



FALKLAND ISLANDS GOVERNMENT

PRESS RELEASE

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Falkland Islands Government publishes Economic Briefing & Forecast for the Falkland Islands

The Falkland Islands Government has published its Economic Briefing & Forecast for 2010. This 7 page document examines the current global economic environment, and its likely impact on the Falkland Islands. It reviews the fisheries, agriculture, tourism and other commercial sectors, and examines the implications for public finance.

The Falkland Islands economy is expected to expand by 5.3% in real terms during 2010. This follows a period of contraction in 2009, which was caused primarily by a poor fish harvest rather than the immediate effects of the global recession. During 2010 above-average growth in public sector output, fisheries, agriculture and utilities should help compensate for an anticipated reduction of 15-20% in cruise ship tourism. The retail trade, construction and hospitality industries are also expected to benefit from the ongoing de-mining and oil drilling projects and the imminent upgrade and extension of the runway and Mount Pleasant Airport.

The Honourable Roger Edwards, spokesperson for Members of Legislative Assembly, today said, "The Falkland Islands are not remote from the world economic pressures as highlighted by a drop in investment income. Further economic decline during 2009 was caused by a poor squid harvest and reduced tourism spending. The full impact of this drop was somewhat offset by the Falkland Islands Government approving a deficit budget."

He went on to say, "The current year, in line with other world economies, should see some recovery with early signs of an improved catch within the Illex fishery and higher wool and meat prices within the agricultural sector. The outlook in tourism remains bleak. Further effects could be felt by local residents as a result of a weaker sterling and higher oil prices adding to inflationary living and housing costs."

Mr Edwards concluded, "The Falkland Islands Government has a duty of care to future generations, and in partnership with the private sector and other public agencies is actively progressing the Economic, Rural and Tourism Development Strategies to enable the Islands to make the most of future economic challenges and opportunities."

The Economic Briefing & Forecast is written by Mr Sonny Jose, the Falkland Islands Government's Head of Policy and Economic Adviser. Prior to joining the Government in 2008, Mr Jose was managing a private investment fund and was marketing consultant to Glocap Partners LLC of New York. He is a trained economist with over 25 years international experience in finance, investment, marketing and development.

Office of the Legislative Assembly
Gilbert House
12 March 2010

For more information or a copy of the Economic Briefing & Forecast please contact Alison Inglis, Media Liaison Office, Falkland Islands Government at tel. +500 27451 or Media2@sec.gov.fk. Photography and Interviews are available on request.

Notes for Editors

- Fisheries is the largest sector in the Falkland Islands economy, producing just over 50% of the gross domestic product. The main products are Illex and Loligo squid, together with fin-fish species such as rock cod, hake, kingclip and the valuable Chilean sea bass.
- During summer 2008-9 there were 105 cruise ship visits to the Falkland Islands, carrying 62,500 passengers.
- Contractors employed by the British government commenced work during summer 2009-10 on locating, removing and destroying approximately 20,000 landmines laid by Argentine military forces after they invaded the Falkland Islands in 1982.
- Semi-submersible drilling rig *Ocean Guardian* arrived in Falkland Islands waters in late January 2010, after an 83 day journey from Invergordon on the Cromarty Firth in Scotland. The oil drilling campaign is expected to last 8 months, after which it is anticipated that *Ocean Guardian* will leave Falklands waters while the results of the drilling campaign are analysed.
- The first well, for Desire Petroleum, was 'spudded' on 22 February 2010. Desire Petroleum plans to drill a minimum of four wells (with the possibility of an additional two wells) while Rockhopper Exploration plans to drill two wells, all in waters to the north of the Falkland Islands. *Ocean Guardian* will also drill one well for BHP Billiton, and partner Falklands Oil and Gas, to the south of the islands. This will be the first well to be drilled in the South Falkland Basin.
- *Ocean Guardian* is supported by three vessels, *Maersk Traveller*, *Maersk Pacer* and *Toisa Invincible*. These three tugs take it in turn to monitor the 500 metre safety exclusion zone enforced around the rig.
- Mount Pleasant Airport is the Falkland Islands' international airport, with regular flights to the United Kingdom and Chile. It is co-located with the British military base at Mount Pleasant Complex.
- More Falkland Islands information is available at www.falklands.gov.fk.