

SECRET

FALKLAND ISLANDS

COM/42/2S

SECRETARIAT

COMMERCIAL

AGREEMENT WITH THE

ARGENTINE

File Opened 17 - 9 - 73

Closed

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CS 15/4
HE ✓
2/3 30/4
HE ✓
6/5

Weedel.



CONFIDENTIAL

From FCO

To Immediate Stanley
Tel No 238 of 10 September

Your Tel No 329

Following is repetition as requested.

To Immediate BA
from FCO

Tel No 203 of 9 September
Info Priority Stanley

Your Tel No 311 of 6 September

COMMERCIAL AGREEMENT

1. Approval of signature of this Agreement was given in my Tel No 103 of 23 May. We have no objection to the Spanish text.
2. The text dated 14 May 1974 sent to you on 15 May and the English text accompanying your Spanish translation both give 31 December 1976 terminal date.

CONFIDENTIAL 011830Z

To Buenos Aires from Falklands DESKBY 031000 local
and to FCO DESKBY 031000Z
Telegram No. 81 of 1st June

Commercial Agreement

Your telegram No. 175 to FCO.

We would welcome a regular shipping service operated by Servicio
de Transportes Navales.

FCO please pass

CONFIDENTIAL 311345Z

From Buenos Aires

To Priority FCO

Telegram No. 175 of 31st May
information Port Stanley.

My telegram No. 174.

Commercial Agreement

1. Now that the Argentines are willing to sign the Commercial Agreement, there is presumably no objection to Servicio de Transportes Navales running a regular shipping service between Argentina and the Falklands. Indeed, once the work on the YPF plant and the airfield get under way it will be essential.

2. If you agree, we should like to tell the Argentines as soon as possible. Indeed this would be another point worth making to Vignes at a possible call next week.

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From BA

To FCO

Tel No 174 of 30 May

Info Stanley

My Tel No 168:

YPF AND COMMERCIAL AGREEMENTS

1. Blanco has confirmed that Argentines are prepared to sign both the YPF and Commercial Agreements at the same time, probably the week beginning 24 June. They have also accepted the text of our draft letter to accompany the former and supplied translation of both agreements. (Copies to Relton by tomorrow's bag).

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RESTRICTED

092000Z

From Falklands

Tel No 68 of 9 May

Priority to BA
Priority to FCO (for Info)

COMMERCIAL AGREEMENT

My Tel No 61

1. Council this morning advised that Agreement be signed.

RESTRICTED

FCO Please pass

4/29/5
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From FCO

To Immediate Port Stanley
Tel No 123 of 8 May

Info Priority BA

Your Tel No 61 to BA

COMMERCIAL AGREEMENT

1. When considering this draft agreement with your Council tomorrow, you may wish to draw their attention to Miss Evans' letter to Relton of 26 April, copied to Layng.
2. In our view, these commercial transactions, if they are allowed to continue without a sovereignty umbrella, may seriously erode our sovereignty.
3. The Argentines attach value to the YPF Agreement, but may be less enthusiastic about the Commercial Agreement (whose main object is to prevent the erosion of our sovereignty which seems already to be taking place). It would be prudent to aim to get both Agreements signed at the same time.

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EXECUTIVE COUNCIL

No. 16/74

Commercial Agreement with the Argentine Republic

Honourable Members will recall that over the past two years there have been periodic discussions concerning the need to enter into a commercial agreement with the Argentine Republic, which would provide the same kind of sovereignty umbrella to cover commercial and trade arrangements as is already in existence with respect to transportation, postage, education, medical matters, etc. At the 3rd Round of Talks held in Stanley in November 1972, Mr. Fred Burrows expressed strong reservations over the pattern of trade which was developing between the Falklands and Argentina and considered that without a formal Commercial Agreement there was some risk of an erosion of the British claim to Sovereignty.

2. As a result of the exchange of views held at that time, a draft agreement has been drawn up and a copy of this is attached. It seems likely that, if members agree to such a step, this agreement will be signed in Buenos Aires at the same time as the YPF agreement.

3. The proposed Commercial Agreement is clearly in the interest of the Colony and is designed to protect us from any future claims by the Argentines that shipping arrangements, documentation, bills of lading, invoicing and all the other technicalities involved in commercial exchanges between the Colony and the mainland imply any renunciation by Great Britain of sovereignty over the Falklands.

4. Honourable Members are accordingly asked to advise that the agreement be signed as soon as is practicable.

Secretariat,
Stanley.

30th April 1974.

Ref: COM/42/2 S

HRT.

CONFIDENTIAL

26 April 1973

EXCHANGE OF NOTES

No. 1

HER MAJESTY'S AMBASSADOR AT BUENOS AIRES
TO THE ARGENTINE MINISTER FOR FOREIGN AFFAIRS
AND WORSHIP

Your Excellency,

I have the honour to refer to paragraph (12) of the Joint Statement which was initialled by the representatives of our two Governments on 1 July 1971, and approved by them on 5 August 1971 (hereinafter referred to as "the Joint Statement"), and to discussions, held in the Special Consultative Committee (referred to in paragraph (1) of the Joint Statement and hereinafter referred to as "the Special Consultative Committee") about measures to facilitate trade between the Falkland Islands and the Argentine mainland and to permit a greater ease of commercial transactions. Accordingly, I have the honour to inform you that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to conclude an agreement in the following terms:-

1. The United Kingdom Government and the Argentine Government shall take appropriate measures to facilitate trade and the carriage of goods between the Falkland Islands and the Argentine mainland.
2. The Special Consultative Committee shall deal with questions which might arise over the interpretation or application of this agreement.
3. This agreement is concluded in accordance with the Joint Statement, and references to the Joint Statement in the Exchange of Notes between the two Governments dated 5 August, 1971 (hereinafter referred to as "the Exchange of Notes") shall be deemed to include references to this agreement.
4. This agreement shall remain in force until 31 December 1974, or until the expiration of notices given in accordance with paragraph (18) of the Joint Statement and with paragraph (2) of the Exchange of Notes. After 31 December 1974 either of the two Governments may denounce this agreement subject to six months' prior notice in writing.

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- 2 -

If the foregoing is acceptable to the Government of the Argentine Republic, I have the honour to propose that this Note together with Your Excellency's reply in that sense shall constitute an agreement between the two Governments which shall enter into force on the date of your reply.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

No. 2

THE ARGENTINE MINISTER FOR
FOREIGN AFFAIRS AND WORSHIP TO
H.M. AMBASSADOR AT BUENOS AIRES

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of today's date, which reads as follows:-

(as in No. 1)

2. I have the honour to inform Your Excellency that the foregoing proposals are acceptable to the Government of the Argentine Republic, who therefore agree that Your Note and this reply shall constitute an agreement in this matter between the two Governments which shall enter into force on this day's date.

3. I convey to Your Excellency etc.

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RESTRICTED 291705Z

From Buenos Aires

to Priority Port Stanley

Telegram No. 38 of 29th March

and to FCO.

Your telegram No. 115.

Commercial Agreement.

1. Given that the Commercial Agreement is no more than an extension of paragraph 12 of the Joint Statement with an added Sovereignty umbrella (which was first discussed at the Third Round of Talks and was scheduled for the Agenda at the Fourth Round), we hope it will be possible for the Councils to consider it expeditiously. It would be most embarrassing if we are again obliged to back pedal on a matter which the British Government has asked for, as in the case of the YPF Agreement and the Shipping Service which were both requested by the FIG.
2. Who are the "five" mentioned in last sentence of paragraph 1 of telegram under reference?

FIC



B.H. B/4 25/3

Foreign and Commonwealth Office
London SW1A 2AL

Telephone 01-

Your reference

Miss M G D Evans
BUENOS AIRES

Our reference

Date

6 March 1974

Dear Miss Evans,

COMMERCIAL AGREEMENT

1 We were interested to see from your letter (4/11) of 11 February that Counsellor Blanco had linked the YPF agreement with the Commercial Agreement. We are not out of the wood yet on the YPF agreement - we are still under fire from the Falkland Islands Committee - but, assuming the incoming Minister can authorise signature of the YPF agreement, we should be very glad to sign the Commercial Agreement. As you know the purpose of the Agreement is merely to erect a sovereignty umbrella over things that are already being done, and will probably increasingly be done in the future. But we have been unable to confirm from our papers here that the matter has been approved formally by the Legislative Council of the Falkland Islands and, given the suspicion of the Committee here about any proposed accommodation with the Argentines, it is, in our view, essential that the measure should have the support of the Council before it is signed. The records of the round of talks in Port Stanley show the support already given to the idea.

2 I enclose a copy of the text of the Agreement to ensure that we are considering the same text, and I am sending a copy of this letter together with the text to Tom Layng who will perhaps be so kind as to advise what Leyco's position on the Agreement is.

Stanley

Stanley Relton
Latin America Department

Encl

T Layng Esq
c/o Governor Port Stanley

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DRAFT

26 April 1973

EXCHANGE OF NOTES

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- 2 -

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CONFIDENTIAL

No 1

COMMERCIAL AGREEMENT

Points to Make

1. It is in everyone's interest that trade between the Falkland Islands and the Argentine Mainland should expand.
2. Since there are still differences between HMG and the Argentine Government about sovereignty over the Islands, it would be useful for the two governments to conclude an agreement which extended a sovereignty umbrella to measures taken to promote trade.

Background

3. At the last round of talks held in Stanley during November 1972 Mr Burrows pointed out that paragraph 12 of the Joint Statement required both sides to exchange views on, but not to carry out, measures to facilitate trade and commercial transactions. For this reason the sovereignty umbrella embodied in the Exchange of Notes of 5 August 1971 which covers activities under the Joint Statement, does not cover measures taken to facilitate trade and commerce between Argentina and the Falkland Islands.
4. In fact trading links, such as the proposals for the supply of Argentine fuel by an Argentine Government controlled corporation (YPF) are already beginning to develop. Since governments or governmental agencies will probably be involved in links of this kind there may well be implications with regard to sovereignty. For example, if the Falkland Islands government were to accept cheap Argentine fuel on the basis of the Argentine assertion that the Argentine domestic price applies in the Islands this would

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be a damaging erosion of our position, unless accompanied by a suitable sovereignty umbrella. Similarly if Argentine government controlled shipping complied with Islands rules about visiting foreign shipping this would prejudice the Argentine position, and if they did not so comply this would prejudice our position. Consequently from our point of view an Exchange of Notes which extended a sovereignty umbrella to measures taken to increase trade between the Islands and Argentina would be desirable.

5. The Argentines themselves should also see advantage in such a Commercial Agreement since we would then be able to allow them to take measures which might bring considerable benefits to the Falkland Islands and so lessen any antipathy towards Argentina which there is in the Islands. Such an agreement would be an advantage to the Islanders too, since it would enable them to enjoy the benefits of an expanded trade with the outside world.

6. A draft Exchange of Notes is attached.

Latin America Department

FCO