British oil drilling off Malvinas escalates tensions with Argentina

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Britain's decision to begin exploratory drilling has stoked tensions with the Argentine government over control of the disputed Malvinas (Falklands) Islands, and the oil reserves on the seabed around them. Geologists estimate there are up to 60 billion barrels of oil in the region around the British-controlled islands.

Last month, Britain rejected another Argentinean sovereignty claim to the islands, and awarded a private contract to drill for oil in the region. In response to the drilling operation, Argentina has imposed controls on shipping in the waters around the islands.

Las Islas Malvinas, 450 kilometres off the southern coast of Argentina, were apparently uninhabited when the Europeans arrived in the New World. They were a tiny part of Spain's colonial empire, but had also been explored and claimed by the British and French in the eighteenth century. Britain had twice unsuccessfully attempted to invade Argentina, in 1806-1807. Upon the declaration of independence from Spain in 1816, the Argentineans asserted control over the islands as a former Spanish colonial territory.

Britain occupied the islands in 1833, during the wars that finally resulted in Argentine independence (1816-1853). Renaming them the Falklands, it began settling the islands with British citizens, and has used them to stake claims to oil and mineral resources in southern polar waters ever since.

The Argentine government continues to press its claim to sovereignty. In 1982, the military junta of General Leopoldo Galtieri sought to use this to divert opposition to its bloody domestic policies, and invaded the islands. The Conservative government of Margaret Thatcher seized on the opportunity to whip up a chauvinist fever and portray itself as a resolute defender of Britain's interests. It was aided by the Labour Party under Michael Foot, which joined in the "patriotic" campaign in defence of the 1,800 "Falklanders" to justify sending a military taskforce to the South Atlantic.

The ensuing 74-day war cost the lives of 649 Argentinean and 255 British soldiers. It sounded the death-knell for the Galtieri junta, which fell within a year of the Argentine defeat. The Thatcher government was rescued electorally by the war.

Following the conflict, the British unilaterally declared a 200-nautical mile claim around the islands, backed by a military presence. Argentina has continued to press its sovereignty claims through the United Nations. Pointing to United Nations resolutions calling for dialogue to resolve the territorial dispute, the Argentinean government accused Britain, a permanent UN Security Council member, of evading discussions on the question. Argentina's Foreign Minister Jorge Taiana has appealed to the UN for talks on the issue, according to UN envoy Jorge Arguello.

The Malvinas islands have assumed greater significance with the massive rise in oil prices. Initial oil drilling in the 1990s was abandoned due to the high cost of extraction from such a remote deep-water area. The price of a barrel of crude oil at that time was between $10 and $15. With the price now nearer $80 a barrel, these reserves are becoming more important. Although oil companies say that not all of the potential 60 billion barrels from these waters may be commercially useful, the resource is of a similar magnitude to the North Sea crude reserves that helped sustain the British economy for 25 years.

Last month, the senior Argentine diplomat in London was summoned to the Foreign Office and given an official rebuttal of sovereignty claims to the islands. It was then revealed that Britain had issued contracts to begin exploratory drilling in the East Falkland Basin. The British company Desire Petroleum has begun drilling with the £20 million offshore rig the Ocean Guardian, which had been en route since November. Desire said the rig had "not gone anywhere near Argentine waters," so no permission had been sought for its movement.

The British chargé d'affaires in Buenos Aires was issued with a "most forceful protest." British Foreign Secretary David Miliband has responded by declaring that the oil exploration is "completely in accordance with international law."

The Argentine government said that the UK had reneged

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on a 1995 agreement to jointly explore the islands' offshore oil deposits. "The intransigence of Great Britain has not permitted that open and frank dialogue," a spokesman said. Last year, the Argentine government submitted a claim to the UN for large parts of the ocean bed, based on research into the extent of the continental shelf. The area claimed included the British Overseas Territories of the Falklands, South Georgia, and the South Sandwich Islands. The claim is due to be raised at the UN shortly. Desire Petroleum has said that it is "not getting involved" in Argentina's appeal to the UN.

In a bid to control vessels carrying drilling equipment, Argentina has imposed permit restrictions on vessels sailing to the islands through its waters. By presidential decree, any ship sailing between Argentinean ports and the islands "must first ask for permission," said cabinet chief Anibal Fernandez. The freighter Thor Leader was stopped two weeks ago in the port of Campana, where it was found to be carrying seamless tube piping (used in the oil industry) made by the Argentinean Techint group. Techint denied the equipment was headed for the islands, but Taiana insisted that "evidence exists…that the freighter was to be used to supply material linked to oil industry activities that the United Kingdom is illegally promoting in the Malvinas."

Argentine Deputy Foreign Minister Victorio Taccetti has acknowledged that Argentina can do little beyond these new shipping controls and that it hopes to pressure the British government into negotiation. Taiana has appealed for support to the Cancun meeting of the Rio Group of Latin American and Caribbean nations, winning immediate backing from Venezuela and Nicaragua. Nicaraguan President Daniel Ortega said he expected Rio Group support for Argentina's claim to the islands. Venezuela's Hugo Chavez threatened in a public broadcast that this was no longer 1982: "If conflict breaks out, be sure Argentina will not be alone like it was back then."

However, Taiana himself has insisted that Argentina's claims will be pursued peacefully, and that current measures are "not an escalation." Argentina, he said, would "take all necessary measures in the legal and diplomatic framework to preserve our rights and our resources."

The response from the UK has been bellicose, particularly from the right-wing media.

Revealing of the hostile intent of the UK, Martin Collins, senior executive officer of the Government of South Georgia and the South Sandwich Islands, said that "compared to 28 years ago we're much better defended. British warships still come down here routinely."

The Falklands Legislative Assembly stressed that it already has on site "all the supplies the industry needs." There are hopes across the archipelago for an oil-rush. Currently, 60 percent of income on the islands comes from fishing.

To defend its interests in the area, the British government maintains a permanent naval presence in the South Atlantic. More than 1,000 military personnel are stationed on the islands, which have a resident population of only around 3,000. The Rupert Murdoch-owned *Sun*—which greeted the sinking of the Belgrano in 1982 with the loss of 323 lives with the infamous headline "Gotcha!"—excitedly claimed that a naval taskforce had been despatched to the archipelago.

Prime Minister Gordon Brown and the Ministry of Defence denied this, but such denials were buttressed by boasts as to the existing military presence in the area. A Ministry of Defence spokesman said the government was "fully committed" to the islands, hence its maintenance of a "deterrence force" there. Brown said he hoped "sensible discussions" would resolve the situation, but added. "We have made all the preparations that are necessary to make sure the Falkland islanders are properly protected." Miliband said, "We maintain the security of the Falklands, and there are routine patrols continuing."

The Conservative Shadow Foreign Secretary William Hague has called for "some sort of increased naval presence" in the South Atlantic that would "send a signal not to misunderstand British intentions."

The Malvinas islands are also being used as a key argument to support calls for sustained military expenditure. Last week, Air Chief Marshal Sir Stephen Dalton, head of the Royal Air Force, pointed to the "increasingly tense situation" around the Malvinas in a speech to the International Institute of Strategic Studies and insisted on the need to maintain air superiority.

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