



Revista SAAP

ISSN: 1666-7883

ISSN: 1853-1970

Sociedad Argentina de Análisis Político

LIVINGSTONE, GRACE

Oil and British Policy towards the Falkland/Malvinas Islands

Revista SAAP, vol. 14, núm. 1, 2020, pp. 128-155

Sociedad Argentina de Análisis Político

DOI: <https://doi.org/10.46468/rsaap.14.1.N1>

Disponible en: <https://www.redalyc.org/articulo.oa?id=387171143006>

- Cómo citar el artículo
- Número completo
- Más información del artículo
- Página de la revista en redalyc.org

UDEM 

Sistema de Información Científica Redalyc

Red de Revistas Científicas de América Latina y el Caribe, España y Portugal

Proyecto académico sin fines de lucro, desarrollado bajo la iniciativa de acceso abierto

# Oil and British Policy towards the Falkland/Malvinas Islands

## *El petróleo y la política británica hacia las Islas Malvinas/Falklands*

GRACE LIVINGSTONE\*

Centre of Latin American Studies, University of Cambridge, Reino Unido  
gl340@cam.ac.uk

DOI: <https://doi.org/10.46468/rsaap.14.1.N1>

*British historians have tended to discount British interest in oil around the Falkland Islands as a factor in the sovereignty dispute, while Argentine scholars and politicians have emphasized British economic interests in the Islands. Using newly-opened British government archives, this article shows that British companies and the British government were very interested in potential oil deposits around the Falkland Islands and that at every stage of sovereignty negotiations with Argentina in the 1970s and 1980s, ministers considered how a potential deal would affect Britain's access to potential oil deposits in the South Atlantic. While domestic political factors were the primary reason Britain failed to reach a sovereignty deal with Argentina before the Falklands war, Britain's economic interests should not be overlooked.*

## Oil and British Policy towards the Falkland/Malvinas Islands

British historians have tended to discount British interest in oil around the Falkland Islands as a factor in the sovereignty dispute, while Argentine scholars and politicians have emphasized British economic interests in the Islands. Using newly-opened British government archives, this article shows that British companies and the British government were very interested in potential oil deposits around the Falkland Islands and that at every stage of sovereignty negotiations with Argentina in the 1970s and 1980s, ministers considered how a potential deal would affect Britain's access to potential oil deposits in the South Atlantic. While domestic political factors were the primary reason Britain failed to reach a sovereignty deal with Argentina before the Falklands war, Britain's economic interests should not be overlooked. This article explains how the position of British oil companies and the Department of Energy shifted from initially encouraging a sovereignty deal in

---

\* The author acknowledges contributions to a previous version of this article made by anonymous referees.

the 1970s in the hope of carrying out joint oil exploration with Argentina, to calling, in the early 1980s, for a gradual and cautious approach that would preserve British rights to hydrocarbon deposits. Since the Falklands war, oil has continued to be a source of bi-lateral tension, exacerbated by Britain's decision to authorize oil exploration in the waters around the Islands unilaterally.

Most British historians reject the notion that Britain had economic or strategic interests in the Falkland Islands. George Boyce suggests: "There was...no selfish economic or strategic British interest in the Falklands" (Boyce, 2005: 4), while Hastings and Jenkins argue that the Islands "were never of any great strategic importance – certainly not before the advent of coal-powered vessels" (Hastings & Jenkins, 2010: 7), but do not mention any subsequent strategic interests. The official historian of the Falklands War, Lawrence Freedman, notes some interest in oil, but concludes: "For Britain, it was the people who lived on the Islands" (Freedman, 2005: 18). Many popular British historians simply ignore the question of British economic interests (Parsons, 2000; Anderson, 2002; Dale, 2002; McManners, 2007). A small number of British works do note strategic or economic interests, but none looks at the question of oil in depth (Miller, 1986; Middlebrook, 2001; Dodds, 2002).

In contrast, many accounts by Argentine academics, journalists and politicians suggest that Britain retains the Falkland Islands for strategic and economic reasons, highlighting, in particular, potential hydrocarbon deposits and marine resources in the South West Atlantic and the Islands' location as a gateway to Antarctica (Silenzi de Stagni, 1983; Laborde & Beraccini, 1987; Gustafson, 1988; Borón & Faúndez, 1989; Balmaceda, 2004; Rubén Oscar Moro, 2005; Vargas *et al.*, 2006; Cresto, 2011; Biangardi Delgado, 2012; Abduara Bini *et al.*, 2013). While some academic accounts are highly polemical, others such as those by Monica Pinto or Lowell Gustafson provide a more nuanced assessment of oil interests, although these are limited by the sources available in the 1980s (Gustafson, 1988; Pinto, 1989). Popular and political Argentine perspectives overwhelmingly emphasize Britain's economic and strategic motives. The publicly-funded Malvinas Museum in Buenos Aires, for example, has numerous displays about the economic and strategic assets of the Islands. As Argentina's ambassador to the United Kingdom told Nicolas Ridley in 1981: "The Argentine man in the street was convinced that the UK was interested solely in the oil potential" (Anglo-Argentine Ministerial Talks, 1981). Using new archival evidence including Cabinet papers, FCO documents and Department of Energy files, this article considers how interest in oil affected British policy-making decisions in the years before the Falklands war (Livingstone, 2018). While accepting the

traditional British interpretation that domestic political concern over the fate of the Islanders was the primary reason Britain sought to retain sovereignty over the Islands, it provides evidence that interest in oil also played a part in British calculations. It also argues that, while Argentine accounts are correct to include oil as a factor, they have often overstated its importance and not considered how the perspectives of British oil companies and the Department of Energy towards Falklands oil changed over time.

### **British Interest in Oil**

Oil companies began asking the British government for licences to explore the waters around the Falkland Islands in the late 1960s ('Assessments of the oil potential of the Falkland Islands', 1976). The government commissioned geology expert Professor D. H. Griffiths of Birmingham University to carry out a geological survey of area in 1971. Griffiths reported in early 1975 that the prognosis was "sufficiently promising to encourage further commercial exploration" (*Geology of the Region Around the Falkland Islands*, 1975). The government then asked Sir Peter Kent, a former chief geologist at BP, to conduct an analysis of the results. He concluded that some areas were "decidedly promising" and that there would be "brisk competition from industry for small selected parts" (Kent, 1975). The Department of Energy, which was being lobbied by energy companies and eager to see the results of the survey, wrote to the FCO saying: "Our ministers are very interested in the possibility of exploiting offshore oil around the Falkland Islands" (Lindley, 1975). In the first of many attempts to ensure that Britain did not sign away its rights to the oil when negotiating with Argentina, the Department of Energy official added: "because of our interest in offshore oil, we should like the opportunity of consulting our ministers on the terms of any proposed political initiative". (Lindley, 1975). Smaller companies, such as the Canadian corporations Ashland Oil and Kelvin Resources, lobbied for immediate licences (Evans, 1975). Large companies, like BP and Shell, which kept in regular informal contact with the Department of Energy and the FCO, believed that exploring for oil in Falklands waters without the agreement of Argentina could lead to legal disputes and prejudice their business in Latin America (Carless, 1976; Carless (ii), 1976; Edmonds, 1971). Taking into account corporate concerns, FCO officials drafted a memorandum for ministers which said that companies would need "peaceful access to the area for a period (10-20 years) sufficient to enable them to recoup the heavy investment. No company will operate in the area in the face of Argentine opposition".

In early 1975, the Foreign Secretary, James Callaghan, wrote to the Prime Minister warning that if Britain refused to talk to Argentina, it would not only lead to confrontation, but it “would also preclude any possibility of exploring or exploiting either oil deposits on the Falkland Islands Continental Shelf or the resources of the South West Atlantic as a whole” (Callaghan, 1975). He suggested using oil as a “constructive input in a fresh Anglo-Argentine dialogue”, in which joint oil exploration would be the first step. This proposal was approved by the Cabinet’s Defence and Overseas Policy (DOP) Committee in July 1975. Argentina, however, would not accept a discussion of joint oil exploration without also discussing sovereignty. Tensions rose when Britain commissioned a Labour peer, Lord Shackleton, to carry out an economic survey of the Islands in early 1976. In protest, Argentina withdrew its ambassador and Argentine forces fired on a British research ship. It was in this context of rising tension that the Labour cabinet agreed, in March 1976, to offer talks on “the nature of a hypothetical future constitutional relationship”, with a view to offering Argentina a leaseback deal – whereby sovereignty would be transferred to Argentina which would then lease the Islands back to Britain for a finite number of years (Cabinet Minutes, 1976). The cost of defending the Islands and the threat of military conflict were the primary reasons for this move, but oil prospects continued to play a large part in subsequent discussions.

### **Differing Perspectives of FCO and Department of Energy**

While British politicians and officials agreed that exploiting the oil around the Islands could potentially benefit British oil companies, Islanders and perhaps the Treasury, there was a difference of emphasis between the FCO and the Department of Energy. Some in the FCO saw oil, in the words of one official, as “a lever to cajole the Islanders into accepting that there could be... benefit from closer relations with Argentina” (Heap, 1976). The Department of Energy, however, consistently lobbied against Britain giving up its rights to the Continental Shelf and for British companies to get the maximum possible benefit from the oil. Its stance was characterized by one FCO official as: “every square inch of sea bed must be fought for with the utmost robustness and vigilance” (Burrows, 1977).

The Department of Energy initially viewed Falklands oil as a long-term prospect because recent North Sea oil discoveries had given Britain sufficient oil for the immediate future (‘Bi-lateral Talks with Argentina’, 1976). Oil companies, however, became increasingly interested in South Atlantic

oil, as world oil prices quadrupled between 1973 and 1974 following an embargo by Arab oil-producing countries. Areas previously thought uneconomical were now worth exploring. Burmah Oil, William Press Group, Home Oil Ltd and Worley Engineering Ltd were among the companies that contacted the FCO about Falklands oil prospects in 1977 (Fowle, 1977; Haydock, 1977; Keeling, 1977). But BP – a company in which the British government had a majority shareholding – had most weight with officials. At the suggestion of Sir Jack Rampton, the Permanent Under-Secretary at the Department of Energy, two BP executives visited Argentina in late 1976, where they met the junta's energy minister and Argentine oil company executives (Forrest, 1976). Department of Energy officials accompanied BP on the trip (Forrest, 1976). BP representatives also met the Argentine energy secretary Daniel Brunella when he visited London in 1977 at the invitation of oil companies Esso and Shell (Hendrie, 1977; Alston, 1977). Keen to start operations in the South Atlantic, BP executives met three times with FCO officials in 1977. BP's technical director, Dr. J. Birks, also wrote to Foreign Office minister Ted Rowlands expressing interest in setting up a consortium with Argentine companies to search for oil around the Falklands and off the coast of Argentina (Birks, 1977).

### **Protecting Britain's rights to the oil**

Britain's determination to protect its claim to potential oil resources around the Islands is illustrated by its response to the Argentine government's decision to commission two US companies, Geophysical Services International and Western Geophysical, to carry out seismic surveys of the waters off the Argentine coast in early 1977 – a first step towards issuing oil-exploration licences. One of the surveys was underwritten by BP, Chevron, Mobil, Elf Aquitaine and Total, reflecting multinationals interest in the area (Anglin, 1977). The British were concerned that the Argentine-backed seismic surveys would cross the – unofficial – median line in the sea between Argentina and the Falkland Islands. Although the British government had not formally claimed the waters beyond the 200-metre isobath from the Islands, it sought to reserve its rights to up to 200 miles of the continental shelf. The Department of Energy urged the FCO to protest: "The worst thing would be to do nothing", an official wrote, as this could lead to "our giving up without so much as a whisper the title to any oil which might lie beneath the sea outside the 200 metres line" (Brown, 1977). The FCO was also concerned that inaction would weaken Britain's sovereignty claim, so in May 1977 it instructed its *chargé d'affaires* to deliver a formal protest to the

Argentine government (FCO to British Embassy, 1977). In this period, the only legislation specifying the extent of Britain's claim to the waters around the Falkland Islands was a 1950 British government Order in Council, which defined the continental shelf as extending to the 100-fathom line (approximately the same depth as the 200-metre isobath). Ministers and officials considered revoking this order and making a much larger formal claim, of up to 200 miles, but decided that this could antagonize Argentina during delicate negotiations over the Falklands. They decided instead to lodge a general protest with Argentina to protect their maritime claim, without making explicit the size of the area they envisaged. An FCO meeting concluded: "It would be too provocative in this context to spell out the full extent of our claim" (Summary Record of Meeting in Mr Burrows Room, 1977). The FCO, however, came under pressure to allow the seismic surveys from companies keen to have information on the extent of the oil deposits in the Southwest Atlantic (Anglin, 1977; Birks, 1977; Sindall, 1977). When Argentina ignored Britain's protest, the FCO negotiated directly with the two US companies. It belatedly authorized them to carry out their seismic studies in return for a copy of the companies' survey data.

### **The debate about ceding oil rights to Argentina: 1977**

During the 1970s the United Nations was conducting negotiations on a new Convention on the Law of the Sea. The concept of an Economic Exclusion Zone (EEZ), in which a sovereign state had the right to explore and exploit the maritime resources within 200 nautical miles from its coast, emerged during these discussions. Although negotiations on the Convention (UNCLOS) did not end until 1982 and it did not come into force until 1994, the concept of 200-mile maritime zones was very much in the minds of British officials considering the Falkland Islands in the 1970s. At a cross-departmental meeting in May 1977 to discuss a draft paper for the cabinet's Defence and Oversea Policy (DOP) committee, the FCO proposed splitting British possessions in the South Atlantic into four areas of consideration: the Falklands Islands; the 200 miles of sea around the Falkland Islands including their maritime and subterranean resources; the Dependencies of the Falkland Islands (South Georgia and the Sandwich Islands); and their 200-mile maritime zones. A leaseback agreement should be offered for the Falkland Islands themselves and a separate leaseback arrangement should be offered for the Falklands maritime zones "which would allow Britain to exploit the resources of the area" ('Record of a Meeting on 3 May', 1977). In regard to the Dependencies and their maritime zones, Britain's aim should

be “to retain access to the economic resources” (‘Record of a Meeting on 3 May’, 1977). The draft DOP paper’s economic guidelines stated: “Our main objective should be to preserve our interest in possible oil deposits on the Falkland Islands continental shelf” (Draft Outline DOP Paper, 1977). During the meeting, the representative of the Department of Energy emphasized that “we would not wish to write off any potentially interesting areas as world oil resources were finite and declining” (‘Record of a Meeting on 3 May’, 1977).

Taking into account the concerns of the Department of Energy, the Treasury and others, the FCO drafted a new DOP paper. This suggested excluding the maritime zones from a proposed leaseback arrangement and offering instead a leaseback of the Falkland Islands and the Dependencies limited to their 3-mile territorial seas. This would be coupled with a proposal to exploit jointly with Argentina the economic resources in the South West Atlantic (Draft Outline DOP Paper (ii) 1977; Burrows, 1977; Widdup, 1977). However, when this was presented to Foreign Secretary David Owen, he felt that the emphasis was wrong and Britain should instead prioritize trying to retain sovereignty over the Falkland Islands by offering instead to concede sovereignty over the Dependencies and the maritime resources of both the Islands and the Dependencies. He ordered another complete redraft of the paper ahead of the cabinet’s Defence and Oversea Policy (DOP) Committee meeting (Secretary of State’s Meeting on the Falkland Islands, 1977). In speaking notes prepared for Owen, his case was made more explicit:

“We have to get it across to Argentina that we are not after economic advantage at their expense, and that our concern for the Islanders is our real and genuine concern... We should not lay ourselves open to accusations... that we are economic imperialists (Draft Speaking Notes: DOP Meeting, 1977)”.

Despite his intention to cede the sovereignty rights to the 200-mile maritime zone around the Islands, these speaking notes made clear that Owen still envisaged some form of economic cooperation with Argentina that would allow both countries to exploit the resources in the area jointly (Draft Speaking Notes: DOP Meeting, 1977). A proposal to offer “concessions over maritime resources” was discussed at the cabinet’s Defence and Oversea Policy Committee in July 1977 (Draft Passage for Secretary of State’s Speaking Note for DOP on the Falkland Islands’, 1977; Buxton, 1977)<sup>1</sup>.

---

<sup>1</sup> The minutes and memoranda for the DOP meeting of 4 July 1977 are closed.

The Department of Energy was vehemently against; a briefing paper for the Secretary of State for Energy, Tony Benn, noted that separating the continental shelf from the Islands could set a dangerous precedent for British claims in other areas of the world and warned that Britain could lose out on valuable oil business in the South Atlantic (DOP (77) 15, Cabinet DOP Committee, 1977). The paper stated “It is in the interest of the UK and the Islanders to preserve as much interest in the potential hydrocarbon deposits as possible from the points of view of both profitable investment and access to supplies” (DOP (77) 15, Cabinet DOP Committee, 1977). But the Department of Energy was not the only voice within government counselling caution: the cabinet secretary, in a memo to Prime Minister James Callaghan, wrote: “The concessions proposed are both substantive and potentially of considerable economic importance. To make them now in return for what may be only a tactical and short term objective would seem to involve playing a valuable card to take only a very small trick” (Hunt, 1977). David Owen’s DOP paper proposed that if concessions on maritime resources were not enough, Britain should consider offering a full leaseback of the Islands themselves (Hunt, 1977). Ministers, fearing that this would be unpopular with parliament, asked the FCO to “play for time” in the next round of negotiations (Hunt (ii), 1977). The minutes and memoranda of the DOP meeting remain closed to the public, so it is impossible to know exactly what ministers decided about the maritime zones, although the evidence suggests that the DOP instructed the British delegation to explore the options with the Argentine delegation but to make no firm commitments.<sup>2</sup> During subsequent talks with Argentina in July and December 1977, the British put forward the “mixed approach” in general terms (i.e. separating the Islands from their maritime zones and from the Dependencies), but did not make a specific offer to cede the sovereignty of the maritime zones (Cortazzi, 1977; Owen, 1977; Freedman, 2005: 80; Donaghy, 2014). FCO briefing notes for the British minister at the talks made clear that Britain’s aim remained “to try to ensure that the UK and the Falkland Islands obtain as great a share as possible in any development of oil resources which may take place in the area” (Anglo-Argentine Negotiations, Second Round, 1977). But the propo-

<sup>2</sup> Minutes for the DOP Committee discussions on the Falkland Islands on 4 July and 15 November 1977 are closed (TNA: CAB 148/167/1.). The DOP Committee memorandum on the continental shelf is also closed. (Memorandum: Falkland Islands: The Legal Implications of a possible cession of continental shelf rights, Note by the Secretaries, 18 November 1977, (item 33), TNA: CAB 148/167/1). The minutes for the DOP Committee of 21 November 1977, are open. These minutes show that the Attorney General advised the DOP committee that ceding rights to the Falkland Islands Continental Shelf would probably not set a dangerous precedent for British claims elsewhere and that ministers accepted his conclusions (TNA: CAB 148/167/1).

sition fell flat: Argentina continued to demand sovereignty over the whole area and refused to discuss economic cooperation without also discussing sovereignty arrangements at the same time.

That the Foreign Office proposed ceding the sovereignty rights over oil and other maritime resources, in exchange for retaining sovereignty over the Islands themselves, suggests that oil was not Britain's principal interest in retaining the Falkland Islands. But the protests from the Department of Energy, and to a lesser extent the Cabinet Office, against giving up oil rights, and the fact that Britain never formally offered to cede the maritime zones to Argentina, indicates that there was a strong business-influenced counter lobby within government which sought to ensure that the British government and British companies achieved the maximum benefit possible from the potential oil reserves. While oil did not determine the British government's policy towards the Falklands during the 1970s, it is not correct to conclude that the British government or British companies were not interested in the oil: the archival evidence presented here indicates that at every stage of the negotiations with Argentina, British ministers and government officials considered how to maintain the UK's access to potential oil reserves in the South Atlantic. In this period, both British politicians and companies accepted that it would be politically impossible to exploit the oil unilaterally and sought to secure access through joint cooperation with Argentina.

### **The Thatcher years (1979-1982)**

During Margaret Thatcher's first administration there was a subtle change in the demands of the British oil lobby – represented in government primarily by the Department of Energy. This was partly because the Thatcher government came closer to signing a leaseback agreement than previous administrations, proposing the idea to Argentina in secret talks in 1980 before pulling back from the idea after a strong parliamentary backlash. Since leaseback seemed an imminent prospect, ministers and officials in the Department of Energy, Treasury and Cabinet Office, urged caution to ensure Britain did not give away its rights to oil and other resources unnecessarily. But, more importantly, the outlook of large British oil companies changed. They were now not so eager to get immediate access to Falklands oil, so were no longer clamouring for a rapid solution to the sovereignty dispute in order to pursue joint-oil exploration.

BP, which had lobbied hard to begin exploration work during the 1970s, became less enthusiastic after viewing the geological survey data, which became available in 1979 (Harding, 1979; Record of FCO meeting with BP,

1981, Ure, 1981). The data appeared to show that the most promising areas were around the shores of Argentina, rather than the Falklands. Large companies like Shell and Esso consequently bought licences from Argentina to prospect offshore for oil in 1979-82. Furthermore, the technology needed to access many of the deep-water hydrocarbon deposits around the Falklands would not be available for ten to fifteen years (DOP Committee, 1979). Finally, BP was heavily involved in developing North Sea oil so, although it did not rule out exploring Falklands waters in the future, it was not an immediate priority. Smaller companies, however, continued to lobby hard for immediate access to Falklands waters, including one owned by the Labour MP Colin Phipps which was given permission by the FCO to carry out an aero-magnetic survey in early 1979 (Richardson, 1979). The British National Oil Corporation (BNOC), a state-owned company established in 1975, also began to take an interest in the Falklands, investing £250,000 in purchasing geological survey data and meeting representatives of the state-owned Argentina oil company YPF in Buenos Aires to discuss joint exploration in 1979 (FCO to British Embassy, 1979; Reidy, 1978; Reidy (ii), 1978). But although it concluded that the Falklands area warranted further investigation, it forecast that, as a new company, it would need ten years or more before it had the capacity to operate overseas as a leading player (Record of Meeting with BNOC, 1981). The Department of Energy, which acted as an advocate for large British oil companies as well as the British state's interests in oil, therefore called for a cautious and gradual approach to the negotiations over leaseback, anxious that Britain's rights to any potential oil deposits should not be signed away. It lobbied for British companies to get the best deal possible, on a timescale that suited their interests.

When Lord Carrington proposed a leaseback deal in late 1979, therefore, the Secretary of State for Energy, David Howell, wrote to Prime Minister Margaret Thatcher saying: "We ought to be very careful about adopting a course which could lead to British oil companies losing a favourable position they might otherwise have had" (Howell, 1979). Howell called for a full discussion on the economic implications of leaseback, warning that if sovereignty was transferred "it could also involve a substantial loss to the British economy if oil were found" (Howell, 1979). The Chancellor of the Exchequer, Geoffrey Howe, agreed that the costs and benefits needed to be examined, while Sir Kenneth Berrill, head of the Cabinet Office's Central Policy Review Staff, said that the terms of any negotiations should be looked at carefully because Argentina would want to see "the benefits of any oil discoveries going to the Argentine, rather than to the Falkland Islands and United Kingdom companies" (Howell, 1979). Carrington outlined Britain's objectives in the dispute in a memorandum to ministers in 1979. These

included: defending the right of the British settlers to remain under British administration, but also the need “to ensure that the UK derives advantage from economic resources of the area, possibly oil and certainly fish” (DOP Committee, Falkland Islands, 1979). Ahead of a ministerial discussion about Carrington’s leaseback proposals, cabinet secretary Robert Armstrong advised Margaret Thatcher to consider not only whether the islands could be militarily defended, but also “the possible oil and fishery benefits at stake” and “the implications for our oil and fishery interests elsewhere of the possible cession of UK sovereignty over the Falkland Islands continental shelf”(Armstrong, 1980).

Ministers agreed, in January 1980, to start exploratory ministerial talks with Argentina, but Department of Energy officials were concerned that the commitment to preserving Britain’s oil rights was not strong enough. An official urged the energy secretary to write to ministers again reminding them “of the importance we attach to preserving access to any oil in disputed waters” (Birchmore, 1980). He added: “The revenue from oil would clearly benefit ourselves and the Islanders... In addition, British companies...would gain an inside track for the related development business which could be very valuable” (Birchmore, 1980).

Energy Secretary Howell duly wrote to Carrington, in February 1980, stating: “I hope... you will not lose sight of retaining, if at all possible, access for the UK to any oil or gas which might be found in Falkland Island waters” (Howell, 1980). To drum the point home, the Department of Energy asked to have a sentence inserted into Ridley’s briefing notes ahead of a meeting with the Argentine deputy foreign minister: “The Department of Energy attach importance to our retaining, if at all possible, access for the UK to any oil or gas which might be found in Falkland Islands waters” (Ivory, 1980). Britain’s economic and oil interests were, then, taken into account during the deliberations over the Falklands in the years preceding the outbreak of war.

## **Leaseback and Oil**

Foreign Office minister Nicholas Ridley took a close interest in the question of oil. He asked FCO officials who would benefit from any potential exploration (Ridley, 1980; Ridley(ii), 1980). An official explained that, by precedent, the revenues from oil exploration would go to the Falkland Is-

lands government, not the British Exchequer, but added: “In practical terms, we ought to be able to ensure... that we get a substantial share of the action and the profit”(Duggan, 1980). When FCO officials drew up briefs for the minister in subsequent talks they noted: “FCO and Department of Energy are looking at ways to ensure that as much as possible of any oil revenue comes to the UK Exchequer” (Anglo Argentine Talks, Briefs, 1981).

Nicholas Ridley held secret talks with the Argentine deputy foreign minister in July 1980, in which both countries agreed in principle to a leaseback deal (DOP Committee, Most Confidential Record, 1980). On Ridley’s return, the Defence and Oversea Policy (DOP) Committee agreed to seek the Islanders’ approval of leaseback (DOP Committee, Most Confidential Record, 1980). During this DOP meeting, ministers also noted: “It would be important to make satisfactory arrangements for any oil that might be discovered... further thought should be given to ways in which the United Kingdom might be guaranteed entitlement to a substantial part of the revenues” (DOP Committee, Most Confidential Record, 1980). Once again, oil was not the primary consideration, but was part of ministers’ calculations. The leaseback plan was effectively killed, however, on 2 December 1980, when MPs reacted with outrage to Ridley’s proposals in the House of Commons.

## **The Islanders and Oil**

Oil was not a key issue for the residents of the Islands in this period. Two Islanders, accompanied by Ridley, met Argentine officials in New York in February 1981. The Argentine ambassador promised the Islanders various benefits, if sovereignty was transferred, but Falkland Islands councillor Stuart Wallace told the Argentine delegation that the Islanders “were primarily concerned with the structure of their way of life; that came before any economic benefit” (Anglo-Argentine Ministerial Talks, 1981). The UK-based Falkland Islands Committee, however, did lobby in favour of oil exploration. This was partly because the Committee had links with the Falkland Islands Company, and other private firms, which would benefit from increased economic activity in and around the Islands. But the committee also highlighted – and indeed exaggerated – the economic potential of the Islands in an effort to win political support in Britain, adding a masthead to its note-paper reading: “the Falklands Islands: the new North Sea” (Bright, 1980).

## **Oil companies' concerns about Leaseback**

Despite domestic political opposition, ministers continued to believe that leaseback would be the best solution and officials continued to discuss how it might work out in practice. Robin Fearn, head of the South America Department, set out the FCO's objectives for a possible oil regime:

- "i) We get the maximum possible preferential treatment for British companies in the issue of the licences...
- ii) British equipment is used as much as possible.
- iii) A share of the oil goes to the UK...
- iv) FIG [Falkland Islands Government] obtain an appropriate share of the proceeds consistent with its developmental needs and its capacity for absorption...
- v) The impact of oil related development on the Islanders traditional way of life should be kept to a minimum.
- vi) The Argentines should not benefit to any greater extent than we can help..."(Fearn, 1981).

But the Department of Energy and the state-owned British oil company, BNOC, were concerned that Britain could be ceding too much. During a meeting at the FCO, a BNOC executive emphasized: "The Government should be careful not to give away what could be of great worth i.e. the prospects for oil finds in the Falklands Continental Shelf" (Record of Meeting with BNOC, 1981). The chairman of the company, Philip Shelbourne added: "Above all BNOC did not want to wake up one day to find that someone else had picked up concessions in Falkland Islands waters without their having been given a chance to compete" (Record of Meeting with BNOC, 1981).

The Department of Energy urged the FCO to act "slowly" in negotiations with Argentina (Record of Meeting with BNOC, 1981). An official emphasized the need to consider "who will obtain the benefits of oil exploitation either in oil or money terms" (Heathcote, 1981). The Department also suggested that, if the continental shelf were included in the leaseback, then Britain should have the "exclusive" right to explore for oil within it and that there should be no joint administration with Argentina (Dickson, 1981). The Department of Energy spelled out its priorities to the FCO:

- a) Maximise UK access to any oil that may be found.
- b) Maximise the UK take from taxation and royalties.
- c) Ensure that UK companies have the best possible opportunities.

d) Ensure that UK companies are as well placed as possible to compete for orders for supplies for operations... (Dickson, 1981).

Another Department of Energy official explained in an internal memo why it would not be in the interests of Britain's oil companies to rush into a deal. North Sea oil would be providing the Exchequer with revenues and oil for at least twenty years, while "the most attractive areas" around the Islands were in waters that could not be developed using existing technology, he wrote (Boys, 1981). "Our interest in new sources of oil will be greater towards the end of the century", he added (Boys, 1981). Major oil companies believed that an agreement with Argentina was necessary to make oil exploration politically and legally viable, but the Falklands area was not their top priority and they could afford to wait until the best deal possible was negotiated and more advanced technology became available. So, while British oil companies had been a lobbying force in favour of a sovereignty deal with Argentina in the 1970s, during the Thatcher years they became, if anything, a gentle brake on the process.

### **Protecting British oil rights in the Thatcher years**

Another example of Britain's determination to preserve its rights to the oil, came in 1981 when Argentina auctioned licences to explore for oil off its coast. The FCO lodged a formal protest because it believed that exploration blocks crossed over the putative median line between Argentina and the Falkland Islands. The protest note was approved by minister of state Richard Luce (Day, 1981; PS/Mr Luce, 1981). The British government also placed an advert in the *International Herald Tribune* and oil journals warning oil corporations that the tender area went over the median line. An FCO official wrote: "We must maintain that any oil in the Falkland Islands continental shelf is British, without specifying whether we mean HMG or Falkland Islands have the right to exploit it. The important point is that it is ours not Argentine" (Smith, 1981).

It is clear, then, that the British government had shown an interest in exploiting the oil around the Falklands for many years and, although oil was never the most important consideration, at every stage of the negotiation Britain's access to the potential oil deposits was considered by ministers and officials. While the Foreign Office believed oil exploration would be impossible without an agreement with Argentina, it nevertheless aimed to achieve an oil regime that would most benefit British companies, the British exchequer and the Islanders. The Department of Energy was even more in-

sistent that British rights to oil deposits should be preserved and for that reason was cautious about the leaseback proposal, and in particular the ceding of sovereignty of the Falkland Islands continental shelf to Argentina.

## Oil since 1982

After the 1982 conflict the Falkland Islands government began for the first time unilaterally to offer oil exploration licences. However, this step was taken only after considerable debate within the British government and after an attempt at joint exploration with Argentina in the 1990s petered out. Large multinational companies have remained wary about operating in a disputed area, but Islanders themselves have become more enthusiastic about the potential for oil to provide long-term economic stability for their community.

At the time of writing, the British government papers relating to the years after 1988 are not yet available for public view, but the archival record for 1982-88 shows that the differing perspectives within government on the oil question continued after the Falklands war. Just three months after Britain's military victory, the British Secretary of State for Energy, Nigel Lawson, wrote to the Foreign Secretary suggesting a survey to evaluate the hydrocarbon potential of the area (Lawson, 1982). Over the next four years, the Department of Energy lobbied within government for a seismic survey around the Falklands, while the Foreign Office took a more cautious stance, believing that such a move would be regarded as "highly provocative" by Argentina (Westbrook, 1983). The sensitivity of the issue was illustrated by Argentina's protest to the UN Secretary General at the Falkland Islands government issuing of an *on-shore* exploration licence to the small British company, Firstland Oil and Gas PLC, in July 1984. This was the only oil exploration licence issued by the Falkland Islands government before 1996. Dismissing the diplomatic niceties, the head of exploration in the Department of Energy's Petroleum Engineering Division said he found the FCO's "caution over off-shore prospecting" "incomprehensible" (Summary of Meeting, 1984). The minister of state at the Department for Energy, Alick Buchanan-Smith, wrote to his counterpart at the FCO in 1985, again suggesting a seismic survey to evaluate oil prospects around the Falklands (Buchanan-Smith, 1985). In June 1986 an inter-departmental British government working group agreed in principle to carry out a seismic survey around the Falklands but to wait until Britain's approach to fisheries, another point of sensitivity with Argentina, had been clarified (Report of InterDepartmental Working Group, 1986).

On 29 October 1986, the British government unilaterally declared a 150 nautical mile Interim Conservation and Management Zone around the Falkland Islands.<sup>3</sup> The main reason for declaring this zone – which became effective on 1 February 1987 – was to enable the Falkland Islands to start issuing fishing licences in the seas around the Falklands. Since that date, revenues from fishing licences have been the main source of income for the Falkland Islands government (Falkland Islands Key Economic and Social Indicators, 2010). As part of the October 1986 declaration, the British government also asserted its rights to the continental shelf around the Falkland Islands, extending to a distance of 200 nautical miles, or to “such other limit prescribed by the rules of international law, including those concerning the delimitation of maritime distance between neighbours”(Declaration on the Conservation of Fish Stocks, 1986). Although it asserted its right to the continental shelf, the British government did not immediately seek to explore the potential oil reserves unilaterally, despite continued lobbying from the Department of Energy (Buchanan-Smith, 1987). Instead, during the 1990s, the British government sought to promote joint oil exploration with Argentina under the so-called “sovereignty umbrella”. This “Formula for Sovereignty” was formalized in a joint declaration in Madrid in October 1989; Britain and Argentina agreed to temporarily put the question of sovereignty to one side, and instead try to cooperate on a range of practical economic, scientific and humanitarian issues. Following an agreement on fisheries in 1990, Britain and Argentina signed a Joint Declaration on Oil in 1995, which included provisions for joint exploration and exploitation of hydrocarbons in the South West Atlantic. An Area of Special Cooperation was designated for joint exploration covering 21,000km<sup>2</sup> around the putative median point between Argentine and Falklands waters. A Joint Commission was created to oversee exploration in the Area, but very little progress was made and no joint oil exploration took place. The Falkland Islands government did however, unilaterally auction licences to explore the waters in other parts of the 200-mile zone around the Falkland Islands in 1996, a move which led to a deterioration of relations with Argentina. Seven production licences were awarded to 14 companies, including Shell, Hess, Lasmo and Lundin, in the North Falkland Basin (<https://www.fig.gov.fk>, 2019). The licences covered 48 blocks (some 12,800 square kilometres). No Argentine companies took part in the bidding. A drilling campaign began in 1998, and six wells exploratory wells were drilled. Following the 1998 international oil price slump several operators, including Shell, relinquished or sold on their licences.

---

<sup>3</sup> This was extended to 200 nautical miles in 1990.

The sovereignty umbrella agreement ended under the presidency of Néstor Kirchner, who came to office in 2003, and in 2007 the hydro-carbons agreement, which had been ineffective for many years, was formally rescinded. The Falkland Islands Government continued to auction exploration licences, despite opposition from Argentina. Following the sale of several licences, a drilling campaign was launched in 2010-2012, which heightened tensions with Argentina and South American nations. In December 2011, the member states of the South American trading bloc, MERCOSUR (Argentina, Brazil, Uruguay and Paraguay), agreed to close their ports to vessels flying the Falkland Islands flag.

All of the exploration and production licences sold by the Falkland Islands Government since 1998 have been bought by small and medium sized oil companies such as Desire Petroleum, Falklands Oil and Gas (FOGL), Rockhopper and Borders and Gas (<https://www.fig.gov.fk>, 2019). In 2007, the multinational BHP Billiton bought a 40% stake in 14 of FOGL's exploration and production licences and became the designated operator, but the company withdrew from the agreement in 2010 (<https://www.bhp.com>, 2019). Large multinational oil companies have remained wary of drilling in a disputed area; they are concerned that antagonizing Argentina could affect their interests in South American countries, that the prospects for oil in the area are modest, that it requires expensive deep-sea technology to extract and that the cost of operations is greatly increased if refining, storage and transportation cannot be done from the South American mainland. The legal complexities of oil exploration in disputed waters were illustrated when the UN Commission on the Limits of Continental Shelf ruled in 2016 that the Falkland Islands lie in Argentine waters. The UK government said the decision was not binding.

In contrast, Falkland Islanders have become more enthusiastic since 1982 about the potential of oil to sustain their economy, particularly since fishing revenues have declined in recent years. Civil governor Rex Hunt was a strong advocate of oil exploration during the 1980s, and today Falkland Islands councillors are keen proponents of developing the oil industry (Summary of Meeting, 1984). The revenues from the oil industry go to the Falkland Islands government. Mike Summers, a member of the Falkland Islands elected legislative assembly (2011-2017), indicated that revenue from oil could make the Islands economically self-sufficient. With greater resources, the Islands could pay for their own defence, which currently costs the British exchequer approximately £300m a year, or 0.5% of the total UK defence budget, he said. If there was still surplus revenue, Islanders would then consider paying back the millions of pounds that the UK has spent on

defence in the last three decades, Summers said, and could also offer aid to the UK and South America. But that is a “long, long way off”, he added (Summers, 2012). The British government’s public position is that the oil industry is being developed in order to benefit the Islanders, but the archives show that in the mid-1980s at least, ministers and officials were still considering whether the oil revenues might also benefit the British Treasury. Minister of state at the Department of Energy, Peter Morrison, wrote in 1987 that “implementation of a seismic licensing regime would benefit both the UK and the Islands” while an inter-departmental report concluded: “In practice Her Majesty’s Government could adequately control the issue of licences by the Falkland Islands Government (FIG). Revenue would... accrue to the FIG. The question of a possible contribution to the British Exchequer could arise if this revenue greatly exceeded the needs of the Falklands” (Morrison, 1987; Report of InterDepartmental Working Group, 1986).

Using archival evidence, this article has shown that while oil was not the most important factor for Britain in the Falklands dispute, it did play a role in Britain’s calculations. At every stage of the negotiations with Argentina about the Falkland Islands before 1982, British ministers and officials considered how any future agreement would affect the UK’s access to potential oil reserves in the South West Atlantic. Within government, the Department of Energy was the most consistent advocate of preserving British rights to oil in the area. Oil companies’ interest in Falklands oil has depended on market conditions, technological considerations and, most importantly, the legal, political and economic difficulties of operating in an area under dispute. Since the Falklands War, the British government has continued to show an interest in potential oil deposits around the Islands, but there have been inter-departmental differences about the best approach to take. The issue of oil continues to be a source of tension between Argentina and Britain. Unilateral offshore oil exploration around the Islands began in the 1990s, but multinational companies remain wary of operating in an area under dispute. For this reason, the British government’s preferred option remains bi-lateral Anglo-Argentine exploration protected by a “sovereignty umbrella”. However, the idea of jointly exploiting oil around the Islands, while not discussing sovereignty, remains highly contentious in Argentina.

## **Oil Exploration since the Falklands War**

1986: 150-mile fisheries zone declared by the British government. Britain also asserts its right to 200-nautical miles of continental shelf.

1993: 200-mile economic oil exploration zone declared by Britain. The Falkland Islands government appoints the publicly owned British Geological Survey to help manage and promote hydrocarbon activity in the area.

1995: Joint declaration on cooperation over offshore activities in the South West Atlantic signed by Argentina and UK, but no joint exploration takes place.

1996: The Falkland Islands government sells seven production licences. Most are bought by small companies. 1998: Drilling begins in waters around the Falkland Islands. No major discoveries are found and the low oil price deters further investment.

2010-2012: Drilling campaign following auction of exploration licences by the Falkland Islands government. All licences were bought by small companies, including Rockhopper, Desire Petroleum, Falklands Oil & Gas and Borders and Southern Petroleum. 21 exploratory wells were drilled. Some modest oil and gas discoveries were announced. Development work on these discoveries was continuing in 2019.

2016: The UN Commission on the Limits of Continental Shelf rules that the Falkland Islands lie in Argentine waters. The UK government says the decision is not binding.

## References

- Abudara Bini, O. et al. (2013). *Malvinización y Desmentirización: Un Aporte Económico, Político y Cultural en el marco de la Patria Grande*. Buenos Aires: Ediciones Fabro.
- Anderson, D. (2002). *The Falklands War 1982*. Oxford: Osprey.
- Balmaceda, R. (2004). *La Argentina Indefensa: Desmalvinización y desmalvinizadores*. Buenos Aires: Editorial Los Nacionales.
- Biangardi Delgado, C. A. (2012). *Cuestión Malvinas, A 30 Años de la Guerra del Atlántico Sur*. Buenos Aires: Editorial Dunken.
- Borón A. & J. Faúndez (1989). *Malvinas Hoy: Herencia de un Conflicto*. Punto Sur: Buenos Aires.
- Boyce, B. (2005). *The Falklands War*. Basingstoke: Palgrave Macmillan.
- Chubrétovich, C. (1987). *Las Islas Falkland o Malvinas: Su Historia, La Controversia Argentina-Británica y la Guerra Consiguiente*. Santiago de Chile: Editorial La Noria.
- Cresto, J. J. (2011). *Historia de las Islas Malvinas: Desde su Descubrimiento hasta Nuestros Días*. Buenos Aires: Editorial Dunken.
- Dale, I. (2002). *Memories of the Falklands*. London: Biteback Publishing.
- Dodds, K. (2002). *Pink Ice: Britain and the South Atlantic Empire*. London: IB Tauris.
- Donaghy, A. (2014). *The British Government and the Falkland Islands, 1974-79*. Basingstoke: Palgrave Macmillan.

- Escudé, C. & A. Cisneros (2000). *Historia General de Las Relaciones Exteriores de la República Argentina*, Tomo XII, *La Diplomacia de las Malvinas, 1966-1989*. Buenos Aires: CEPE/CARI/Nuevohacer.
- Freedman, L. (2005). *The Official History of the Falklands Campaign, Volume 1*. London: Routledge.
- Gustafson, L. (1988). *The Sovereignty Dispute over the Falkland (Malvinas) Islands*. Oxford: Oxford University Press.
- Hastings, M. & S. Jenkins (2010). *The Battle for the Falklands*. London: Pan Books.
- Laborde, J. & R. Beraccini (1987). *Malvinas en el Plan Global del Imperialismo*. Buenos Aires: Editorial Anteo.
- Livingstone, G. (2018). *Britain and the Dictatorships of Argentina and Chile, 1973-82: Foreign Policy, Corporations and Social Movements*. Basingstoke, Hampshire: Palgrave Macmillan.
- Lorenz, F. (2006). *Las Guerras por Malvinas*. Buenos Aires: Edhasa.
- Lorenz, F. (2009). *Malvinas: Una Guerra Argentina*. Buenos Aires: Editorial Sudamericana.
- McManners, H. (2007) *Forgotten Voices of the Falklands*. London: Ebury Press.
- Middlebrook, M. (2001). *The Falklands War 1982*. London: Penguin.
- Miller, R. (1986). *Liability or Asset? A Policy for the Falkland Islands*. London: Institute for European Defence and Strategic Studies.
- Moro, R. O. (2005). *La Trampa de Malvinas: Historia del conflicto de Atlántico Sur*. Buenos Aires: Edivern.
- Parsons, M. (2000). *The Falklands War*. Stroud: Sutton Publishing.
- Pinto, M. (1989). "Islas Malvinas/Falkland, Georgias y Sandwich del Sur: Algunas Consideraciones Relativas a los Hidrocarburos". In Borón A. & J. Faúndez *Malvinas Hoy: Herencia de un Conflicto*. Buenos Aires: Punto Sur: 125-155.
- Silenzi de Stagni, A. (1983). *Las Malvinas y El Petróleo*. Buenos Aires: Editora Theoría SRL.
- Vargas, O. et al. (2006). *La Trama de Una Argentina Antagónica: Del Cordobazo al fin de la Dictadura*. Buenos Aires: Editorial Agora.

## Primary Sources

- Alston, R. J. (1977, 14 Oct.) [Memo to Mr Burrows]. (FCO7 3411). The National Archives (TNA), London, UK.
- Anglin, E. (1977, 28 Jun.). [Letter to FCO]. (FCO7/3410). TNA, London, UK.
- 'Anglo-Argentine Negotiations: Second Round in New York from 13-15 December 1977 and Meeting with the F.I. Councils Delegation, 18 December 1977' (1977). [FCO Steering Brief]. (FCO7/3395). TNA, London, UK.
- Anglo Argentine Talks, Briefs, New York. (1981, 23/24 Feb.). [FCO Briefs: Oil]. (EG14/93). TNA, London, UK.

- 'Anglo-Argentine Ministerial Talks on the Falkland Islands: New York'. (1981, 23/24 Feb.). [FCO record]. (PREM 19/612), TNA, London, UK.
- Armstrong, R. (1980, 25 Jan.). [Memo to Thatcher, M.] (PREM 19/656). TNA, London, UK.
- 'Assessments of the oil potential of the Falkland Islands continental shelf'. (no date: *circa* Jan. 1976, in accordance with other documents in file). [Draft FCO Paper]. (FCO7/3234). TNA, London, UK.
- 'Bilateral talks with Argentina, Paris, 10 July 1976', Falkland Islands: Oil'. (1976, 28 June). [Briefing by the Department of Energy', DRAFT] (FCO76/1616). TNA, London, UK.
- Birchmore. (1980, 30 Jan.) [Memo to Mr D'Ancona and PS/Secretary of State]. (EG 14/92). TNA, London, UK.
- Birks, J. (1977, 9 May). [Letter to Rowlands, T.] (FCO7/3409). TNA, London, UK.
- Birks, J. (1977, 11 Jul.). [Letter to Rowlands, T.]. (FCO7/3410). TNA, London, UK.
- Boys, P. (1981, 2 Jul., date of covering letter). [Memo to Mr Priddle]. (EG 14/93). TNA, London, UK.
- Bright (1980, 7 May). [Cable to Hunt, R.] (EG14/920). TNA, London, UK.
- Brown, G. (1977, 6 May). [Letter to Cortazzi, N.] (EG14/38). TNA, London, UK.
- Buchanan-Smith, A. (1985, 13 Feb.) [Memo to Baroness Young]. (FCO7/6431). TNA, London, UK.
- Buchanan-Smith, A. (1987, 13 May.) [Memo to Young]. (FCO7/7233). TNA, London, UK.
- Burrows, R. A. (1977, 4 May). [Memo to Mr Buxton]. (FCO76/1615). TNA, London, UK.
- Buxton, A.C. (1977, 23 Jun.). [Memo to Mr Burrows]. (FCO76/1616). TNA, London, UK.
- Cabinet minutes (1976, 18 Mar.). (CAB 128/58/11). TNA, London, UK.
- Callaghan, J. (1975, 14 May). [Letter to Harold Wilson]. (PM/75/38). (FCO7/3373). TNA, London, UK.
- Carless, H. (1976, 19 Jan.) [Note on J.A. Heap to Mr Hall, 15 Jan. 1976] (FCO7/3234). TNA, London, UK.
- Carless, H. (ii) (1976, 21 Jan). [Note on Heap to Carless, 21 Jan. 1976]. (FCO7/3234). TNA, London, UK.
- Cortazzi, H. (1977, 15 Jul.). [Cable to FCO]. (FCO7/3389). TNA, London, UK.
- Day, D. (1981, 15 Sep.). [Note on Fearn, R to Day, 14 Sep. 1981]. (FCO7/3985). TNA, London, UK.
- Declaration on the Conservation of Fish Stocks and on Maritime Jurisdiction around the Falkland Islands.* (1986, 29 Oct.). [Communicated by the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations in a letter dated 1986, 5 Dec.].
- Dickson (1981, 22 Jul.) [Memo to Fearn, R.]. (FCO7/3985). TNA, London, UK.

- 'DOP Committee: Falkland Islands: Dispute with Argentina', (1975, 3 Jul.). [Memorandum by the Foreign and Commonwealth Secretary, Annex B: Falkland Islands Oil]. (CAB 148/155). TNA, London, UK.
- DOP (77) 15, Cabinet DOP Committee, 'The Falkland Islands: Strategy for Anglo-Argentine Negotiations'. (1977, 1 Jul.), [Brief for the Secretary of State]. (EG14/38). TNA, London, UK.
- Draft Outline DOP Paper, (no date, but handwritten note on document says discussed 1977, 3 May), (EG/14/38). TNA, London, UK.
- Draft Outline DOP Paper (ii), (no date, but handwritten note on it says it was submitted to Secretary of State, 1977, 10 Jun.). (FCO76/1616). TNA, London, UK.
- DOP Committee, Falkland Islands. (1979, 12 Oct.) [Memorandum by Foreign and Commonwealth Secretary]. (CAB 148/183). TNA, London, UK.
- DOP Committee, Most Confidential Record, OD (80) 23<sup>rd</sup> Meeting, (1980, 7 Nov.). (CAB 148/196). TNA, London, UK.
- Draft Speaking Notes: DOP Meeting – Anglo Argentine Negotiations on the Falkland Islands, FCO. (No date, *circa* 1977, 30 Jun. – deduced from date of officials' comments written on this draft and contents of the draft). (FCO76/1616). TNA, London, UK.
- 'Draft Passage for Secretary of State's Speaking Note for DOP on the Falkland Islands', (1977, 29 Jun.). [Passage drafted by the Maritime and General Department of the FCO]. (FCO76/1616). TNA, London, UK.
- Duggan (1980, 29 Oct.). [Memo to PS/Mr Ridley]. (EG 14/93). TNA, London, UK.
- Edmonds (1971, 21 Jan.). [Note on Heap to Carless, 21 Jan. 1971]. (FCO7/3234). TNA, London, UK.
- Evans, C. M. (1975, 19 Aug.). [Letter to David Ennals]. (FCO 96/369). TNA, London, UK.
- 'Geology of the Region Around the Falkland Islands: Summary of report by P.F. Barker, J. Burrell, F. Simpson and D.H. Griffiths' (date of covering letter: 1975, 11 Apr.). (FCO 96/369). TNA, London, UK.
- Falkland Islands Key Economic and Social Indicators 2010*, [Information provided by the Falkland Islands Government, Policy Unit, to the author; 2011, 26 Jan.]
- FCO to British Embassy, Buenos Aires (1977, 31 May). [FCO cable]. TNA, London, UK.
- FCO to British Embassy, Buenos Aires (1979, 17 Oct.). [FCO cable]. (EG 14/92). TNA, London, UK.
- Fearn, R. (1981, 2 Jun.). [Memo to Harding, P.]. (FCO7/3984). TNA, London, UK.
- Forrest, K. P. (1976, 30 Dec.). ['Argentina's Offshore Hydrocarbon Activities – Future Activities', DoE report]. (FCO7/3409). TNA, London, UK.
- Fowle, R. A. (1977, 9 Feb.). [Letter to Osborne, C. W.]. (FCO7/3409). TNA, London, UK.
- Harding, D. J. (1979, 3 Oct.). [FCO file note]. (EG 14/91). TNA, London, UK.

- Haydock, A. W. (1977, 20 Apr.). [Letter to Osborne, C. W.] (FCO7/3409). TNA, London, UK.
- Heap, J. A. (1976, 15 Jan.) [Memo to Hall] (FCO7/3234). TNA, London, UK.
- Heathcote, F. R. (1981, 17 Jun.). [Memo to Dickson]. (EG/93). TNA, London, UK.
- Hendrie, R. A. M. (1977, 16 Aug.). [Note for File]. (FCO76 1617). TNA, London, UK.
- Howell, D. (1979, 22 Sep.). [Letter to Thatcher, M.] (PREM 19/612). TNA, London, UK.
- Howell, D. (1980, 5 Feb.) [Letter to Carrington, P.] (PREM 19/612). TNA, London, UK.
- Hunt, J. (1977, 1 Jul.). [Memo to Callaghan, J.] (PREM 16/1504). TNA, London, UK.
- Hunt, J. (ii) (1977, 14 Nov.). [Memo to Callaghan, J.] (PREM 16/1504). TNA, London, UK.
- Ivory, P.D. (1980, 10 April). [Memo to Harding, D. J.]. (EG 14/92). TNA, London, UK.
- Keeling, D.S. (1977, 24 Feb.). [Letter to Anglin, E.]. (FCO7/3409). TNA, London, UK.
- Kent, P. (1975, 2 Jun.) [‘Review of Birmingham Report of Geology of the Falkland Islands Region, Summary’], (FCO 96/369). TNA, London, UK.
- Lawson, N. (1982, 18 Oct.). [Letter to Francis Pym]. (FCO7/4709). TNA, London, UK.
- Lindley, E. J. (1975, 20 Jan.) [Letter to Hugh Carless] (TNA: FCO 96/369). TNA, London, UK.
- Morrison, P. (1987, 27 Oct.). [Letter to Eggar, T.] (FCO7/7233). TNA, London, UK.
- Owen, D. (1977, 22 Dec.). [Memo to Callaghan, J.]. (PREM 16/1504). TNA, London, UK.
- PS/Mr Luce (1981, 29 Sep.). [Note on Fearn to Day, 14 Sep. 1981]. (FCO7/3985). TNA, London, UK.
- ‘Record of a Meeting on 3 May to discuss Anglo/Argentine Negotiations on the Falkland Islands Dispute’. (1977, 18 May). [FCO record]. (EG14/38). TNA, London, UK.
- Record of FCO meeting with BP (1981, 9 Feb.) (FCO7/3984). TNA, London, UK.
- Record of Meeting with BNOC (1981, 30 Mar.). (FCO7/3984). TNA, London, UK.
- Reidy, M. E. (1978, 28 Sep.). [Draft memo to PS/Minister of State]. (POWE 63/1596). TNA, London, UK.
- Reidy, M. E. (ii) (1978, 29 Sep.). [Memo to PS/Minister of State]. (POWE 63/1596). TNA, London, UK.
- Report of InterDepartmental Working Group on Falkland Islands Seismic Survey (1986, Jun.). (FCO7/6629). TNA, London, UK.

- Richardson, T. L. (1979, 13 Mar.). [Memo to Birchmore, R.]. (POWE 63/1596). TNA, London, UK.
- Ridley, N. (1980, 16 Sep.) [Note on Chamberlain, K. J. to Bright]. (EG 14/93). TNA, London, UK.
- Ridley, N. (ii) (1980, 29 Oct.). [Note by Ridley on Duggan to PS/Mr Ridley]. (EG 14/93). TNA, London, UK.
- Record of Meeting with BNOC. (1981, 30 Mar.). [FCO Record]. (FCO7/3984). TNA, London, UK.
- Secretary of State's Meeting on the Falkland Islands: Monday 13 June, (1977, 17 Jun.). [FCO record] (FCO76/1616). TNA, London, UK.
- Sindall, A. (1977, 19 Jul.). [Memo to Ure, J.] (FCO76/1616). TNA, London, UK.
- Smith, R.H. (1981, 4 Dec.). [Memo to Williams, A.J. Williams]. (FCO7/3985). TNA, London, UK.
- Summary Record of Meeting in Mr Burrows' Room, FCO, (1977, 23 Aug.). (FCO76/1617). TNA, London, UK.
- Summary of Meeting between officials of the FCO and Department of Energy and the Civil Commissioner of the Falkland Islands at the FCO. (1984, 3 Oct.). (FCO7/6431). TNA, London, UK.
- Ure, J. B. (1981, 10 April). [Memo to PS/Mr Ridley]. (FCO7/3984). TNA, London, UK.
- Westbrook, R. (1983, 13 Oct.). [Memo to PS/Lady Young]. (FCO7/5527). TNA, London, UK.
- Widdup, M. (1977, 23 May). [Memo to Cortazzi, H.] (EG 14/38). TNA, London, UK.

## **Websites**

- <https://www.fig.gov.fk/minerals/index.php/exploration/historical-activity>. [Consulted 2019, 2 Apr.]
- <https://www.bhp.com/media-and-insights/news-releases/2007/10/bhp-billiton-acquires-exploration-and-production-rights-offshore-the-falkland-islands>. [Consulted 2019, 2 Apr.]

## **Interviews with the author**

- Mike Summers, 2012, Jan.

**Keywords**

Falkland Islands — Oil — Argentina — United Kingdom — Falklands War

**Palabras clave**

Islas Malvinas — Petróleo — Argentina — Reino Unido — Guerra de Malvinas

**Resumen**

Los historiadores británicos suelen menospreciar el interés del Reino Unido por el petróleo alrededor de las Islas Malvinas como factor en la disputa sobre la soberanía, mientras que los académicos y políticos argentinos han enfatizado los intereses económicos británicos con relación a las Islas. Utilizando archivos gubernamentales británicos recién abiertos al público, este artículo muestra que las empresas británicas y el gobierno del Reino Unido, en efecto tenían un fuerte interés por los eventuales yacimientos de petróleo alrededor de las Islas Malvinas y que en cada etapa de las negociaciones con Argentina sobre la soberanía en las décadas de 1970 y 1980, los ministros británicos tomaron en cuenta el impacto de un posible acuerdo sobre el acceso de su país a posibles yacimientos petrolíferos en el Atlántico Sur. Si bien factores políticos domésticos constituían la razón principal por la cual el Reino Unido no llegó a un acuerdo sobre la soberanía de las Islas, no se deben descartar los intereses económicos británicos.