zealand Wool Board spent some time in the Territory demonstrating techniques of proper evaluation and classification of the wool clip and ways in which the clip could be made more attractive to buyers.

28. The Falkland Islands Company (FIC), registered in the United Kingdom in 1851, is the major contributor to the economy, and the development of the Territory is closely tied to the growth of the company. As the owner of almost half the sheep of the Territory and an equivalent proportion of the land, FIC is the largest producer of wool and controls much of the local banking, commerce and shipping.

29. Other potential areas of economic development include tourism, fisheries and the processing of kelp into alginates. At one time, Alginate Industries, Ltd., was making plans for the production of alginate in the Territory, but discontinued them in 1977. In the past years, new approaches have been made to commercial companies. The Taiyo Fishing Company of Japan and, more recently, the White Fish Authority of the United Kingdom have been carrying out research into the fishing resources of the Territory. There are stocks of king crab and of krill, a small prawn high in protein; several countries are interested in the exploitation of the latter.

30. Tourism, which is based on the abundance of marine and bird-life in the Territory, including breeding colonies of albatross, seals and geese, was the subject of a recent study in which the Government invested some £25,000. Recent reports indicate that Mr. Julian Fitter, the tourism expert who made the study, has set up an organization called Falkland Wildlife to take tourists by ship to visit the wild-life areas of the Territory.

31. The possibility that large oil deposits exist in the Territory and its off-shore areas has aroused the interest of several major oil companies. In 1978, the United Kingdom Government reported that two private companies had completed seismic surveys in the waters surrounding the islands, one of which had been made on behalf of the Argentine and United Kingdom Governments. The results of the survey, according to reports in the press, were "more encouraging than discouraging". Oil companies and consultants feel that oil exploration in the area is now an economic proposition, and according to The Times (London), several large companies have projected expenditures totalling some £130 million for exploration in the waters between Tierra del Fuego and the Territory.

32. In mid-February 1981 it was announced that the largest Argentine off-shore oil strike had been made near the Patagonian coast. The well, discovered by the Shell company, is reported to have a flow rate of approximately 2,000 barrels per day. It is located in an area adjacent to Magellanes Este, a concessionary licensing block for which tenders are now being sought and which is within 154 kilometres of the Falkland Islands (Malvinas). The block also straddles what the United Kingdom regards as the "putative" median line between Argentina and the Territory (see also para. 23 above).

33. As noted above, the Territory specializes in the production of wool for export and depends heavily on imported goods for the satisfaction of local requirements.

In 1979, imports totalled £2,502,251. The United Kingdom continues to absorb most of the Territory's exports and to provide most of its imports. Recently, attempts have been made to increase trade relations between the Territory and the Argentine mainland, and also with Chile.

34. According to the approved budget estimates for 1980/81, ordinary revenue would amount to £2,213,201 (compared with the revised estimates of £2,338,530 for 1979/80), while expenditure would amount to £2,284,320, leaving a deficit of £71,119. The principal items of revenue were customs duties, internal revenue, posts and telecommunications and municipal services, which were estimated at £1,321,150. The principal items of expenditure were public health (£257,381), public works (£254,256), education (£223,640), posts and telecommunications (£191,500) and civil aviation (£302,289). Capital expenditure for 1980/81 was estimated at £891,605, of which £520,770 was to come from United Kingdom aid. The major projects to be financed by United Kingdom aid were the school hostel project (£250,000) and the roads project (£180,090). The major items of development expenditure from local funds were housing (£100,000) and roads (£45,160).

35. In 1971, the Governments of Argentina, the Falkland Islands (Malvinas) and the United Kingdom signed a Communications Agreement at Buenos Aires, designed to improve economic, social and cultural co-operation between the Falkland Islands (Malvinas) and Argentina. Air communications between Argentina and Stanley are operated on a weekly basis by Líneas Aéreas del Estado (LADE), a State-owned Argentine airline. The permanent airport at Stanley, constructed with United Kingdom aid at a cost of £6 million and by Argentine technicians, was opened to traffic on 1 May 1979. The airport was designed to take aircraft up to the size of the Hawker Siddeley HS-748 or other medium-haul aircraft.

36. Following the publication of the Shackleton report, the United Kingdom Government agreed to carry out a survey of the internal transport service (road, sea and air) in the Territory. This led to the initiation of a road development programme, the first stage of which is the construction of an all-weather road from Stanley to Darwin. The internal air service run by the territorial Government was expanded in 1979 by the addition of a twin-engine land-plane to the fleet of sea-planes which make unscheduled flights between the settlements and Stanley.

#### 4. SOCIAL AND EDUCATIONAL CONDITIONS

37. During the period under review, the labour situation in the Territory continued to decline due to emigration. Vacancies continue to exist in the agricultural industry of the islands, mainly for skilled mechanics. The development projects currently under way are reported to have put a strain on available labour, and in some cases, their completion has been delayed. According to The Observer (London) of 18 January 1981, a proposal to counteract the decline in the population of the Territory by encouraging the immigration of people from St. Helena, another United Kingdom colony in the South Atlantic, attracted hundreds of applicants, including persons from the United Kingdom. The territorial Government, however, had intended to start with a pilot scheme of four families, in which the men would be suitably qualified tradesmen whose wives could be employed in clerical positions in the Government.

38. The Government maintains a 17-bed general hospital at Stanley, providing medical, surgical, obstetric and geriatric care. Of the original 27 beds, 10 have been converted to provide hostel accommodations. The Medical Department is responsible for public health and sanitation in the Territory and employs one senior medical officer, two medical officers and other staff. A general practitioner is available in the town, while a flying-doctor service reaches the outlying farm settlements.

39. The installation at the hospital of new X-ray equipment, acquired at a cost of £32,000 with funds from the United Kingdom, was to have been completed late in 1980. Expenditure on public health for the year 1980/81 was estimated at £257,381.

40. According to information submitted by the administering Power, there were 313 pupils attending the 11 government schools, which are staffed by 32 teachers. Education is free and attendance compulsory in Stanley for children between the ages of 5 and 15 years, and outside Stanley, for those between the ages of 7 and 15 years. Education is provided mainly at the primary level, except at the Senior School at Stanley, which offers secondary education in a limited range of subjects up to the ordinary level of the General Certificate of Education. In 1978, scholarships for secondary education abroad were discontinued and in 1979, it was announced that overseas education allowances would also be discontinued once the current beneficiaries had completed their studies. The Argentine Government provides an unlimited number of scholarships for secondary education of students from the Territory, as well as two teachers of Spanish for the schools at Stanley. Estimated expenditure on education for the year 1980/81 amounted to £223,640.

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