

DRAFT for comment – v4

Economic Development Strategy for the Falkland Islands

2026-2040

1. Executive Summary

The Falkland Islands is a self-governing British Overseas Territory located in the South Atlantic, focused around two main islands, East and West Falkland, and over 700 smaller ones. The Territory has a population of approximately 3600 people, with the economy primarily centred around the capital, Stanley. The GDP of the Islands most recently stands at £288 million (2024 output).

Since 1982, the Falkland Islands economy has undergone a huge and rapid transformation. In nearly 45 years it's grown from a rural economy centred on sheep farming to a forward-looking and largely self-sufficient economy, with a substantial fishing industry from which significant economic prosperity has been derived. Recent hydrocarbon approval sees the economy and society beginning a similar period of transition to the one just under 40 years ago, when the fishery was established in 1987, as it looks to diversify its economic make-up further and safeguard growth for future generations of Falkland Islanders.

This comes at a time of increasing international uncertainty. Recent examples of more volatile trading relationships and feedback from consultation highlights business anxiety about change, as well as reinforcing the need for an overarching strategic document to help support and guide the growth of the economy over the next 15 years.

This document is the Economic Development Strategy (EDS) for the Falkland Islands, it sets out the current economic context domestically, regionally and globally, and details the vision and strategy for sustainable growth between now and 2040.

It will build on the Islands existing expertise in fishing, agriculture and science and research which, alongside a fledgling hydrocarbons industry and an expanded tourism offer, will be key drivers for economic growth over the next 15 years.

This strategy will provide clarity in decision making, and a clear plan for development, investment and growth with a specific focus on building economic resilience and economic stability. All this will help to provide enhanced opportunities for business, encouraging new enterprise and amenities, leading to an improved quality of life and prosperous future for the Falkland Islands.

2. Strategy Overview

2.1. Strategy structure

To support government, business, decision makers and the wider community with the structure of the document, the below table sets out how the long-term economic vision is broken down into practical actions which can be undertaken by both FIG and partners.

<u>Economic Vision</u>	A high-level statement setting out the vision for the economy in 2040 providing a unifying goal for Falkland Islands Government (FIG), the private sector and wider community.
<u>Strategic Priorities</u>	Three strategic priorities required to bridge the gap between the current economic position and the economic vision.
<u>Economic Actions</u>	A list of 25 potential interventions, policies, projects or programmes that each contribute to meeting one of the three strategic priorities.
<u>Priority Actions</u>	Economic Actions that have been identified for delivery within the first 1-5 years of the strategy. To support with prioritising limited staff capacity and funding or meeting specific deadlines – e.g. commencement of hydrocarbons industry.
<u>Longer-term objectives</u>	Economic Actions to be delivered over the longer term 5-15 years. These have been prioritised on this basis either due to key dependencies requiring delivery before they can begin or capacity and/or funding not identified and unlikely to be available in the near term.
<u>Ongoing</u>	Economic Actions that are currently in delivery, possibly even business as usual, with no end date attached but still critical to meeting a strategic priority.

Figure 1: EDS structure table.

Together these elements provide a coherent roadmap to 2040. The diagram at figure 3 sets out the relationship between each element of the strategy.

2.2. Economic Vision for 2040

The economic vision has been developed following a period of consultation and input from key stakeholders. This will be the guiding high-level statement around which the public and private sector can align ambition and delivery over the lifetime of the strategy.

Economic Vision for 2040

“By 2040 the Falkland Islands will be a strategically important and resilient economy in the South Atlantic, supporting a prosperous and healthy population committed to self-determination in a unique, pristine environment.”

Strategically important means taking advantage of existing strengths and expertise to anchor and grow key sectors in the region within the Islands, underpinning and safeguarding long-term economic development and prosperity.

Resilient is the Falkland Islands economy being able to anticipate, withstand and be flexible in the face of external shocks, be they geopolitical, environmental or economic. Continuing to provide stability and opportunity to business and Falkland Islanders as global conditions evolve and change.

Strong economic development is crucial to increase the prosperity and the wealth of a population, it also provides the people of the Falkland Islands with the funding to protect what makes the islands special: its environment, heritage and culture.

Critically, being economically prosperous and self-sufficient allows Falkland Islanders to continue to make the case for self-determination from a position of strength.

2.3. Strategic priorities

The economic vision sets out a stretching ambition for the Islands economy. To achieve this, there are three strategic economic priorities that need to be delivered over the next decade and a half. They are:

Strategic Priority (SP) 1: Strengthening and diversifying the national economy – building on existing strengths, diversify the national economy across key growth and service sectors, improving amenities and quality of life.

Strategic Priority 2: Building economic resilience – to mitigate against a more unstable economic environment, ensure the Falklands has the right skills, infrastructure and technology to foster economic stability and grow the economy sustainably.

Strategic Priority 3: Expanding markets – develop the Falklands brand, open markets across service and resource sectors and forge new economic, investment and trade partnerships with the UK and other key partners, strengthening existing public diplomacy work.

2.4. Economic Actions

The three strategic priorities are supported by 25 economic actions in total, to be delivered over the course of the lifetime of this strategy.

These are specific projects, programmes or actions required to help meet the strategic priorities, and therefore the vision, set out in 2.2. and 2.3. They've been broken down into

priority actions and longer-term objectives/ongoing delivery to help decision makers understand those actions that can be delivered in the near term. A summary of those actions can be found in the table below with more detailed information in section 7 of the strategy.

	SP1: Strengthening and diversifying the national Economy	SP2: Building Economic Resilience	SP3: Expanding Markets
Priority Economic Actions*	<p>4 economic actions</p> <p>Focusing on opportunities to support business to better integrate into the MoD supply chain, scale up for Hydrocarbons and diversify the fishing sector.</p> <p>Also expanding the tourist market through delivery of a second flight and re-setting the longer-term strategy.</p>	<p>6 economic actions</p> <p>Delivery of new port and power station along with associated infrastructure.</p> <p>Refresh the National Infrastructure Plan and developing the skills, technology and economic data needed to support growth.</p>	<p>2 economic actions</p> <p>Develop a unified national brand across government and industry for the Falkland Islands and create an inward investment framework, aimed at developing the export market and scaling up investment.</p>
Ongoing and longer-term objectives**	<p>4 economic actions</p> <p>Continued development of links with MPC, strengthening and diversifying the Camp economy, developing tourism infrastructure and encouraging future development in Stanley.</p>	<p>2 economic actions</p> <p>Support businesses with the transition to e-commerce and emerging threats relating to cyber security.</p> <p>Look at business and logistical challenges for the West and Outer Islands with a view to improving the reliability of the supply chain.</p>	<p>7 economic actions</p> <p>Continue to build trade links with South America. Develop a proper trade and investment architecture around the economy, including sectors such as agriculture and science and research, to market and grow their work.</p>

* **Priority actions** are those which are critical to meeting particular near-term deadlines or considered to be deliverable within the first five years of the strategy, with an existing or potential route to funding/capacity support identified.

** **Longer-term objectives** are those to be delivered on a post 5-year timeframe, either to allow a linked priority intervention to be delivered in the near-term or due to existing capacity or financial constraints.

Ongoing refers to programmes of delivery, or continual work being done that isn't a discreet project or programme with an end date.

2.5. A collaborative approach to development

During 2025, a consultation was conducted to understand the community's view of the economy, its current state and perceptions about future challenges and growth opportunities. In total 90 people responded. This followed a significant period of engagement across businesses, understanding the challenges and opportunities for each sector – helping to inform a more strategic view of the economy as it currently stands.

In addition, continued discussion with Members of the Legislative Assembly (MLAs) has taken place, with input from the FIG Corporate Management Team (CMT), Chamber of Commerce, Development Corporation and industry bodies and representatives. The quality of conversations has been rich, informative and reflected in the construction of this document, which draws on many of the key themes raised.

Other important information and economic data has been used in the development of this strategy including the Falkland Islands Development Corporation (FIDC) Business Climate Survey, 2025, and the National Accounts 2014 – 2024.

As part of a final period of consultation in April 2026, views will be sought from key stakeholders and the wider community ahead of this strategy being published in June 2026.

Thanks go to all for their input so far and further information on the first round of consultation, including outcomes, can be found here: <https://www.falklands.gov.fk/policy/downloads?task=download.send&id=299:economic-development-strategy-summary-report-2025&catid=19>

3. Strategic Context: Global and regional economic context

3.1. Global overview

For an economy that depends heavily on international trade, understanding the global economic context is vital to the Falkland Islands' long-term success. Awareness of emerging trends, opportunities, and risks enables FIG and partners to make informed decisions that support growth and prosperity, while helping to mitigate future shocks as far as possible, providing a stable and resilient environment for growth and investment.

As a primary resources exporter, valued at approx. \$379m in 2024¹, protectionism and tariff volatility emerging as a trend over the coming period is a risk to the Falklands in an already challenging trading environment that has seen supply chain cost and complexity increase, particularly for West and Outer Islands based businesses. This is also impacting globally, with the IMF noting subdued growth is expected internationally over the next 3 years as a result².

The ongoing conflict in Ukraine, combined with instability in other regions, continues to drive volatility in global commodity prices, creating pressures that have a disproportionately large impact on the resource driven and import reliant Falkland Islands economy.

Alongside this wider geopolitical uncertainty, there continues to be the growing likelihood of climate-related shocks which the Falkland Islands Environment Strategy (2021 – 2040) sets out as a further risk. This has the potential to impact the already gradual degradation of environments on which the economy relies, due to longer-term climate change, putting livelihoods in the agricultural and fishing sectors at risk.

Together, these factors underline the need to build greater economic resilience and widen the Islands' economic base to ensure long-term stability in an increasingly unpredictable global environment.

3.2. Regional economic context

Regionally, there continues to be challenges that restrict the ability of the Falklands economy to grow, especially regarding connectivity, logistics and supply chain (shipping and airlinks). The 'blue hole' in the Southern Atlantic Ocean also represents an existential threat to the Falkland Islands fishing industry.

Some efforts to address these issues were taken up by the UK Government in the Joint Statement of 2024, particularly in relation to the resumption of the Sao Paulo flight and the commitment to resume cooperation on fisheries management but, despite efforts from the FIG, progress thus far has been limited.

¹ [Falkland Islands \(FLK\) Exports, Imports, and Trade Partners | The Observatory of Economic Complexity](#)

² [World Economic Outlook Update, January 2026: Global Economy: Steady amid Divergent Forces; World Economic Outlook 2026/003](#)

In the wider region however, work with the UK Government on potential partnerships and growth opportunities with both Chile and Uruguay continues to be explored to strengthen ties and ameliorate the impact.

3.3. Continued partnership with the UK

The relationship with the UK remains strong, politically, socially and economically, and on the latter exports to the UK are higher than they have been for some time, though nowhere near pre-2016 levels³. Over the lifetime of the strategy there is an opportunity to align better economic links with the Falkland Islands public diplomacy work led by the Falkland Islands Government Office (FIGO), creating a stronger brand narrative that increases exports to the UK of premium Falklands products.

The welcome presence of British Forces South Atlantic Islands (BFSAI) community at Mount Pleasant Complex continues to provide confidence and security to the Islands, both to Falkland Islanders and to businesses who value the stability and opportunity they bring. Working with the MoD, FIG continues to look at options for better integrating the base into the domestic economy, providing BFSAI with better value around import substitution. Building on work by the Falkland Islands Tourist Board (FITB) also offers the chance to strengthen cultural links between the BFSAI community and the Falklands, giving service personnel the opportunity to meet with Falkland Islanders and experience Camp life.

In the near-term closer ties between the UK and EU offer an opportunity for existing sectors such as fishing to benefit from a period of stability and, whilst not guaranteed or certain for the long-term, offers the potential for a reduction in friction in the trading relationship.

3.4. Summary

As an export-driven economy operating in an increasingly volatile global environment marked by protectionism, geopolitical uncertainty and rising supply-chain complexity, the Falkland Islands face heightened risks to long-term stability and growth, even as opportunities emerge through strong UK ties, closer UK-EU relations, and potential partnerships with Chile, Uruguay and new industries such as hydrocarbons.

This all points to a need to grow a broader economic base, build more resilience into the economy and widen trading relationships to achieve greater stability and safeguard growth in the economy over the next 15 years.

³ [2026-02-02 Falkland Islands - UK Trade and Investment Factsheet](#)

4. National Context: The current economy and key risks

This section discusses the current economy, opportunities for future growth over the period of the strategy as well as identified economic risks that need to be addressed effectively to support a more sustainable and resilient economy.

4.1. Current Economic Performance

The National Accounts 2014-2024⁴ set out the most recent economic assessment of the Falkland Islands. Over the past five years, the Falkland Islands economy has continued to grow steadily, culminating in a 3.6% real Gross Domestic Product rise in 2024 and a nominal Gross National Product increase of 2.7%.

Fishing and aquaculture have consistently dominated economic output, contributing around 58% of GDP and driving much of the Islands overall performance with more consistent, albeit slower, growth experienced once resource sectors (fishing, hydrocarbons and agriculture) are removed from the calculation, averaging 2.4% annually between 2020-24.

Inflation has returned to a steady and reasonable rate since the pandemic and Ukraine related spike saw rates rise to 11.8% in Q4 2022, but prices have not returned to pre-pandemic levels. The annual growth rate in 2024 was 1.5%⁵ and forecast to be 2.4% in 2025 and 2.3% in 2026.

Wages remain competitive due to the tight labour market, with unemployment as close to 0% as it's possible be. This, compounded with the lack of availability of housing, is creating pressures in recruitment, especially of necessary skilled trades, though recent changes to technology and communications offer opportunities to free up labour through increased productivity.

Hydrocarbons represents the most transformative element of the economy over the coming 15 years, following approvals granted by Executive Council (ExCo) in October 2025 and Final Investment Decisions (FID) taken by Navitas Petroleum Limited Partnership and Rockhopper Exploration plc in December 2025. Whilst impact on the economy to date has been relatively minimal, the expected growth and development as a result of this project, should it be successful, is likely to be even more significant than the impact fishing has had on the economy over the preceding 40 years.

4.2. Identified national economic risks

This section covers the risks identified as part of FIGs risk management, linked to the economy that this strategy needs to address in order to meet the vision of becoming more resilient and stable.

Diversity of economy

⁴ National Accounts 2014-24, <https://falklands.gov.fk/policy/downloads?task=download.send&id=290:falkland-islands-national-accounts-2014-2024&catid=9>

⁵ Falkland Islands RPI index, Q3 2025: <https://www.falklands.gov.fk/policy/statistics/retail-price-index>

Lack of economic diversity is highlighted as one of the top risks for the government, and by extension the Falkland Islands as a Territory. Over-reliance on fishing for economic growth and government revenue in an industry that is at risk of impact from climate change is not sustainable and leaves no resilience in the economy.

It's important that the economy is expanded to spread the risk. Even within fishing it is possible to do this, looking at alternative catch options or aquaculture to help ensure diversity and better economic security over the next 15 years. Spreading in this way also helps the Falklands to develop its expertise in fishing, building on existing strengths in fisheries management and marine science to become a strategic economic hub in the South Atlantic.

More broadly, there is a need to expand both in resource sectors and in service sectors. This is why there is a spread of opportunities identified in as key drivers of growth (4.3), to support development and diversity in the economy.

Infrastructure failure

Critical infrastructure in the Islands needs to be reliable in order to effectively meet business need. Key infrastructure failure is highlighted as a risk with a significant impact, with an ageing power station and port both requiring replacement. The failure of either in the intervening period, along with any other critical infrastructure, is likely to hit businesses hard as well as the wider population.

Government Financing

The current financial situation facing FIG is challenging, with significant financial commitments made to upgrade and replace ageing infrastructure – itself crucial to developing the economy and building resilience. This is likely to impact day to day spending alongside the amount held in reserves for the government, leading to a breach in its stated 1.5x holding of reserves policy. Longer term the current Assembly have also expressed a desire to increase the reserves available to government to increase resilience.

This presents a challenging environment for the EDS, required to balance the ambition of the private sector with the financial and delivery constraints of FIG, the largest employer and biggest funder of economic development. This limits the number of economic interventions that can be delivered in the near term but does provide an opportunity to prioritise those actions which are primary to unlocking growth and building resilience vs. those that can be delivered over a longer time frame as this strategy seeks to do.

Inflationary impact of Hydrocarbons

Whilst this isn't currently reflected in the risk register, a potential future concern is the inflationary impact that hydrocarbons could have as government revenues rise and demand for infrastructure and services increases in an already tight labour market.

This highlights the need for any major infrastructure spending to be carefully phased, recognising capacity constraints around labour and materials, and supported by sensible pay policies across both the public and private sectors to prevent overheating the economy and undermining long-term stability.

4.3. Integrating Mount Pleasant Complex

Work continues to help better integrate the Mount Pleasant Complex into the wider economy, with the social and economic benefits that provides for both communities, with joint involvement in key community and sporting events taking place. This has been strengthened by increased economic cooperation across areas such as food supply and construction. There is more to do though, by supporting businesses to align with international standards, and increasing access to investment and capital, there's an opportunity for businesses to scale up and tender for more work.

4.4. Summary

Steady recent growth, stabilising inflation, and the transformative potential of hydrocarbons provide a strong foundation for future development, but these gains can only be secured through deliberate action to diversify the economy, modernise critical infrastructure, and manage government finances responsibly.

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5. National context: Cross cutting challenges to be addressed

As well as the national economic performance, risks and opportunities, throughout the consultation and as part of the wider analysis, a number of cross-cutting challenges to economic development have been identified. This section of the strategy sets out those risks, their potential to impact future economic stability and growth, and interventions required to address them.

5.1. Infrastructure

A resilient and growing Falkland Islands economy depends on modern, reliable infrastructure that can meet the needs of business and the wider population. Ensuring secure and sufficient power generation is central to this in Stanley where demand continues to rise, and the existing power station needs replacement. The new power station, wind turbines and associated upgrades will play a critical role in strengthening energy reliability and providing the capacity required to support future economic expansion.

Maintaining and enhancing key logistics assets such as the port and inter-island connectivity routes is necessary to ensure supply chains remain robust and that businesses in both Stanley and Camp can scale up or develop to take advantage of new opportunities across agriculture and transport. These systems form the backbone of economic activity, enabling goods, services and people to move safely and efficiently both internationally and locally.

In addition to these major assets, the wider infrastructure that supports daily life in Stanley, e.g. water supply, sewerage, and waste management, must take account of economic development and future growth. Continued investment in maintaining and upgrading essential services will ensure the capital can accommodate growth while preserving quality of life. In particular, increasing housing availability in Stanley will be crucial to meeting the challenge set out by employers who struggle to find staff and grow their business as a result.

5.2. Skills development

A skilled and sustainable workforce is essential to supporting long-term economic growth in the Falkland Islands, yet businesses consistently report challenges in accessing the talent they need, particularly in construction and other growth-critical sectors.

Limited local availability, combined with the cost and practical barriers of recruiting from overseas, particularly housing and flights, means that the Islands will need a balanced approach that develops local skills while attracting the right expertise from abroad. As the economy evolves and new sectors emerge, young people must be encouraged and supported to pursue careers aligned with future demand, while the skills shortage list, apprenticeship programme and immigration policies will need regular review to ensure the workforce can meet immediate gaps and underpin the Islands' long-term economic ambitions.

5.3. Technology

Whilst there has been significant progress in the delivery of telecoms over the past two years with the granting a licence to a Low Earth Orbit operator, the removal of data limits on Sure

packages, and the reduction of the VSAT licensing fee, it still registers high as a concern for business, as noted in the FIDC 2025 business climate survey. Looking to a future there is a need to secure the gains made through a new delivery model as the end of the existing arrangement comes into view with business being a key stakeholder in this work.

Recent changes provide opportunities for businesses to better access e-commerce markets with the appropriate support, guidance and in some cases bridging finance. With more of the Falklands steadily moving online, cyber security will also become part of the critical national infrastructure required to create a stable environment in which to do business.

5.4. Financing

Ready access to finance for expansion is a theme that has been repeated in discussions with business, as they look to scale up and take advantage of coming opportunity around hydrocarbons.

Lack of credit history coupled with a limited market is preventing large scale commercial banks from entering the market without government security which, coupled with the limited offer from the existing banking service, creates challenges for businesses looking to grow.

Whilst there is likely to be no change in the current approach from Standard Chartered, recent funding set aside by FIG along with continued efforts to encourage other commercial banks to lend look to address this challenge and overcome some of the structural hurdles that have historically prevented lending.

Aligned with this is the recent work undertaken on international investment undertaken by FIDC and the Chamber of Commerce⁶. This will need to be developed further into a bespoke investment framework for the Falkland Islands but is work that could have a significant impact in allowing businesses to grow over the coming 15-years whilst safeguarding against any return to extraction model of the past.

5.5. Summary

Addressing these cross-cutting challenges will be necessary to help unlock growth in the key sectors identified as well as those service sectors that are crucial to economic development. These are all felt across the geography of the Islands, though housing and all the issues that flow from it, is a particular issue for the Stanley economy.

⁶ [QSA Publishes Inward Investment Report on Falkland Islands – FIDC](#)

6. Growth Sectors

In the development of this Strategy, five sectors have been identified that will be key to the economic growth over the coming 15-years, they have been split into resource sectors (3) and non-resources sectors (2). These are listed in the table below:

Resource Sector:	Non-resource Sector
Fishing Hydrocarbons (potentially wider energy generation). Agriculture	Tourism Science and Research

By developing both resource and non-resource sectors, the Falkland Islands can spread economic risk over the long term. A balanced economy allows stronger non-resource industries to cushion the impact of price drops or poor yields in resource sectors, while strong resource-sector performance can help offset shocks to non-resource areas, such as the Covid-19 pandemic's effect on tourism. The next part of the strategy sets out the opportunities for growth in each of the sectors identified above.

6.1. Resource Sectors: Fishing and aquaculture, Energy Generation and Agriculture

At the last count, **fishing** contributed approximately 58% of the GDP of the Falklands and has been the largest part of the economy, consistently, for the last three decades. This sustained economic activity has been done through continued and careful management of the fisheries, as well as investment in marine science and conservation. The sector has also been successful at attracting inward investment and expanding trade, overcoming the Falkland's logistical challenges to do so, an example that can be set to new and emerging industries.

Tariff changes impact this sector significantly and this strategy sets out the need for the Falklands to re-establish tariff free arrangements as far as possible with Europe, building on recent work done by FIG, Falkland House and the UK Government to include the Falkland Islands in the recent UK-US trade agreement.

Stock depletion due to factors such as climate change and overfishing in the wider South Atlantic continues to be a threat to the industry, and the economy as a whole, and the Falkland Islands continues to push for solutions to these problems, including the set up a Regional Fisheries Management Organisation (RFMO) for those areas not currently regulated.

Whilst work continues to address the challenges identified, it is important for the wider economy to explore diversification opportunities to broaden the economic base and better insulate the economy against the risks identified to existing fisheries. Consultation is due to commence reviewing the benefits and impacts of larger scale fish farming and opportunities have also been highlighted around more artisanal kelp and shellfish harvesting, particularly for SMEs, should a clearer, more recognisable, international Falklands brand be established.

Whilst onshoring further in the short to medium term would prove challenging, both from a commercial and practical basis, there is the potential to look at developing further ancillary and support services to the industry, aimed at retaining more economic value from the industry in the Islands and becoming a true fishing hub in the South Atlantic.

Hydrocarbons development and potential future green energy development, offers significant economic opportunity for the Falkland Islands over the life of this strategy and potentially well into the second half of the 21st Century. Recent regulatory approval and agreement on a FID have marked the most significant milestone yet with first oil anticipated in 2028.

The impact of this cannot be overstated, and a significant part of this strategy looks to balance the expected impact with support for other sectors of the economy to grow in a measured way, attempting to mitigate risks around inflation and labour supply. That said, the Hydrocarbons industry provides significant opportunity for Falkland Islanders, both current and future generations, to safeguard their future economic security, increase available amenities and invest in a sensible and managed way in social and economic infrastructure to aid further development.

As skills and technologies in energy generation continue to advance, a future opportunity for the Falkland Islands will be the development of green energy and its application to sectors such as data centres, ammonia production, and energy storage or transfer. While some of the relevant technologies are still in their early stages, progress in these adjacent industries offers the potential to create a long-term economic legacy that extends well beyond the lifespan of any oil field. Further work will be needed to package these up into investable propositions, aligned with development of the inward investment framework and unified national brand.

The **agriculture** sector is still the economic and social backbone of the Camp economy. This sector sustains livelihoods, feeds the Islands, and helps to preserve a rich heritage across the Falkland Islands at the same time as deploying new and innovative techniques in land and stock management.

Farmers, both individually and through the RBA, have noted consistently the impact that wool prices have had over the last few years, especially as the costs and complexity of transportation increase. There have been some short-term increases which should provide some welcome relief, but the longer-term trend will likely be volatile and it's not clear yet that any sustained increase is being passed back to wool producers.

Given the small scale of the industry compared to the global market, development of a branding and marketing strategy that meets the premium quality of both the wool and the meat produced will be critical to moving to a steady price in the future.

In addition, diversification within the sector is a key part of this strategy with a number of actions geared towards this. Opportunities are to be explored across crop and livestock diversification, critical to providing greater security and resilience to the national market as this grows in scale over the coming period due to the expected hydrocarbons development,

alongside mitigating the climate risk facing the Islands through land restoration and eco-tourism work.

6.2. Non-resource sectors: Tourism, Science and Research and the Service Economy

Alongside the three resource sectors that will be significant drivers of economic activity and wealth generation, the **tourism** sector continues to provide an important additional income to both the Stanley and Camp economies. The Covid-19 pandemic and associated travel restrictions have meant some years of potential growth have been lost, against the ambition demonstrated in the previous EDS, however passenger numbers are now bouncing back to pre-2019 levels with spend in the 2023/24 season seeing a contribution to the economy of £15.2m.

There's greater opportunity to develop and grow this sector but potential is capped, particularly for land-based passenger growth, until the issue of additional flights can be unlocked. Strengthening the experience of visitors, within the operational challenges of using a military airport, also needs to be addressed.

In terms of cruise-based passengers, there has been an upward trend in number with an active approach to resolving clash days and a recent fall in the number of cancellations due to weather. Longer-term, in line with the improvements required to the air terminal, it's important to seek the opportunity to re-establish charter flights to encourage passenger exchange to take place in the Falklands.

The strategy produced by the Tourist Board is due to run until 2030, with its guiding vision highlighted below:

By 2030, the Falkland Islands will be known for its unspoilt environment, and as one of the world's leading destinations in offering a truly sustainable tourism product.

In light of the revised EDS, it seems sensible to review the 2030 goals of the strategy to better align them with the aims of the EDS. Particularly with industry ambition to grow the sector both in terms of passenger numbers and economic contribution over the coming 15 years.

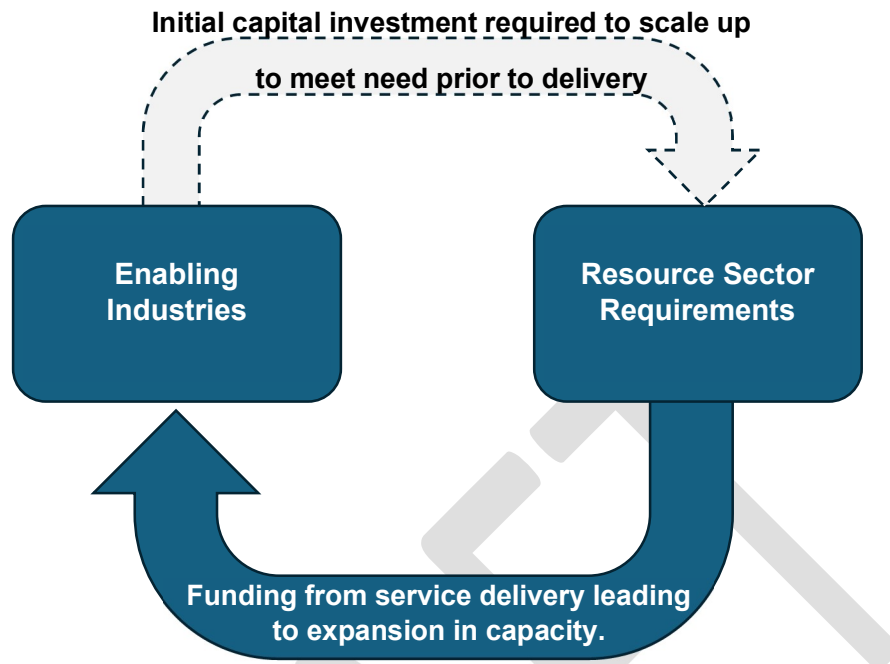
Science and Research is another success story for the Falkland Islands with the continued development of the South Atlantic Research and Environmental Institute (SAREI) as an FIG spin-out, as well as others such as Falklands Conversation, contributing not only economically and socially but internationally in the work that's done to protect the unique and unspoiled environment the Falklands has.

Here there are opportunities to develop further, developing as a gateway to the Antarctic and wider South Atlantic and creating international links that can help sustain the science and research sector as well as bring additional skills, experience and economic activity to the Falkland Islands.

6.3. Supporting service industries

Although service industries are not direct drivers of growth, they play a vital contributory role in the wider economic ecosystem of the Falkland Islands. Over the past 45 years, growth in

the five key sectors, mentioned above, has expanded the range and quality of amenities and services available to Islanders.



The challenge now, identified in the diagram above, is ensuring that these service industries can keep pace with the scale of economic expansion expected in the coming years, securing the financing and labour needed to grow.

This pressure is especially evident in the construction sector – most notably housebuilding – where businesses report difficulties in upfront costs required around recruitment and materials, limiting growth and preventing them from taking on larger contracts. The lack of commercial lending available exacerbates this situation and is experienced across those enabling businesses that don't have access to existing capital or joint venture partners who can raise it.

Part of the work of this strategy looks at increasing support available to service sectors to help them grow and better integrate as suppliers to the MoD and hydrocarbons industry.

More broadly, the service economy should be recognised as critical infrastructure for the Falkland Islands, underpinning quality of life for residents and enabling development across all sectors of the economy. Key components of this ecosystem include:

- Legal and professional services
- Construction
- Retail and leisure
- Technology and Communications
- Logistics and supply chain

7. THE STRATEGY: Strategic Economic Priorities and Economic Actions

Delivering the 2040 vision of a strategically important and resilient economy requires a clear focus on the areas of the economy that will generate long-term strength and stability for the Falkland Islands.

The Strategy is divided into three sections, based on the three Strategic Priorities, that are in place to deliver the vision set out for the future of the economy. This provides a roadmap for government, business and the wider community that help to address underlying challenges in the economy, external issues through mitigation and prioritise opportunities for development and growth.

Strategic Priority 1: Strengthening and Diversifying the National Economy

Growth in the national economy allows the Falkland Islands to build economic resilience in globally turbulent times and to continue to advocate for self-determination from a position of strength.

Leveraging existing industries such as fishing, tourism and opportunities at MPC as well as expanding into new sectors, particularly hydrocarbons in the short term, sustains economic growth but also increases the breadth of services and amenities available to the population.

Priority Actions:

In the immediate five-year period these actions represent highest-priority commitments for diversifying and strengthening the national economy. Focusing on opportunities to support businesses to better integrate in the MoD supply chain, scale up for Hydrocarbons and diversify the fishing sector, along with expanding the tourism sector through delivery of a second flight and the setting of a longer-term strategy to match that of the EDS.

Priority Economic Actions	Description	Reason for prioritising
Support companies to engage and scale up to meet both MoD and Hydrocarbons demand and take advantage of existing and new and economic opportunities.	<p>Recognising the international standards and increase scale required for businesses who contract with both the MoD, and Hydrocarbons industry, offer support and capital investment/loans for small and medium sized businesses to scale-up as well as upskill in key compliance areas to meet client demand.</p> <p>This develops the service economy out further, supporting diversification and improving amenities.</p>	<p>Hydrocarbons approval received in October 2025, shortly followed by the FID.</p> <p>Clear need to support locally based small and medium businesses to scale up and meet contracting opportunities in the short term.</p> <p>Funding has been in principle allocated to the delivery of this work which should allow a quicker mobilisation.</p>

Deliver a second commercial flight.	Continue work with FCDO and airline operators to ensure agreed flight comes to fruition, benefiting the land-based tourism industry and providing better connectivity for all. Longer-term look at opportunities around a third potential flight, based on post-covid work completed.	2024 Joint Statement agreed the resumption of the second flight though this has not yet happened. Negotiations with the airline are ongoing to deliver with FIG capacity allocated. Critical to ensure future growth in land-based tourism.
Review the Tourism Development Strategy, in light of the EDS.	Recognising the current strategy is in place to 2030, and the criticality of this industry to diversifying the Falklands economy, look to develop a refreshed vision for the industry to 2040 with a more ambitious approach to land-based visitors based on delivery of the second commercial air link.	Important to review the TDS once the EDS is agreed and the strategic direction for the economy is placed. Current strategy only sets out to 2030 and a more ambitious outlook is required.
Diversification of the fishing sector	Recognising the strengths of the fishing sector in the economy, look to develop this sector further, seeking community views and understanding economic opportunities around different scale aquaculture, kelp harvesting and farming, shellfish farming.	Reliance on a small number of stocks alongside climate change and unregulated fishing in the South Atlantic presents a clear and immediate risk to the industry and government revenues. Important to test community appetite for opportunities in this area in the near term to be able to alter approach if needed and work is underway to do this.

Longer-term opportunities and ongoing delivery:

These longer-term opportunities and ongoing objectives focus on developing continuing links into Mount Pleasant Complex, diversifying the Camp economy, improving international connectivity and tourist experience as well as ensuring Stanley has enough appropriate land to support future development.

Longer-term opportunity	Description	Reason for defining as longer-term/ongoing
Develop better links into Mount	Developing opportunities for businesses in Stanley and Camp	This work is part of an ongoing piece of engagement

<p>Pleasant Complex across agriculture, leisure and tourism.</p>	<p>across import substitution, construction and other contractual opportunities.</p> <p>Foster better links between MPC and the Falkland Islands through tourism and leisure, building on work undertaken by FITB.</p> <p>Added benefit of allowing service personnel to better know and understand the Islands, becoming ambassadors following time here.</p>	<p>delivered by the Joint Project Officer and the Development and Commercial Services team.</p>
<p>Continue to provide economic support for diversification in Camp.</p>	<p>Continue to build test and learn pilots around diversifying livestock, crop development (strengthening food security), eco-tourism, carbon sequestering and energy production.</p> <p>Economic Development of Camp is crucial to ensuring quality of life and preservation of the heritage and history of the Falkland Islands.</p>	<p>Ongoing through DoA, FIDC and FITB.</p> <p>Longer-term review on the effectiveness of individual schemes seeing what opportunities there are to target or make available larger sums.</p>
<p>Develop a civilian air terminal for International Flights to better support an expanded tourism industry.</p>	<p>Creating a new civilian air terminal to improve the passenger experience, benefiting both Tourists and Falklands residents. It also increases the Island's attractiveness for charter flights and passenger exchange should diplomatic issues be mitigated.</p> <p>Work would be required to investigate the economic benefit of doing so, scoping potential sites and delivery partners as well as understanding more practical considerations.</p>	<p>Dependent on increased passenger numbers provided by the second commercial flight, potential oil charter flight to support business case development and viability.</p> <p>Capital funding not in place to deliver the scheme though potential sites have been identified.</p>
<p>Support growth within Stanley developing appropriate space for commercial, office and light</p>	<p>Taking advantage of increasing power capacity to support the growth of the City to meet economic need in the medium and long term and to allow for the potential onshoring of more activities across</p>	<p>Financing to create serviced land, doesn't yet exist. New power plant would likely need to be in place to meet any significant light industrial need.</p>

industrial space in a growing economy.	sectors aimed at adding value and retaining economic benefit for the longer term.	
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Strategic Priority 2: Building Economic Resilience

Falkland Islanders for generations have been known for their resilience and resourcefulness, but continuing global uncertainty demands stronger economic resilience to ensure future growth.

Significant infrastructure commitments have been made in the last 18 months across port, power and waste management, but the Falkland Islands must also ensure that the right skills, technology and systems are in place to sustain economic growth and withstand future shocks. This will allow the Islands to become a hub for economic stability in the South Atlantic, critical to meeting the vision for 2040.

Whilst all the infrastructure projects identified, particularly those noted as priorities, are critical to safeguarding the future of the Islands economy, it's important that any future planned development takes place in a considered and staged manner, to manage potential inflationary impacts (on labour, logistics and materials) of the hydrocarbons industry coupled with other key delivery projects – hence the need to review the National Infrastructure plan in the first instance.

Priority Actions:

Priority Economic Intervention	Description	Reason for prioritising
Complete construction of the new port.	<p>Delivery of the new port will guarantee the ability of vessels to continue supplying/trading with Stanley for the next 50 years, providing greater surety of supply chain and building economic resilience.</p> <p>Increased productivity opportunities as wider barges will allow faster turnaround of vessel loading/unloading.</p>	<p>Critical to ensure continued trade of economic goods between the Falkland Islands and the rest of the world.</p> <p>Financing and capacity already assigned to support delivery.</p>
Deliver new power station and wind farm development.	<p>Delivery of a new power station, wind turbines and associated upgrade works to delivery energy security to the Islands over the coming half of the century.</p>	<p>Critical to economic expansion in Stanley and to meet future housing need for workforce.</p> <p>Financing and capacity already assigned to support delivery.</p>

<p>Review National Infrastructure Plan (NIP)</p>	<p>The current plan, last reviewed in 2020, is now out of date and some priorities are already in delivery.</p> <p>Being conscious of the impact of hydrocarbons, particularly in labour costs, any future infrastructure build needs to be done in a planned, measured and managed way to not exacerbate potential issues around inflation.</p>	<p>Important the NIP is reviewed and ready to go once Port and Power are completed.</p> <p>Phasing of future works, depending on amounts allocated to infrastructure post 2030, will be critical to ensuring population and business needs are met.</p>
<p>Ensure the right skills are in place over the next 15 years.</p>	<p>Continue with the delivery of the existing workforce development strategy, updating in light of feedback regarding:</p> <ul style="list-style-type: none"> • Review of apprenticeship programmes using feedback from both apprentices and businesses. • Review of Skills Assessment Council shortage list, with better prioritisation and horizon scanning for future gaps that may impact economic resilience of the islands. • Look at barriers to young graduates/FE students returning to the Islands. • Strengthen external recruitment, coordinating efforts around the Think Falklands portal. 	<p>Critical issue raised by employers as part of the consultation and existing Workforce Development Strategy in place to deliver against.</p> <p>Work is ongoing in most of these streams but appropriate to review and align strategically with the revised priorities in the new EDS.</p>
<p>Strengthen economic data collection</p>	<p>As the trading environment becomes more volatile, a better understand of trading relationships, goods and services and their performance is required to inform the growth of the economy as it develops.</p>	<p>Greater understanding required in this space urgently as resource trading grows and the economy expands.</p> <p>Capacity likely to be in place in the near term to deliver.</p>

<p>Develop communications resilience and digital connectivity</p>	<p>Improve both the physical and digital infrastructure in the Islands to support businesses in e-commerce and international trade.</p> <p>Taking advantage of the recent developments in VSAT and LEO technology to grow this area of the economy, assessing the feasibility of economic opportunities around green energy generation, space and defence and data centres/AI.</p>	<p>Work already in development regarding the future telecommunications contract due to expire in 2027.</p>
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Longer-term opportunities:

Longer-term opportunity	Description	Reason for defining as longer-term/ongoing
<p>Set up a technology development scheme</p>	<p>Develop a specific loan/grant scheme to support businesses as they look to increase productivity, strengthen their cyber security and grow their digital footprints to support e-commerce.</p>	<p>Dependent on the outcome of the telecoms review before the focus of the scheme can be agreed.</p> <p>Funding and capacity for delivery not assigned in the near term, though this could be taken forward as a loan/invest to save scheme offset against future productivity benefits and delivery through a private sector organisation.</p>
<p>Conduct a West Falkland and Outer Islands business transport review</p>	<p>Looking at options to improve the reliability of supply chain inter-island recognising the impact that delays can have, particularly in the livestock part of the agricultural sector.</p> <p>Prepare options for future development should funding for critical infrastructure become available during the lifetime of the strategy.</p>	<p>Work ongoing to conduct the FIGAS operational review and further review of business/logistics to the West and Outer Islands would flow from that.</p>

Strategic Priority 3: Expanding Markets

As an island nation, exports have played a significant role in the economic development of the Falklands economy since the first permanent settlers arrived, trading with the UK, South America, Europe and across the globe.

Further time and investment needs to be given to strengthen this and support local businesses to expand, especially in light of increasing global uncertainty around tariffs and trading relationships.

Similarly, with continued challenges in accessing finance and as markets continue to internationalise, there is a need for a clear inward investment framework for the Islands to leverage better international private funds in the development of the economy and deliver of key services.

Diversifying markets mitigates risk for the Islands as well as regularising trading relationships with new countries, helping the Falklands to continue to make the case for self-determination.

Priority Actions

Priority Economic Intervention	Description	Reason for prioritising
Deliver an inward investment strategy setting out a clear framework for acceptable international investment.	This work will set out a suitable investment framework for the Islands, outlining key development sectors of the domestic economy that could be opened up to international investment, joint venture delivery or other models.	Scoping work on this has already been completed by both the Chamber and FIDC, setting out the path to delivery and highlighting areas for improvement against comparator economies. Crucial this is delivered quickly, alongside opportunities coming forward in Hydrocarbons, to ensure that there is a clear framework for international investors in place which provides certainty for business and safeguards critical industries and national infrastructure.
Commission work on a unified national brand to support the Falkland Islands	Develop a brand profile to be shared across exports, tourism and public diplomacy to present a coherent narrative based on the unique culture, heritage and ecology of the Falkland Islands.	Feedback from the consultation showed the Islands' story isn't leveraged as strongly as it could be and there was a need to challenge

<p>both in UK and international trade.</p>	<p>Whilst initially this would be focused on increasing exports to the UK, particularly for SMEs, there is an opportunity to apply this internationally across resource industries and tourism.</p>	<p>some negative international perceptions.</p> <p>Delivering this work is a crucial first step in expanding and diversifying markets in the development of premium or added value propositions around agriculture and tourism.</p>
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Longer-term Opportunities and ongoing delivery:

<p>Longer-term opportunity</p>	<p>Description</p>	<p>Reason for defining as longer-term/ongoing</p>
<p>Grow the number of countries the Falklands has a trading relationship with.</p>	<p>Work in partnership with the Falkland Islands Government Office (FIGO), UK Government and the Department for Business and Trade to identify opportunities for the Falkland Islands to become a part of new and existing UK trade agreements, broadening free-trade opportunities for the economy.</p>	<p>Work ongoing in this arena, particularly in relation to public diplomacy led by Falkland House.</p> <p>This is a clear priority in terms of the fishing industry in relation to the EU, following the negative impact the EU–UK Trade and Cooperation Agreement has had on the sector.</p> <p>Inward Investment Framework and stronger national brand will provide additional support.</p>
<p>Continue to develop strong links with Uruguay, Chile and wider SA working with logistics partners and the FCDO to expand trading opportunities.</p>	<p>Recognising the positive relationships between the Falklands and Uruguay and Chile, continue to build on this, working together on issues relating to shipping, agriculture and increasing trade to make international exporting easier for local businesses.</p>	<p>This work is ongoing, delivered through the British Embassy in Montevideo and continued cultural and economic engagement with both Uruguay and Chile. FIDC is also expanding links in this space with recent, reciprocal business delegations.</p> <p>Working with the British Government look at opportunities to expand this</p>

		to other South American countries.
Develop a prospectus for international investment.	Document would set out the rules and regulations around inward investment alongside potential opportunities for international investors, including priority sectors and joint venture opportunities.	Dependent on the delivery of the unified national brand and the inward investment framework.
Develop options for a regulated carbon offsetting programme to allow farmers to access international markets and diversify their income	Leveraging international green finance to help support restoration of peatlands in the Islands and achieve aims within the Environment Strategy.	<p>Some initial work has been done to deliver this as part of the EU funded GO programme though it is appreciated a significant period of baseline data will be required before this can be developed into an investable proposition.</p> <p>Work on the Land Recovery Strategy has recently been approved by ExCo with a number of funded schemes now in place. Important to understand the impact of these ahead of further development in this area.</p>
Facilitate growth in the science and research sectors	<p>Targeted support engaging internationally to encourage growth in the science and research economy.</p> <p>This could include, but is not limited to:</p> <ul style="list-style-type: none"> • Facilitating partnerships, with other govts. and HE Institutions • Including science, research and innovation in the inward investment framework. • Key role in the development of the carbon offsetting framework and the unified national brand development. 	<p>The development of the unified national brand and investment prospectus will help to strengthen the marketing of the Falklands and opportunities within this sector.</p> <p>Potential for the coming Environmental Trust to support the development of the industry, particularly in relation to land recovery, biodiversity and carbon reduction – but may be some time before this is of sufficient scale to support the growth of the sector.</p>

<p>Bring together an Exporters network to help small and medium sized businesses navigate logistics challenges.</p>	<p>Recognising the desire to grow the export of premium products to the UK and other trading partners, build a support network for artisan and small-scale producers to offer advice and guidance on exporting.</p>	<p>Dependent on the delivery of the unified national brand and technological improvements, to help small scale producers into e-commerce/export market.</p>
<p>Build a strategy to investigate the feasibility of attracting digital nomads to the Falkland Islands, particularly Camp as a rural diversification opportunity.</p>	<p>Tapping into a global market for digital nomads/remote workers now that the technology is available, cheap and reliable in the Islands.</p> <p>Explore the potential for tax breaks/incentives for people taking on dilapidated properties or building new houses in Camp.</p>	<p>To be undertaken after the proposed immigration review is completed.</p> <p>Further work required to develop communications resilience and technology development before this can be fully implemented.</p>

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