

the population, long dependent on sheep, could be considered one of the wealthiest in the world as a result of these stocks which made other forms of local taxation unnecessary and irrelevant. A huge new fish processing complex was opened in Port Stanley to deal with increase and the number of foreign fishing vessels plying Falklands waters rose exponentially.

Argentina was not unaware of these developments. Indeed, Buenos Aires itself benefited from the fishing boom much of which took place on its continental shelf and its economic development zone. However, the Falklands prosperity so closely linked to fishing was seen by many Argentines as one enjoyed at Argentine expense. After all, the argument runs, the islands should be Argentine and should benefit their country and not a tiny number of interlopers who have seized part of the national territory and to add insult to injury are now profiting from it by enlarging their hold to include waters, and resources, which should also be Argentine.

Another grating issue, with perhaps even more potential for long-term disturbance of the bilateral relationship, is that of oil. As early as the Falklands War much was said of the islands' possible petroleum reserves and even of their role in getting the two countries involved in that armed conflict. However unlikely the latter assertions are, there is no doubt that there has been a growing interest in the potential oil reserves of the waters around the islands over the years. Frequent price reductions for oil have, however, slowed considerably actual prospecting in the cold and inhospitable areas around the Falklands up to now. Indeed, it was only in 1998 that what might be termed serious prospecting began and so far there has been little sign of the bonanza some predicted as lying just off shore.

Nonetheless, in international relations terms the situation has had its tensions. The Falkland Islands Government has of course wished to issue licences to such international petroleum companies as have wanted to undertake prospecting in the maritime zones under its jurisdiction. But here again Argentine nationalist opinion has seen such undertakings as not only an insult to national claims to the Falklands and its surrounding waters but also as a likely means to exclude Argentine interests from those zones. Falkland and British authorities have worked hard to assuage such fears and even encouraged the main Argentine petroleum company to join an international consortium to develop the first zones for prospecting but interest in Buenos Aires was not sustained.

The Argentine Congress has said that it would recognize no oil discoveries where licences had not been granted from the Argentine government. It threatened international petroleum companies, which cooperated with the Falklands venture with closing down their operations on Argentine soil. And it announced a surcharge, above and beyond Falklands licensing charges, to be paid by such companies to the Argentine state. Such complications and obstacles have made some firms even less warm to the risks of prospecting than they might otherwise have been given the general positive state of oil supply on the world market.

The wider fear in Argentina is that if there is an oil boom in the Falklands region, Argentines will not see the benefit. The continuation of strains in the bilateral relationship with the UK might