



FALKLAND ISLANDS

Falkland Islands

...sustaining a secure future



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SOUTH ATLANTIC OCEAN

Photos courtesy of Jon Nicholson and the Falkland Islands Government.



OVERVIEW



FALKLAND ISLANDS

FALKLAND ISLANDS

In recent years, the Falkland Islands have enjoyed remarkable growth and economic development to become one of the United Kingdom's most dynamic and proactive Overseas Territories.

The services provided by the Falkland Islands Government (FIG) have been broadened and improved, so that modern education and healthcare are available to all citizens. Transport links, both within the Islands and to the world outside, have been transformed. The private sector has blossomed and numerous new businesses have been created, with more in the pipeline.

There is more to come. Looking ahead, FIG envisage:

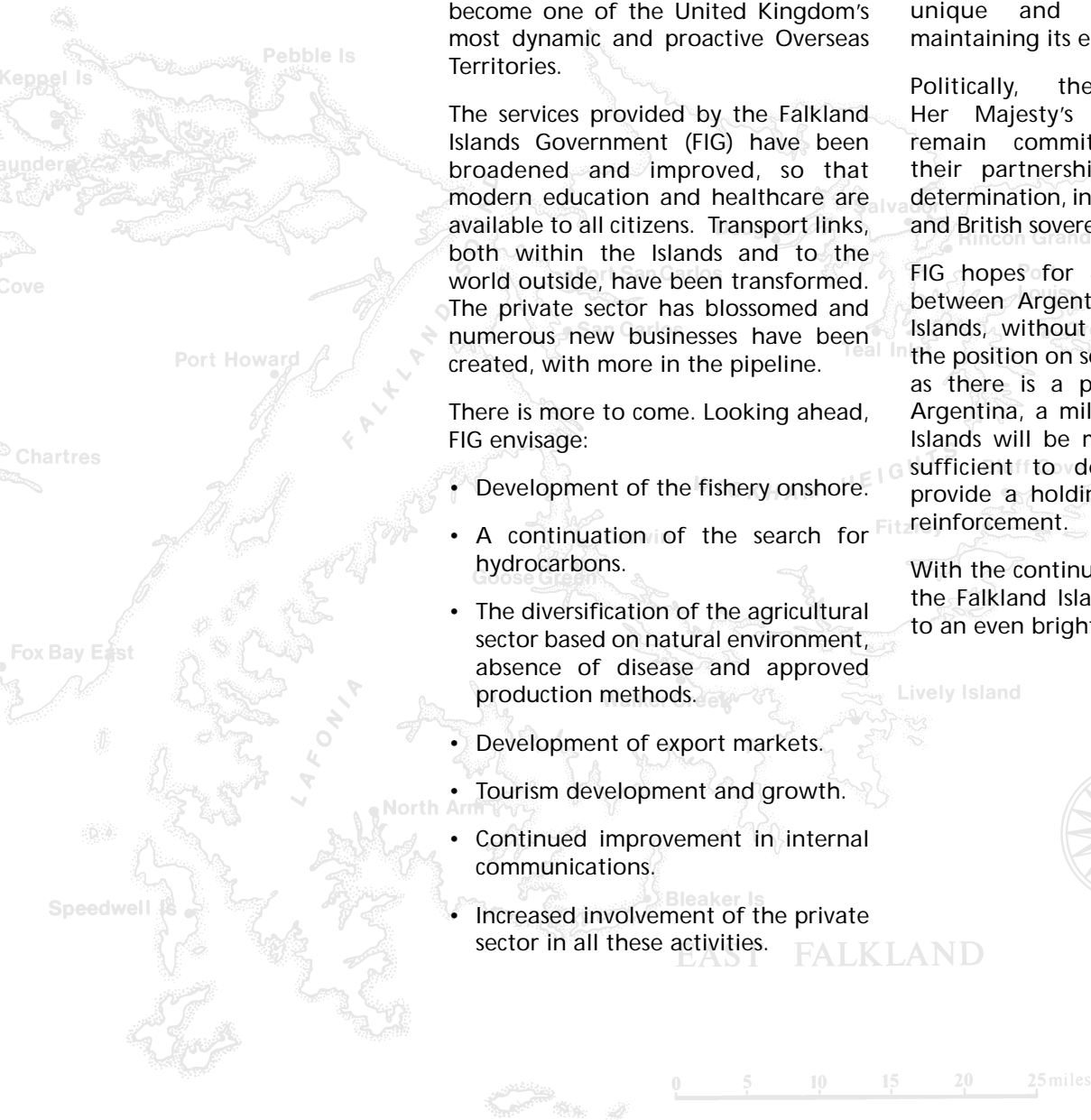
- Development of the fishery onshore.
- A continuation of the search for hydrocarbons.
- The diversification of the agricultural sector based on natural environment, absence of disease and approved production methods.
- Development of export markets.
- Tourism development and growth.
- Continued improvement in internal communications.
- Increased involvement of the private sector in all these activities.

FIG believes that the Islands can combine economic growth with conservation of the environment - unique and unspoiled - while maintaining its essential character.

Politically, the Legislature and Her Majesty's Government (HMG) remain committed to developing their partnership founded on self-determination, internal self-government and British sovereignty.

FIG hopes for peaceful co-existence between Argentina and the Falkland Islands, without diluting or adapting the position on sovereignty. For as long as there is a perceived threat from Argentina, a military presence on the Islands will be maintained on a scale sufficient to deter aggression and provide a holding capability pending reinforcement.

With the continued support of the UK, the Falkland Islands can look forward to an even brighter future.



HISTORICAL

1592

First recorded sighting on August 14, by English sea captain John Davis in the ship 'Desire'.



1690

First recorded landing made by English navigator, Captain John Strong in his ship the 'Welfare'. He named the channel dividing the two main islands 'Falkland Sound' after Viscount Falkland, then Treasurer of the Royal Navy.

Over the years several French ships visited the Islands, which they called Les Iles Malouines after the French port of St. Malo.

1740

Lord Anson passed the Islands on an exploration voyage and urged Britain to consider them as a preliminary step to establishing a base near Cape Horn.

1764

The French diplomat and explorer, Louis Antoine de Bougainville, established a settlement at Port Louis on East Falkland.

1765

Unaware of the French settlement, Commodore John Byron landed at Port Egmont on West Falkland and took possession of the Islands for the British Crown.

1766

Captain John MacBride established a British settlement at Port Egmont.

The Spanish Government protested about the French settlement and Bougainville was forced to surrender his interests in the Islands in return for an agreed sum of money. A Spanish Governor was appointed and Port Louis was renamed Puerto de la Soledad, placed under the jurisdiction of the Captain-General of Buenos Aires; then a Spanish colony.

1770

British forced from Port Egmont by the Spanish.

1771

Serious diplomatic negotiations involving Britain, Spain and France produce the Exchange of Declarations, whereby Port Egmont was restored to Britain.

1774

Britain withdrew from Port Egmont on economic grounds as part of a redeployment of forces due to the approaching American War of Independence, leaving behind a plaque as the mark of continuing British sovereignty.

1811

The Spanish garrison withdrew from Puerto de la Soledad. At this time, South American colonies were in a state of revolt against Spain.

1816

The provinces which constituted the old Spanish vice-royalty declared independence from Spain as the United Provinces of the River Plate.

1820

A Buenos Aires privateer claimed the Falkland Islands in what was probably an unauthorised act – which was never reported to the Buenos Aires government. No occupation followed this.

1823

A private attempt was made to establish a settlement on the Islands, but this failed after a few months. The organisers requested the Buenos Aires government to appoint one of their employees the unpaid 'Commander' of the settlement.

1825

Britain and the Government of Buenos Aires signed a Treaty of Amity, Trade and Navigation. No reference was made to the Falkland Islands.

1826

Louis Vernet, a naturalised citizen of Buenos Aires (originally French with German connections), undertook a private venture and established a new settlement at Puerto de la Soledad.

1829

Buenos Aires appointed Vernet unpaid Commander of his concession in the Falkland Islands and Tierra del Fuego, on the grounds that they claimed all rights in the region previously exercised by Spain. Britain registered a formal protest, asserting her own sovereignty over the Falkland Islands.

C D A T E S A L T E S

Vernet made the first of several approaches to Britain then to re-assert its sovereignty over the Islands. Earlier he had got the British Consul in Buenos Aires to countersign his land grants.

1831

Vernet seized three American sealing ships, in an attempt to control fishing in Falkland waters. In retaliation, the US sloop Lexington destroyed Puerto de la Soledad, and proclaimed the Islands 'free of all government'. Most of the settlers were persuaded to leave on board the Lexington.

1832

Diplomatic relations between the US and Argentina broke down until 1844. Supporting Britain, the US questioned the claim that all Spanish possessions had been transferred to the Government of Buenos Aires and confirmed its use of the Falklands as a fishing base for over 50 years. The US declared that Spain had exercised no sovereignty over several coasts to which Buenos Aires claimed to be heir, including Patagonia.

Buenos Aires appointed an interim Commander to the Islands, Commander Mestivier, who arrived (with a tiny garrison and some convicts) about a month before Britain re-asserted its claim at Port Egmont.

1833

Commander Mestivier had been murdered by his own men by the time Captain Onslow sailed from Port Egmont in the warship Clio and took over Port Louis, claiming the Islands for Britain.

Buenos Aires protested, only to be told: "The British Government upon this occasion has only exercised its full and undoubted right ... The British Government at one time thought it inexpedient to maintain any Garrison in those Islands: It has

now altered its views, and has deemed it proper to establish a Post there."

Since this time, British administration has remained unbroken apart from a ten week Argentine occupation in 1982.

1845

Stanley officially became the capital of the Islands when Governor Moody moved the administration from Port Louis. The capital was so named after the Colonial Secretary of the day, Edward Geoffrey Smith Stanley, 14th Earl of Derby.

1914

Battle of the Falkland Islands, one of the major naval engagements of the First World War in which British victory secured the Cape Horn passage for the remainder of the war.

1965

United Nations Assembly passed Resolution 2065, following lobbying by Argentina. This reminded members of the organisation's pledge to end all forms of colonialism. Argentine and British Governments were called upon to negotiate a peaceful solution to the sovereignty dispute, bringing the issue to international attention formally for the first time.

1966

Through diplomatic channels, Britain and Argentina began discussions in response to UN Assembly pressure.

1967

The Falkland Islands Emergency Committee was set up by influential supporters in the UK to lobby the British Government against any weakening on the sovereignty issue. In April, the Foreign Secretary assured the House of Commons that the Islanders' interests were paramount in any discussions with Argentina.

1971

Communications Agreement was signed by the British and Argentine governments whereby external communications would be provided to the Falkland Islands by Argentina.

1982

On 2 April Argentina invaded the Falkland Islands and diplomatic relations between the two nations were broken off. Argentine troops occupied the Islands for ten weeks before being defeated by the British. The Argentines surrendered on 14 June, now known as Liberation Day.

1990

Diplomatic relations between Britain and Argentina were restored.

1999

At the instigation of Falkland Islands Councillors, a Joint Statement was signed between the British and Argentine Governments on 14 July. This was designed 'to build confidence and reduce tension' between the Islands and Argentina. Two Councillors from the Islands witnessed the signing on behalf of the Falkland Islands Government.

2002

Twentieth Anniversary of the Falklands War.

LOCATION



Location/Geography

The Falkland Islands are situated in the South Atlantic, some 400 miles (483 km) from the South American mainland and 850 miles (1,365 km) north of the Antarctic circle. They are located between Latitude 51° and 53°S and Longitude 57° and 62°W; approximately the same latitude south as London is north.

The archipelago consists of two main Islands (East and West Falkland) and 778 smaller islands, with a total land area of approximately 4,700 sq. m. (12,173 sq. km), nearly the size of Wales in the UK or Connecticut in the USA.

The distance from Stanley, on the extreme east, to New Island, on the extreme west, is some 148 miles. (238 km). Topographically the Islands are generally hilly, with the highest point at Mount Osborne, 2,312 ft (705 m.) on East Falkland and at Mount Adam, 2,297 ft (700 m.) on West Falkland.

Unusual features include Stone Runs, 'rivers' of angular quartzite boulders that 'flow' from the hilltops. The main soil type is peat and natural vegetation is grassland, with some species of heath and dwarf shrubs. There are no indigenous trees, although cultivated trees do grow.

The climate is characterised by a narrow temperature range, which varies from 24°C (76°F) in January to -5°C (22°F) in July, with a mean annual temperature of approximately 5.6°C (42°F). Temperatures can feel colder due to the wind. Rainfall is comparatively low and evenly distributed throughout the year, averaging 625 mm (24 ins) in Stanley. On average, the Islands enjoy more hours of sunshine than the south of England.

People

The 2001 Census records a resident population of 2,379 people. This figure excludes the 1,700-plus military and civilians based at Mount Pleasant Complex (MPC), and a further 112 residents temporarily absent on the night of the Census. The population is youthful, with 79% aged 55 years and under (1,892) and over 94% claims either British birth or descent. Many Islanders can trace their origins back over 150 years to the early days of settlement.

The capital, Stanley, has 1,989 residents, an increase of some 21.6% on the 1996 Census figures. The East Falkland population (excluding Stanley and MPC) stands at 208, West Falkland at 144, and the outlying islands at 38 people.



GOVERNMENT

The Falkland Islands are a United Kingdom Overseas Territory by choice. Supreme authority is vested in HM The Queen and exercised by a Governor on her behalf, with the advice and assistance of the Executive and Legislative Councils.

The current Falkland Islands Constitution has evolved since 1985 and, under its terms, eight Legislative Councillors are elected every four years. The Legislative Council (LegCo) is chaired by a Speaker and includes two ex officio members, the Chief Executive and the Financial Secretary. The Speaker is a non-elected position, chosen from the community by Councillors.

Each year the Legislative Councillors elect three of their number to stand as members of the Executive Council (ExCo), which includes the same two ex officio members who sit on LegCo. In addition, the Attorney General and Commander of British Forces in the Falkland Islands attend by invitation. The Governor is obliged to consult ExCo in the exercise of his functions.

LegCo is empowered to pass legislation for the maintenance of Law and Order, subject to the approval of Her Majesty the Queen, acting through her Secretary of State for Foreign Affairs. LegCo meetings are held in public, usually bi-monthly.

Elected Councillors have a substantial measure of responsibility for the conduct of affairs concerning the Falkland Islands, although the Governor retains responsibility for external affairs and the civil service.

No political parties are represented on the present Legislative Council, all members being elected as independents. There is no formal opposition. Each Councillor takes responsibility for a particular portfolio and works closely with the relevant department, but does not have the role of a Minister; instead, questions of policy are considered by ExCo.



South Georgia and the South Sandwich Islands

Eight hundred miles east south east of the Falkland Islands lie South Georgia and the South Sandwich Islands, also British Overseas Territories, but legally distinct from the Falkland Islands. For convenience the Governor, who holds the title of Commissioner for South Georgia and the South Sandwich Islands, administers them from the Falkland Islands.

THE ECONOMY

Background



In 1975, the Falkland Islands economy was in serious decline and the then British Foreign Secretary, James Callaghan, asked Lord Shackleton to assemble a team to conduct an economic survey and make recommendations.

The result was the 'Economic Survey of the Falkland Islands' (The Shackleton Report), published in 1976, which provided a comprehensive blueprint for the Islands economic development. However, implementation did not occur in earnest until after the War in 1982, when Lord Shackleton was asked to update his report. He recommended that Her Majesty's Government (HMG) should:

- a) Set up a development agency;
- b) transfer farm ownership to local owner-occupiers;
- c) progress development in agriculture, fisheries, tourism, infrastructure;
- d) change government structure to provide local impetus to change;
- e) allocate development funds amounting to £35m.

These points were taken up and developed together with several other recommendations, such as the appointment of a Chief Executive to Falkland Islands Government (FIG).

Two aid packages were provided by HMG to help drive economic expansion:

1. Allocation of aid funds (£15m) for the reconstruction of infrastructure.
2. Allocation of funds (£31m) for development.

An international airport and military installations were built at Mount Pleasant using contractors, materials and labour from the UK.

The development grant included funding to set up the Falkland Islands Development Corporation (FIDC), and for the farm subdivision process, working towards the Islands' longer term economic benefit.

In 1986, with the declaration of a 150-mile radius Fisheries Conservation & Management Zone, a fisheries licensing system was established by FIG. This heralded new financial independence, and moved the economy of the Islands away from its reliance on wool.

The Falkland Islands are economically self-sufficient in all areas except defence - the cost of which amounts to some 0.5% of the total UK defence budget.

Figures

GNP has risen from about £5 million in 1980 to over £50 million in 2000. Government revenue from the fishery in the 1999/2000 financial year was £26.9m.

Below is an abstract of the actual Revenue & Expenditure for the 2000/2001 financial year:

Revenue 2000/2001	(£m)	Expenditure 2000/2001	(£m)
Sales and Services	8.9	Public Works	6.6
Fisheries Licences/transhipment	29.4	Fisheries	6.3
Investments	7.2	Health Care	4.3
Taxes and Duties	5.6	Education	3.2
		Aviation	1.7
		Police and Justice	1.1
		Agriculture	1.0
		Central Administration	2.9
		Other	5.0
Operating Revenue	51.1	Operating Expenditure	32.1
Capital	.8	Capital	14.2
Total Revenue	51.9	Total Expenditure	46.3

THE ISLANDS PLAN

In 2001 the Falkland Islands Government (FIG) published The Islands Plan - a three year rolling programme aimed at achieving sustainable economic growth, whilst preserving the natural environment and unique culture of the Falkland Islands.



Fundamental to the Plan is the need for agricultural diversification away from a reliance on wool-income, to meat production for export and the construction of a deep-water port. This will encourage the development of services onshore to support the fishing industry and encourage the development of related industries such as mussel farms and freezer plants. In addition it will help develop cruise ship tourism.



The Islands Plan lays out ten policies under which the objectives and tasks of each department are laid out, together with costs and measurement outcomes. These include:

- Developing the partnership with the United Kingdom, founded on self-determination and British Sovereignty;
- providing a sustainable economic future for the Islands, with a thriving private sector;
- providing all residents with the opportunity to develop their skills and abilities through education and training in a way that suits them and the needs of society;
- modernising Government and improving efficiency of its services to the community through 'Best Value';
- working to extend and improve road networks and integrate land, sea and air communications;
- building a healthy and fit society;
- long-term viability of Camp as a well populated and self-sustaining economic environment;
- protecting and treasuring the unspoiled nature of the environment, aiming to achieve longer term environmental sustainability;
- ensuring Government reserves are held at sensible levels as neither fisheries nor investment returns provide consistently stable sources of income;
- ensuring a well-housed and well-served, safe community.

All policies support FIG's mission 'to protect and to improve the quality of life of Falkland Islands people and community'.



COMMERCIAL



Fisheries

Each year some 250,000-300,000 tonnes of fish are caught in Falkland waters, of which 75% is squid for the European and Far Eastern Markets. Finfish in the Zone include Blue Whiting, Hake, Hoki (a Whiptail Hake) and Toothfish.

Illex argentinus squid are fished principally by specialist squid jigging vessels from the Far East. Loligo gahi squid are fished mainly by trawlers registered in the Falklands and owned jointly by Falklands and European companies. There are over 25 ocean going fishing vessels registered in Stanley.

Revenue from the sale of fishing licences amounts to approximately £22m per annum. This income is entirely dependent on the state of the fish stocks, which can be both volatile and vulnerable. Therefore, the Islands' policy is always to ensure stocks are managed on a sustainable basis, and on occasion the fishery has closed early to protect the species. Some £6m of fisheries income is spent each year on catch and conservation monitoring, research and administration.

The Economist has reported that "The Falkland Islands probably has the best-managed fishery in the world"; Professor Alisdair McIntyre, Aberdeen University has described it as "One of the few fisheries in the world which is properly managed".

To ensure that conservation targets are achieved, fishing effort is controlled by limiting the number of vessels licensed to fish within the zone to around 200 and, in the case of the finfish, by restricting the mesh size permitted for use. Catch data is collected on a daily basis and passed to Imperial College in London, who are contracted to undertake stock assessments and advise on fish management.

To protect against poachers, the waters are patrolled by Falkland Islands Government aircraft and fishery protection vessels, one of which is armed.

The fishery presents commercial opportunities for companies to provide support services to the fleets, and to become increasingly involved in the fishery themselves. Private sector activity is an increasingly important aspect of the Islands' economy.



Agriculture

For 160 years, until the introduction of the fishery zone in 1987, the export of wool provided the main base of the Islands economy.

Farmland extends to around 1,140,500 hectares and carries approximately 700,000 sheep. Pre-1979 there were 36 farms in the Islands, but since the sub-division of some of the larger properties, there are now around 90 farms, mostly family units, each averaging 13,500 hectares.



Average annual wool clip for the past decade has been approximately 2,500 tonnes. However, with the collapse in wool prices in recent years, diversification is now taking place and there is a movement towards organic status.

In the next decade the major agricultural change will be an increase in meat production, although the quality of the wool will continue to improve using the National Sheep Stud Flock from Australia. Diversification initiatives include cashmere goats, a national beef herd and, most recently, reindeer from South Georgia. Research and development continues in grassland management and pasture improvement.

In 1991, four large farms, equating to about 25% of the total farm land in the Islands, were purchased by

S E C T O R S

Falkland Islands Government (FIG) from the Falkland Islands Company and these are operated as Falklands Landholdings Ltd. In 2001, FIG changed the company into a Statutory Corporation in order to allow it to play to greater role in the general development of agriculture.

Driving development in conjunction with the farming community are the Falkland Islands Development Corporation (FIDC) and the Department of Agriculture, who are overseen jointly by the Falkland Islands Development Board (FIDB). Their major projects include:

- Opening of an abattoir built to EU standards, to create opportunities for meat export into new markets;
- livestock improvements;
- the establishment of an approved organic certification system in order to add value to farmers' produce;
- agritourism;
- the use of natural resources, e.g. organic sources of calcified seaweed and sphagnum moss within sustainable parameters;
- diversification into businesses such as vegetable growing, aquaculture (oysters, mussel farming and mullet fishing) and those relating to new or currently unexploited animals, e.g. reindeer, goats, Guanaco and Upland Geese.



Mineral Resources

Oil

In 1996, FIG, through its Department of Mineral Resources, awarded seven Production Licences to oil companies for acreage in the North Falkland Basin, which lies approximately 150 kilometres north of the Islands. The licences comprised an initial five year exploration phase, followed by a second seven year phase, and subsequent production phases provided the Licence conditions are met.

Six exploration wells were drilled in the North Falkland Basin during 1998, over an eight month period. Although no commercial finds of hydrocarbons were located, five of the six wells had oil shows and live oil was recovered at surface from one. Significant levels of gas were also recorded in others.

Geochemical analysis of the data from the wells indicates that the Basin has rich organic source rock present. Some of the source rock is not mature, but the lower sections of the rock are considered to be capable of generating oil.

Currently, all acreage in Falkland waters not already covered by an existing or relinquished Production Licence is available for award of Production Licences as part of FIG's open-door system. This excludes the Special Co-Operation Area (see Relations with Latin America).

Competitive-round Production Licences may be issued only as the result of invited, competitive bidding during well-defined licensing rounds initiated by FIG.

Operators of the original licenses were Shell, Amerada Hess, Desire Petroleum and International Petroleum Corporation (Sodra). License holders at the end of 2001 were Argos Evergreen, Desire Petroleum and Talisman Energy.

Oil companies' analysis suggests that in excess of 60 billion barrels of oil have been generated in the Basin. The British Geological Survey in Edinburgh, FIG's consultants, have made similar calculations. Further exploration activity is now required to trace to where the hydrocarbons may have migrated and oil companies are expressing interest in exploring offshore areas again.

Minerals

Falkland Minerals Jv. has been granted a prospecting licence to search for minerals in the Islands. This six year licence was awarded in 1997. To date, minor traces of gold have been found in streams as well as minerals such as zircon, rutile and garnate in some sands.





Tourism

Tourism is becoming an important source of revenue to the Falkland Islands and the Falkland Islands Development Corporation (FIDC) continues to be involved in its development, though its role is changing with a welcome increase in private sector involvement.



The Islands' main tourist lodges are located at Port Howard, Darwin, Pebble Island, Sea Lion Island and Weddell Island. Self-catering accommodation can be found at a selection of holiday cottages on island farms, and several locations in East and West Falkland. In Stanley, there are two principal hotels (the Malvina House and Upland Goose) and a choice of guest house and bed & breakfast accommodation.

The number of visitors to the Islands has grown considerably in recent years, not least due to the increasing number of cruise ships touring the region. During the 2000/01 season there were in the region of 24,000 day visitors from cruise ships, mainly from the USA (14,938) followed by the UK (2,042) and Germany (1,842). Indicators show growth is set to continue.

There are over 30 European tour operators featuring tailor-made packages and escorted tours to the Falkland Islands, many travelling to the Islands by RAF Tristar from the UK, while others choose the weekly commercial service from South America, which has seen a steady increase in traffic. Talks are on-going between FIDC and service provider Lan Chile, about the possibility of greater frequency of flights during the tourist season (October – March).

FIDC has become less concerned with the ownership and management of major assets such as tourist lodges and increasingly has taken on roles of development facilitation, marketing and co-ordination. The Falkland Islands Tourist Board (FITB), a department of FIDC, is responsible for the development of the tourism industry both in the Islands and overseas.

FITB aims to increase the number of cruise-ship day visitors and longer-staying tourists. This will be achieved mainly through environmentally sympathetic development of the Islands' infrastructure, building transport links and developing added value products to target low volume, high spend, special interest and 'lifestyle' travellers from the USA and Europe.

Central to the strategy is sustainable development, preserving and protecting the Islands' character, building on the Islands' natural strengths – the abundant wildlife, flora, clean air, open skies, space and remote location – as well their friendly people and virtually crime-free environment.

The clear light and range of subjects makes the Islands an appealing destination for photographers, while anglers will find challenging sea trout and mullet fishing set in amongst the peaceful and majestic scenery.



Infrastructure and Marketing

FIDC is marketing Falkland Islands products overseas. In order to help drive marketing and sales efforts, it has developed, with the community, a new quality certification scheme, 'Falklands Finest', which is aimed to add value to superior quality products.

In addition, FIDC has been instrumental in the development of an internet presence for the Islands, setting up the Falkland Islands portal – www.falklandislands.com – and e-commerce facilities will continue to be developed.



**FALKLANDS
FINEST**

SECTORS



Fisheries

Fisheries

Fisheries



Tourism

Tourism

Tourism



Mineral Resources

Mineral Resources



Agriculture

Agriculture

Agriculture



Infrastructure and Marketing

Infrastructure and Marketing

Falkland Islands Development Corporation

The Falkland Islands Development Corporation (FIDC) was created in 1984 in response to one of the recommendations of Lord Shackleton's Report. Initially funded by the Overseas Development Administration (ODA), it is now Government funded and responsible to Executive Council.

In January 2001, FIDC functions were reviewed to:

- (a) Encourage and assist in the economic development of the Falkland Islands;
- (b) advise Government on rural development, in particular the growth of business including agriculture in Camp, and the improvement of quality of life in Camp;
- (c) advise FIG on expenditure in agriculture;
- (d) advise FIG on such other matters relating to the economic development of the Falkland Islands as the Government may refer to the Corporation or as the Corporation may consider fit;
- (e) examine and advise upon proposals referred to the Corporation by the Executive Council relating to the imposition or revision of tariffs, taxes, duties, quotas or other protective or developmental measures.

The Board of FIDC is called 'The Falkland Islands Development Board' which incorporates the Department of Agriculture, reflecting the close working relationship between the two bodies.

Since 1984, FIDC has helped to start up 145 companies, been involved in 1,360 projects and has invested some £25 million in economic development activities throughout the Islands. Major projects include the setting up of a Hydroponic market garden, development of tourism infrastructure, creation of fine wool and beef genetic resources, assistance with house building, a renewable energy programme and an aqua culture project.

As the private sector develops, FIDC is able to focus increasingly on facilitating the growing export market with marketing and promotional work.

Private and Public Sector

Although Falkland Islands Government remains the largest employer with a workforce of some 600 people, there is a growing private sector in the Falkland Islands supporting industries such as fisheries, tourism and infrastructure development as well as business services and shops.

The 2001 Census established that 288 people in the Falkland Islands run their own full or part-time business; an increase of 10% on 1996 figures. Business is represented collectively by the Falkland Islands Chamber of Commerce.

Employment

There is a workforce of over 2,050 people in the Falkland Islands. Posts that cannot be filled by residents are filled by recruits usually from the UK, St. Helena, Australia or New Zealand on fixed term contracts. Permits are required to work in the Islands.

The Falkland Islands General Employees Union is registered under the Trade Unions and Trade Disputes Ordinance and is an affiliate of the International Confederation of Trade Unions.

Salaries are comparable to the UK. Income tax is levied at 20% on the first £22,000 of chargeable income, the next £13,000 charged at 25% and any remainder at 40%. Allowances include earned income relief of 10%, together with options according to personal or marital status and dependents. Employers are required to withhold POAT (Payments on Account of Tax) from employee remuneration.

There is a compulsory scheme for the payment of contributions for Old Age Pensions, which are paid out from the age of 64 years.



Corporation Tax

Companies pay tax on net income at 32.5%, although there is a Small Companies Rate of 25% which applies where profits are less than £1 million. If the company has any associated companies worldwide, the limit is split between them.

The Normal Rate applies to profits in excess of £3 million, with a sliding scale applying to profits between £1 million and £3 million.

Currently a pay and file system is in operation, which requires companies to pay Corporation Tax without demand and to file accounts, both within specified limits. The tax year runs 1st January - 31st December.

Freight Transport

Freight is transported to the Islands from the UK and Chile by both air and sea. The primary port is located in Stanley Harbour and locally known as FIPASS (Falklands Interim Port and Storage System).

FIPASS is a floating system installed by the military after 1982, and handed over to Falkland Islands Government in 1988. It is operated by the Falkland Islands Company Ltd (FIC).

In addition, there is a commercial wharf in Stanley harbour owned and operated by FIC. Located in close proximity to most retail and commercial operations, this commercial jetty offers a four metre draft with limited warehousing, storage areas, water and fuel supplies.

The Government is planning to build a new deep water port facility. A feasibility study has been completed to identify a suitable site.

Freight is transported locally by road or by sea in a coastal vessel operated by Byron Marine, which also sails to Chile. FIC operates Darwin Shipping for freight services to and from the UK and the military supply ships also carry civilian cargo.

DHL offers a courier air service, co-ordinated locally by the Falkland Islands Chamber of Commerce.

Communication Links

The Falkland Islands Government Air Service (FIGAS) operates four, nine-seater Britten Norman Islander aircraft to over 35 landing strips across the Islands.

The road network is expanding, with the Public Works Department planning 250 km of new roads in Camp over the next three years.

Plans are on going to set up a ferry service linking East and West Falkland. Cable and Wireless PLC provide national and international telephone and telecommunications services.





Households

The number of dwellings in the Falkland Islands has increased from 865 in 1996 to 1,073 in 2001. Of these, 851 are located in Stanley.

There has been a significant change in the fuel used for household heating and cooking as the use of peat continues to decline. Kerosene has become the main heating fuel, followed by diesel. Only three houses built in the last ten years use peat.

Over 50 farms have access to 24 hour electrical power using wind turbines, as does Sea Lion Island, while Port Howard Lodge has adopted hydro power.

In 1996, 252 households had computers. Now, over half (542) have a computer and 454 have internet access. There are 536 households with a fax machine and there are 1,008 households with a television, the most common household appliance.

Four-wheel drives are the dominant vehicle, there being 1,100 of them in the Falkland Islands.

Education

The population is becoming increasingly more qualified, with 1,338 residents claiming secondary school qualifications, a rise of 39% on 1996 Census figures, and 454 claiming vocational qualifications.

Schooling is free and compulsory for children between five and sixteen years of age. The Falkland Islands Government provides staff, equipment and supplies for education throughout the Islands, has a primary and a secondary school in Stanley and operates three small settlement schools on large farms. Other rural pupils are taught by travelling teachers, and older children attend school in Stanley, living at a boarding hostel. English teaching methods and examination systems are used.



Settlement and travelling teachers receive support from the Camp Education Unit based in Stanley. This unit conducts individual daily lessons by telephone and sets homework for children between travelling teachers' visits.

The well-resourced Stanley Infant/Junior School has recently added a modern extension.

The Falkland Islands Community School opened in 1992, replacing the old Senior School. It offers 16 subjects at GCSE level and pupils also have the opportunity to take a variety of RSA and Pitman examinations as well as some locally certified courses.

Those students who achieve appropriate grades are funded for A Level/GNVQ courses at Peter Symonds' Sixth Form College, Winchester or at alternative colleges by parental request. The Government also offers grants to attend Vocational and Higher Education courses, mainly in Britain. In the Islands, a further education programme is operated at the Community School.



L I F E

The Community School is home to the public and school library also a Sports Centre complete with a heated swimming pool. This is open to the public when not in use by the School.

Health Services

The Falkland Islands Government Health Service is responsible for the provision of all preventive and curative medical services in the Islands, as well as Social Work and Welfare services. The general standard of health within the Falkland Islands is good.

Primary and secondary health care facilities are based at the civilian-run King Edward VII Memorial Hospital (KEMH) in Stanley, the only hospital in the Islands. It is a 28 bed hospital with an acute care wing, a primary care wing, a two bed maternity unit and a two bed intensive care unit, with facilities for out-patients and community health care.

KEMH has a full complement of medical, dental and nursing staff, including other health professionals such as a counsellor and health visitor. Regular visits are received from a range of specialists based in the United Kingdom.

There is a well-equipped pharmacy which dispenses all prescriptions and provides an 'Over the Counter' medicine sales and health advice service.

Provision of health care to the remote farm settlements is provided by the GPs through telephone consultations and regular visits. In an emergency situation, the doctor can be taken to the settlement, or the patient evacuated to Stanley, using the Falkland Islands Government Air Service (FIGAS).

Patients who cannot be treated in the Islands can be referred to UK hospitals under a reciprocal agreement between the UK NHS and the Islands health service. Patients can be flown to Chile or Uruguay for emergency treatment.

Sports and Recreational Facilities

There are a range of sporting activities and hobby clubs enjoyed in the Islands, with the well-equipped sports centre in Stanley providing a good indoor venue.

Swimming, indoor tennis, full-bore target shooting, cricket, running, football and darts are popular sports. Bridge, amateur dramatics, scouts and guides are all represented too. In addition, there are several golf courses in Camp and an 18-hole course in Stanley.

Stanley Harbour provides a base for some sailing, windsurfing, jet-skiing and canoeing activities and there are a number of wreck dives available for underwater enthusiasts.

Other outdoor activities include walking, riding and fishing. The Islands are an excellent location for artists and photographers too, as they benefit from clear light, abundant wildlife (amongst other subjects), open scenery and skies.

Popular dates in the calendar are the annual horse-racing meet at Christmas and Sports Week, traditionally held at the end of the shearing season.

Philatelic Bureau

The Falkland Islands Philatelic Bureau was established in 1978 and provides mail order services to collectors around the world. Together with the Post Office it also provides postal and Philatelic services to South Georgia and the South Sandwich Islands, and to British Antarctic Territory.



WILDLIFE AND PLANTLIFE

There is a fascinating and abundant range of wildlife and plantlife in the Falkland Islands, found in the many areas of unspoiled, natural landscape.

The deep waters of the South Atlantic are rich in marine life, key to the survival of a variety of species breeding on the archipelago. Over half the breeding birds on the Islands (there are over 60 different breeding species) are largely dependent on the sea for food.



There are five different species of breeding Penguin in the Falkland Islands (Rockhopper, Magellanic, Gentoo, King and Macaroni). These are perhaps the most striking species of bird life in the Islands. The Islands are the most important world site for the endangered Rockhopper Penguin and are also home to 80% of the world's breeding population of Black-Browed Albatross, although some of the major colonies are remote and inaccessible. Several rare and threatened species of Petrel nest on offshore islands.

The Elephant Seal, Sea Lion and Fur Seal all breed on the Islands. The latter is rarely observed except in a few comparatively inaccessible areas. Occasionally the less common Leopard Seal is spotted on some beaches, although it is not known to breed there. The largest breeding site of Elephant Seal is found on Sea Lion Island where there are over 500 pairs.

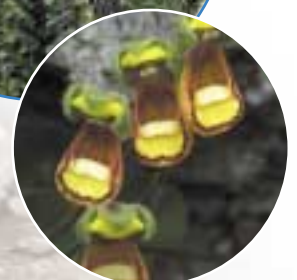
Porpoise and dolphin are often seen from the shoreline. Sightings and strandings of whales are also reported from time to time.



In places where there are fresh water ponds, especially near the coast, the Upland Goose and the globally 'near-threatened' Ruddy-Headed or "Brent Goose" have contributed to the formation of fine green grass by their continued cropping. Silver Teal, Chiloe Widgeon, White-tufted Grebe and other species frequent such areas too.



Through links with Queen's University, Belfast, scientific research is underway to extract, investigate and promote any potentially valuable compounds found in wild plants of the Falkland Islands.



CONSERVATION AND THE ENVIRONMENT

Conservation and the protection of the environment for future generations are central to future plans for the Islands.

The first Environment Charter, laying out mutual responsibilities of the UK and its Overseas Territories was signed on 26 September 2001 by Councillor Mike Summers, representing Falkland Islands Government, and Baroness Valerie Amos, Minister of UK Overseas Territories.

In addition, Sea Lion Island and Bertha's Beach, East Falkland, have each fulfilled stringent criteria to be designated to the Ramsar 'List of Wetlands of International Importance'. Supporting this drive is Falklands Conservation, a UK registered charity with offices in both the Falkland Islands and the UK. HRH The Duke of York is patron. Financial supporters include Falkland Islands Government (FIG) to help Falklands Conservation:

- Restore habitats by replanting tussac grass and eradicating rats.
- Provide nature reserves as protected sanctuaries.
- Undertake research and survey seabird populations.
- Lobby for effective environmental protection.
- Rescue oiled seabirds.
- Publish wildlife guides.
- Run a wildlife club for young Islanders.

Falklands Conservation has been supported by the Tourist Board and FIG to produce 'A Visitor's Guide to the Falkland Islands', the first comprehensive guide to promote environmentally-friendly tourism in the Islands.



Environmental protection is supported by legislation, such as the Marine Mammals Protection Ordinance 1992 and more recently the Countryside Code. Long line fishing boats must permit conservation observers to board and check procedures are being followed to protect birdlife.

Protecting heritage for future generations is another concern, for example historical buildings, social and marine history. There are 17 registered shipwrecks, including six from WWI Battle of the Falkland Islands (December 8, 1914), as well as other designated war graves that cannot be disturbed.



Oil and the Environment

As companies explore for oil in the region, a number of measures are in place to protect the environment. Not least, licence holders must conduct a full Environmental Impact Assessment (EIA) to determine the possible adverse effects on the environment as a result of operations, together with a plan for minimising any potential environmental threat before drilling operations can be started.

In 1998, The Falkland Islands Exploration and Production Environmental Forum (FIEPEF) was formed, consisting all oil company representatives, FIG officials, local non-government organisations and Islands' stake holders. It is chaired by Professor Alisdair McIntyre from Aberdeen University and annual meetings are held in Stanley.

According to the Department of Mineral Resources, oil exploration companies spent \$1.98 million acquiring environment data in the North Falkland Basin 1997-1999. This includes funding for a seabirds and cetaceans at sea study which continues each year with funding by FIG.

Argentina

The Falkland Islands Government (FIG) is content for relations between Britain and Argentina to strengthen, on the basis that its right of self-determination is not compromised and that relations work to benefit the region and help co-operation in areas of mutual interest.

Britain remains committed to the fundamental principle and right of self-determination and it is clear in its support of the Islanders' wishes, for the Falkland Islands to remain an Overseas Territory of the United Kingdom.

However, despite political and cultural differences, offshore resources – fish and potential hydrocarbons – are the most obvious examples where co-operation is desirable, and where a framework of consultation has been built up over the years.

Co-operation is not simply a matter of maximising economic resources. Conservation of the marine and shoreline environment, and health and safety issues are shared concerns that require a co-ordinated approach.

Co-operation in Oil Exploration

Under the Joint Declaration on co-operation over offshore activities in the South West Atlantic signed by the UK and Argentine Governments in September 1995, an area to the South West of the Islands has been set aside as an area of Special Co-operation.

A Joint Commission composed of delegations from the Argentine and UK governments, including officials from FIG, administers the Special Area. The Joint Commission has met twice a year and a Sub-Committee charged with co-ordinating activities in the Special Co-operation Area has met at more frequent intervals.

British and Argentine delegations, with FIG representation, are meeting to discuss co-operation over continental shelf claims that need to be presented to the United Nations in due course.

Co-operation in Fisheries

On 28 November 1990, following a meeting in Madrid to discuss conservation concerns, Argentine and British delegations adopted a Joint Statement which resulted in the creation of The South Atlantic Fisheries Commission (SAFC). One of its primary aims is to find ways of improving conservation of migratory and straddling stocks.

The Falklands Outer Conservation Zone (FOCZ) was announced at the same meeting. This borders the Falkland Islands Interim Conservation and Management Zone (FICZ) set up in 1986, extending to a maximum of 200 miles from a point in the centre of the Islands. Until 1993, all fishing was banned within the FOCZ for renewable periods of one year.

Following the Joint Statement of 14 July 1999, a package of practical measures to combat poaching in the South West Atlantic was agreed, as was the need to establish a multilateral fisheries arrangement to ensure the sustainability of fish stocks in the high seas.

Both parties (with the support of FIG) acknowledged the need to enhance co-operation in order to ensure the future stability of fish stocks. FIG continues to pursue the prospect of a long-term fisheries agreement with Argentina, in order to secure conservation objectives for the future.

The July 1999 Joint Statement

In May 1999 the British Government, at the request of the Falkland Islands Councillors, initiated talks with Argentina to further aid co-operation over areas such as conservation of fish stocks and mineral resources. A Joint Statement, formally witnessed by two Falkland Islands Councillors, was signed in July 1999.

The Statement also provided for the resumption of flights from South America, including stopovers in Argentina and for the admission of Argentine passport holders to the Falkland Islands. Items can be summarised as follows:

1. Enhanced co-operation between the Falkland Islands and Argentina on fisheries, conservation and a co-ordinated programme to tackle poaching.
2. A review by the Argentine Government on the Argentine place names for Falkland Island locations, imposed under decree by General Galtieri.
3. The entry of Argentine citizens with an Argentine passport to the Islands, so ending the ban introduced in 1982.*
4. The resumption of the weekly flight between Chile and the Falkland Islands suspended in March 1999 by the Chilean Government following the arrest of General Pinochet in the UK. The service makes two stops per month (one each way) in Rio Gallegos, Argentina.
5. A memorial to Argentine servicemen who lost their lives in 1982 to be erected in the Islands at the Argentine cemetery.
6. Co-operation between the UK and Argentine Governments on the clearing of landmines.

** It should be noted that the ban did not include next of kin, who have been able to visit the Islands since 1991.*

Chile and Uruguay

Traditionally, the Falkland Islands have enjoyed good relations with both Chile and Uruguay. Before the British Government brokered the 'Communications Agreement' in 1971, which forced the Islands to become reliant upon Argentina for all external communications, critical medical care and further educational facilities were all available in Uruguay. A monthly passenger cargo ship operated the route between Stanley and Montevideo until 1972.

Since the Conflict in 1982 and the July 1999 Joint Statement, the Islands relationship with Chile has strengthened considerably. There is a local Falkland Islands coastal vessel that visits Punta Arenas and there have been various visits to the Islands by delegations from the Chilean Parliament, Chambers of Commerce and farming groups. There are an increasing number of Chilean citizens working in the Falkland Islands too, particularly in the fishery and tourist industries.

The air link operated by Lan Chile is opening up opportunities for trade and tourism development. A number of tour operators who specialise in holidays to Chile are expanding their programmes to include 'add on' packages to the Falkland Islands. Trade with Chile is growing steadily with building materials, livestock, fresh fruit and vegetables and wines being imported to the Islands.

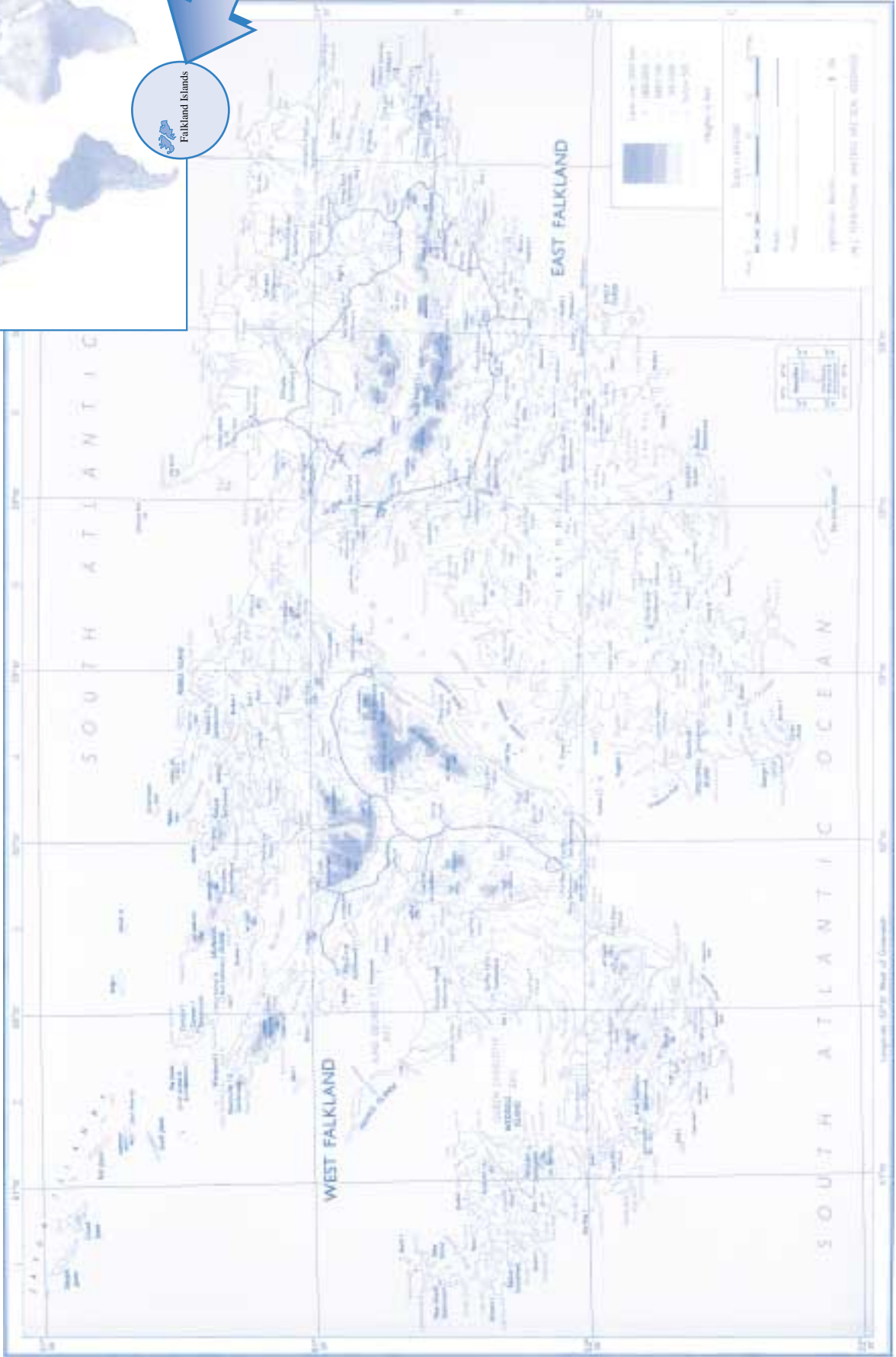
Defence

Since the Argentine invasion, the Islands have been defended by Her Majesty's Forces, making use of the excellent training ground the Islands provide. The garrison is based at Mount Pleasant, 35 miles from Stanley.

Local support is provided by the Falkland Islands Defence Force, whose history dates back to 1892.



Falkland Islands



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REPRESENTATION IN THE UK

Opened in 1983, the Falkland Islands Government Office aims to raise awareness of the Islands and represent the interests of the Falkland Islands Government and people, targeting government, members of Parliament, media and the general public in the UK.

It also provides a number of support services, recruitment, helping medical patients visiting the UK, destination marketing and promotion, RAF flight bookings and visa processing. The Office acts as a showcase for Falkland Islands products and holds exhibitions of Islands-related art and photography.

In addition, there are a number of trusts and associations operating in the UK to aid and assist the Falkland Islands. These include: Falkland Islands Association (FIA), UK Falkland Islands Trust (UKFIT), Falklands Conservation and Shackleton Scholarship Fund (SSF).

For further information visit www.falklandislands.com

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