

SECRET

CONFIDENTIAL

UTI/FUE/2#05

FUE/13/3 S

101

FALKLAND ISLANDS

SECRETARIAT

FUE/13/3 S

VOL 1

NEGOTIATIONS WITH YPF FOR SUPPLY OF FUEL OILS TO FALKLANDS

File Opened 4-9-73 Closed

Closed _____

Local petrol price

" "

" "

30	/10/72	42p
14	/2/73	53p
1	/11/73	82p

Weeded



See 161)

+76,

60

ROUTINE

CONFIDENTIAL 282015Z

B.P.

Addressed to ~~XXX~~ telno ~~XXX~~ of 28 July repeated to ~~XXX~~
~~XXX F.C.O.~~

²⁰⁰

FUEL SUPPLIES AND YPF: My letter of 22 May to Kinnear copied to Whitney and Buenos Aires telno 104.

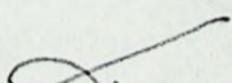
1. The Argentine survey team, led by Campos of the YPF have carried out their survey but solely for the tank for JP1 fuel.
2. In a discussion with Campos and De la Colina it was clear that YPF being a nationalised concern could not move on the questions discussed at our meeting on 18 May until Malvinas Department gave the all clear.
3. I would be grateful if you could mention this point to the MFA as if as we expect ~~the~~^a ship is ~~xx~~ coming down in September, to bring the erectors and the tank it would be a pity if we missed the opportunity to build a second tank at the same time.

For replies see

No 2.

R36 + 37

in 5/401/21 at CH





61
Foreign and Commonwealth Office
London SW1

Telephone 01-

Your reference

Our reference

HWF 12/1

Date 21 July 1972

Dear Tom,

FUEL TANKS AT PORT STANLEY

1. I refer to the Governor's letter of 22 May to George Kinnear, attached to which were the draft notes of a meeting held on 18 May to examine the future bulk storage of petroleum products at Port Stanley.
2. The Governor wrote that since the meeting, YPF and Sloggie had discussed the problem further and, as a result, the matter might be put on a commercial basis, and the Government saved the expense of installing bulk storage tanks. I take it that the letter refers to the tank of about 150 tons capacity to be constructed by the Argentines in their tank farm at the request of the Falkland Islands Government; paragraph 4 of the notes refers.
3. If the idea of putting the matter on a commercial basis does not materialise, this tank would presumably be paid for by the Falkland Islands Government, and thus would not form part of the equipment provided by the Argentines under the Temporary Airfield Agreement, and, as such, removable by them when the temporary airfield ceases to function. When Kinnear wrote on 25 May he did not know, of course, of this development, but he did venture to suggest that if such arrangements could not be brought within the scope of current agreements it might be necessary to negotiate a new one.
4. However, the idea of going ahead on a commercial basis may be gathering way by now, and we should be grateful to know the position.
5. The permanent airfield scheme makes no provision for fuel storage. Is it envisaged that the tank farm now being discussed will be taken over by you to fill this need when the temporary airfield has served its purpose? Or will it remain the property of the airline operators? Either way, its disposal will I assume be dealt with under a new agreement with the Argentines.



6. On the matter of fuel storage as a whole, I know you have no problem about the storage of diesel fuel; the Government tank now being discussed (whatever the arrangements for its installation) will presumably be used for motor spirit, and it seems from the notes of the meeting that Avgas for the Beavers will continue to be brought in drummed. But will you not in the long run need your own storage for JPl, especially for use in an emergency?

7. One or two views expressed in this letter require Legal Adviser's confirmation, but I will not seek this until I get your reply, which you may wish to delay until the Argentine team of experts have reported the results of their survey of the installation of bulk storage facilities.

MS/ 21/8

8. I am copying this letter to Charlotte Rycroft in Latin America Department, Greenwood, and to Whitney at Buenos Aires.

Yours ever
D G F Hall

D G F Hall
West Indian and
Atlantic Department

Copy to:
Miss Rycroft, LAD
Mr Greenwood, Legal Advisers

R W Whitney Esq OBE
Buenos Aires

25th August 1972

9/0

Fuel Tanks at Fort Stanley

60161

Please refer to your letter RWF 12/1 of 21st July on the above subject which arrived in the last bag.

2. Since writing this, you will have seen our telegrams numbers 200 of 28th July and 206 of 3rd August and Buenos Aires telegram number 119 of 31st July all of which were copied to you.

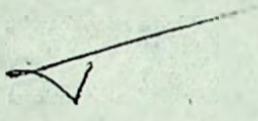
3. The position in brief is that following the meeting here on May 18th with YPF and Argentine Air Force Officials, it was understood that the YPF representatives would discuss the question of building a 150 ton storage tank for domestic petrol in Stanley with their superiors in Buenos Aires. Minutes of this meeting were sent to you under cover of our letter of 22nd May to George Kinner. Then, however, Captain Campos returned here at the end of July, we were surprised and somewhat dismayed to find that he had not taken our point that we were proposing that the supply of petrol to the Falklands by YPF should be a purely commercial matter between the Falkland Islands Company and themselves. Captain Campos stated that he had taken no follow up action after the May meeting and was waiting for diplomatic instructions from the Malvinas department. He was unmoved by our arguments that our Aviation department already purchases Avgas from Shell Buenos Aires without formality. We therefore telegraphed Buenos Aires on 28th July asking the Ambassador to clear this with the MFA, and we are assuming that this has been done.

4. De la Colina and the YPF representatives have told us that they would expect to sell petrol in Stanley and throughout the Camp at the Argentine regulated price which we understand to be about 12 pence per gallon. They have made no secret of this, and since petrol prices fluctuate between 30 and 60 pence per gallon in the Colony (currently 33 pence) naturally this has been universally welcomed. There can be no doubt that in this very vehicle conscious territory (one for every two inhabitants - 800 of which are ~~thirty~~ Land Rovers doing 10 miles per gallon) the provision of universal cheap petrol would bring home to every household the material advantages of the closer links with Argentina. From LADD's and the Argentine government's point of view too, if the tanker bringing JP 1 across each time can top up with domestic petrol, this will make their air service operation more economic. We are thus hoping that the necessary moves can be made in Buenos Aires in time to allow the extra tank to come across in the ship in mid-September.

5. If this fails, as you say, we shall have to think again and a new agreement will presumably be needed. We regard the question of provision of cheap petrol as important and an obvious means of popularising the new relationship with the Argentines, and would hope that early steps can be taken on this. It is likely to be an item we would wish to put on the agenda for the October talks if it is not resolved earlier.

6. As far as fuel storage for the permanent airfield is concerned, as you point out, no special provision has been made. No doubt, if the air service continues to be operated by LADD they will wish to retain the use of the tank brought in for the temporary airstrip. We would hope that agreement could be reached for it to remain in situ indefinitely as property of the Argentine government (as an extension of the commercial arrangement with YPF for domestic petrol) and that we would not be asked to pay for it. In my ex-

perience bulk storage for aviation fuel is not normally considered as an essential part of a pioneer airfield and we could probably get by here for some years using drums. However, with the tank here it would be silly not to make use of it, and if the Argentinians pressed us to purchase it when the temporary strip is removed we would ask for its cost to be included in our aid allocation for construction of the permanent airfield.


(T. H. Layng)
COLONIAL SECRETARY

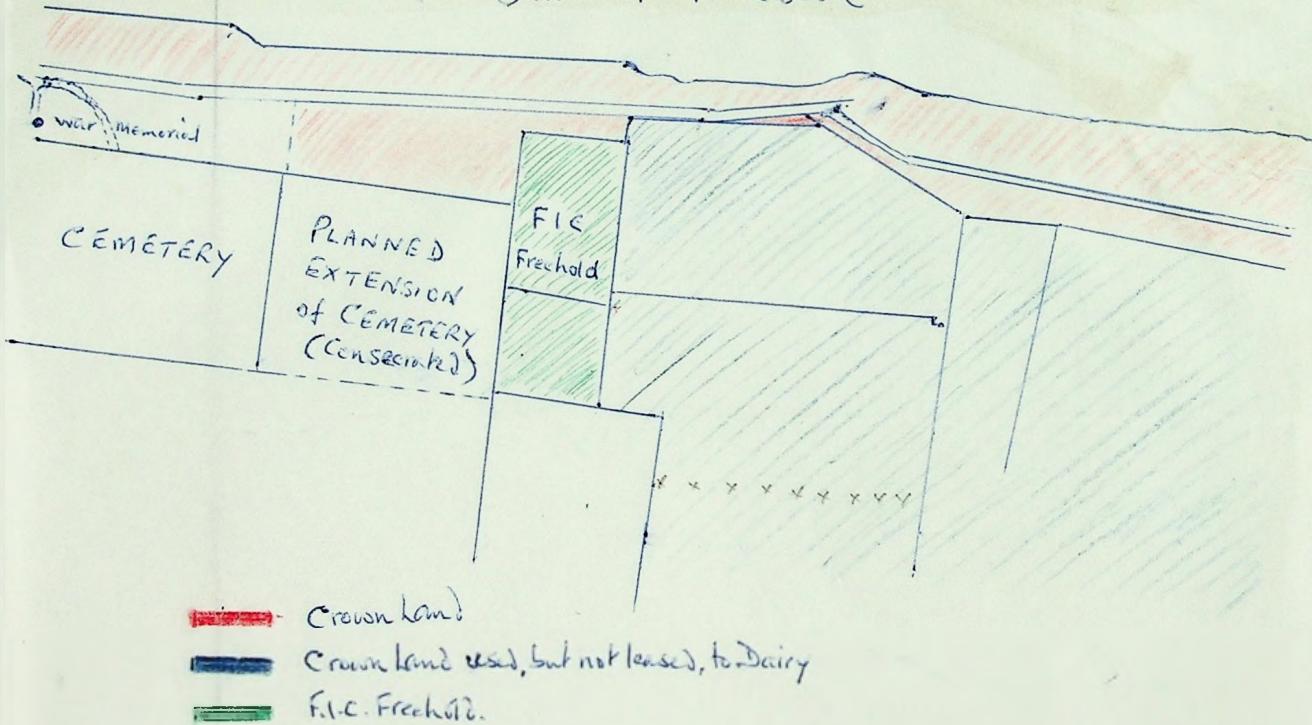
D. G. P. Hall, Esq., M.B.E.,
West Indian and Atlantic Department,
FOREIGN AND COMMONWEALTH OFFICE.

cc: Miss Ryecroft, FCO.
Mr. Greenwood, FCO.
Mr. Peters, C.M.G., B.A.

MRT.

b/s

STANLEY HARBOUR



C.S.

I re-visited the site with Com. De la Colina 31st Aug.
 He sees "no problem" as to the site whether F.I.C. or Crown property
 adjacent, but suggest the question be brought up at Secretariat
 level, because he is in direct contact with D.A. on the matter.



Recd 4.9.72

This is now finalised

CONFIDENTIAL

66

Extract from telno 119 of 31 July from Buenos Aires to Falkland Islands and FCO.

4. In your second telegram under reference you want us to ask Malvinas Department to give YPF the all clear to negotiate provision and construction of a second bulk storage tank which may not come within current agreements. If we take this up the Malvinas Department will not expect us to raise any difficulties about Argentine labour to carry out the work on their own fuel tank as well as one for Islands. More labour may be necessary if 2 tanks are constructed.

61.200

Extract from telno 206 of 3 August from Falkland Islands to Buenos Aires info FCO.

2. We understand that if we get the all clear about YPF deal some extra labour may be required but it should be possible to keep this to a minimum. Certainly the presence of this extra force will be more acceptable locally if our long term fuelplans are being implemented.

CONFIDENTIAL

Extract from telno 138 of 4 September from Buenos Aires to Falkland Islands info FCO.

3. Provision of storage for domestic fuel tank raised in your telno 200 was taken up at the same time by Counsellor who stressed the importance which you attach to this. Izaguirre told us on 1 September that YPF would be prepared to construct tank. The MFA however consider that this cannot be done as a commercial arrangement between YPF and the FIC. The MFA would want a further inter-governmental agreement for this construction.

4. This will delay things since these agreements take a long time to set up. If it is agreed that we should go ahead on this matter we shall need technical specifications and details. We shall also have to obtain estimates of costs and the terms of an agreement will have to be worked out.

Extract from telno 241 of 7 September from Falkland Islands to Buenos Aires info FCO.

2. In view of the difficulties about domestic fuel tank I am prepared to let the matter rest at present time.

NOMINA DE INTEGRANTES DEL GRUPO DE TAREAS DE Y.P.F.

Ing. COLOE, Martín F.

CAPOS, Ernesto M.

ROMANIEJKO, Eugenio A.

DUVAL, Octavio Oreste

MICHELLOD, Danilo

PRADO, Bernardo

MARCOS, Roberto

MARTINEZ, Alberto

DELGADO, Luis

SELVAGGIO, Artemio

BALDUZZI, Orlando

PRESOA, Guillermo

MARTINEZ, Raúl

VILLAFÁÑA, Segundo

RAMOS, Zenón Justo

ROSSOMANDO, Aldo

GIACHINO, Atilio

No.

It is requested
that, in any refer-
to this memo-
randum the above
number and date
should be quoted.

MEMORANDUM

75

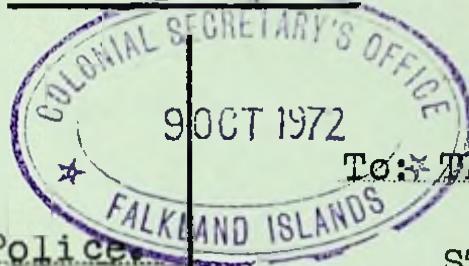
6th October

19 72

To: The Colonial Secretary.

STANLEY.

From: Officer in Charge Police



Stanley, Falkland Islands.

SUBJECT :-

Petrol Storage

I understand that the Argentine Y.P.A. are to install fuel tanks for petrol and deisel oil. In the meeting with Heads of Department recently, you stated that it was being run commercially by Argentine representatives of Y.P.A.

While I feel sure that Y.P.P.A. tanks will be constructed for the storage of petrol with adequate safety measures, they are still required to have the site, construction, and its operation approved by myself and the Town Council, before such licence can be issued. This is in accordance with the Petrol Storage By-Laws, (Cap.68).

A handwritten signature in blue ink, appearing to read 'Sed'.

Officer in Charge

Falkland Islands Police Force

78

PUERTO STANLEY, 18 de Octubre de 1972.

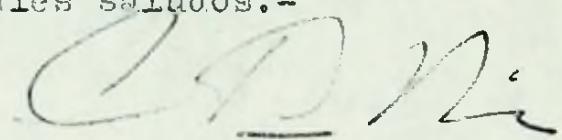
Señor Secretario Colonial
D.T.H. LAYNG
Puerto Stanley

De mi consideración:

Tengo el agrado de dirigirme a Ud. a los efectos de solicitar la autorización correspondiente para que el eje del predio, q fuera cedido oportunamente por ese Gobierno para la construcción de la Planta de Y.P.F., pueda ser desplazado 20 metros hacia el Este.

La presente solicitud se fundamenta en el hecho, de que los estudios practicados en el suelo del área original han resultado negativos para este tipo de trabajo, no ocurriendo lo propio en la franja colindante que se menciona en el párrafo anterior y cuyo plano se adjunta a la presente.

Sin otro motivo y esperando se dé curso favorable a lo solicitado, reciba mis más cordiales saludos.-



Vicecomodoro Cesar A. de la Colina
Miembro de la Junta Consultiva Especial

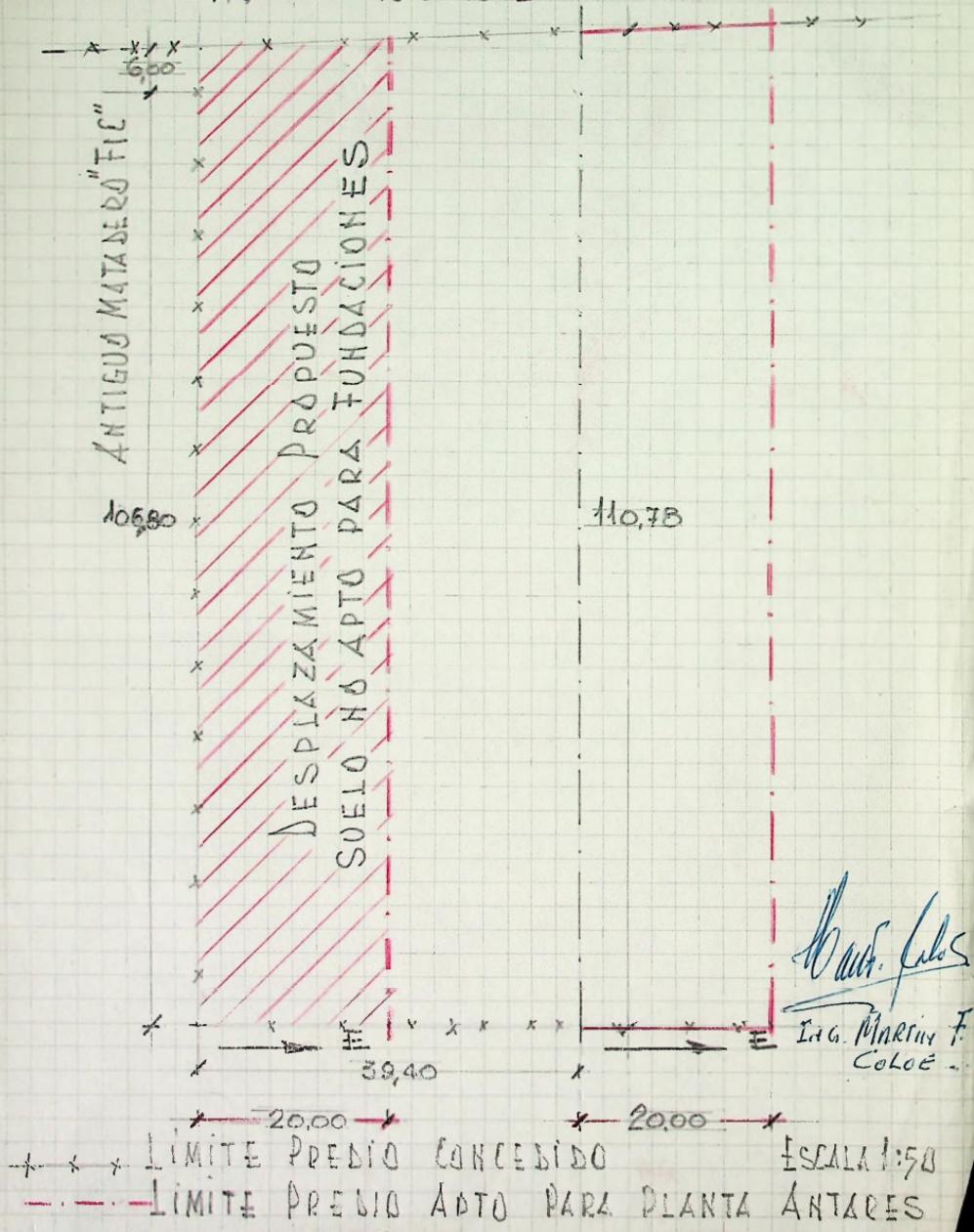
Bueno.

RS
Al han Translatit

BAHIA STANLEY



CAMINO EXISTENTE PUERTO STANLEY, OCTUBRE 16 DE 1972



79

Translation of a letter from V/C Cesar A. de la Colina to the Colonial Secretary dated 18th October 1972.

Dear Sir,

I have the honour to address you with the purpose of requesting permission for the site of the parcel of land granted by government for the construction of YPF plant to be moved 20 metres to the East.

This request is made because a survey of the original site has shown that the land is unsuitable, it does not have the necessary character for the work mentioned in the preceding paragraph. A relative plan is attached hereto.

Awaiting your favourable reply to this request.

Yours etc.

HRT.

PUERTO STANLEY, 18 de octubre de 1972.

80

Señor Secretario Colonial
D.T.A. LAYNG
Puerto Stanley

De mi consideración:

Tengo el agrado de dirigirme a Ud. referente a los trabajos que iniciará Y.P.F. en Puerto Stanley para la instalación de la Planta de J.P.l, respondiendo a lo concertado por los Gobiernos del Reino Unido y la República Argentina.

En tal sentido llevo a su conocimiento, de que los trabajos mencionados se iniciaran con el tendido de tuberías desde el Muelle Este, a través de la costa, hasta el terreno cedido por el Gobierno local para la instalación de los tanques.

Asimismo es conveniente destacar que las tareas mencionadas precedentemente, fueron aprobadas por todos los presentes en la Reunión llevada a cabo el día 19 de mayo de 1972, en la Secretaría Colonial y presidida por Su Excelencia el Señor Gobernador Mr. Lewis, lo que consta en Acta confeccionada a tal efecto.

Sin otro motivo, saludo a Ud. con mi mayor consideración.-

C.D.R.

Vicecomodoro Cesar A. de la C.
Miembro de la Junta Consultiva

Yardde pl
2 copies - I send 1 to Slovie *ma*

Translation of a letter from V/C Cesar A. de la Colina to the
Colonial Secretary dated 18th October 1972.

81

Dear Sir,

I have the honour to address you with reference to the works which will be undertaken in Port Stanley by Y.P.F. for the installation of plant for J.P.I. fuel, pursuant to the agreement between the Governments of the United Kingdom and the Argentine Republic.

In this matter I bring to your attention the fact that aforementioned works will begin with the laying of pipes from the East Jetty, along the shore, to the land granted by the local government for the installation of the tanks.

Opportunity is taken to point out that the aforementioned works were approved by all those present at a conference held on the 19th of May 1972 in the Colonial Secretariat and presided over by His Excellency the Governor, Mr. Lewis, according to the minutes of that meeting.

Yours etc.

(Sgd) V/C Cesar A. de la Colina
Member of the Special Consultative Committee

82
FUE/13/3 C

25th October

72

Dear Sir,

80

Please refer to your letter of 18th October in which you apply for permission for the YPF JPL fuel tanks to be situated some 20 metres to the East of the site originally proposed.

2. There is no objection to this, and permission is accordingly granted.

Yours faithfully,



(T. H. Layng)
CHIEF SECRETARY

Vice Comodoro Cesar A. de la Colina,
STANLEY.

HRT.

No. PS/98/72

It is requested
that, in any refer-
ence to this memo-
andum the above
number and date
should be quoted.

MEMORANDUM



24th October 19 72 *83*

From: The Chief Police Officer.

Stanley, Falkland Islands.

To: The Chairman,

Stanley Town Council.

Copy: The Chief Secretary.

SUBJECT :-

Petrol Storage

In accordance with section 9, of the Petrol Storage (Amendment) By-Laws 1968, I have inspected the site of the Argentine, State owned, Y.P.F. Company, situated to the east side of the old F.I.C. Butchery, and found it to be a most suitable area in which petrol and other fuel tanks can be erected.

2. The Argentine engineer in charge of the work, was able to assure me that all safety precautions had been included in the project. These consist of fire appliances, security fence, cement walls to isolate each tank.

[Signature]
Chief Police Officer.

PUERTO STANLEY, 4 de enero de 1973

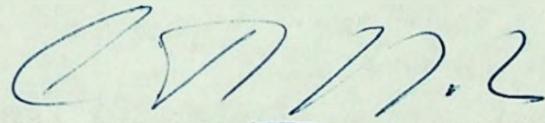
SEÑOR SECRETARIO JEFÉ
D. T.H. LAYNG
Puerto Stanley

De mi consideración:

Tengo el agrado de dirigirme a Vd. en relación con la casa que ocupa Y.P.F. en la calle Davis 44 y que fuera cedida en uso por el Gobierno local.

Al respecto, por instrucciones recibidas del Ministerio de Relaciones Exteriores y Culto, solicito se compte la posibilidad de que dicho inmueble continúe ocupado por la Empresa Y.P.F. en razón de permitir el alojamiento del personal que construirá la segunda etapa (Almacenamiento de nafta) prevista.-

Saludo a Vd. atentamente.-

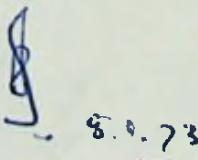


Vicecomodoro Cesar A. de la Colina

A.S. Translate pl. _____

C.S.

The letter is written with reference to the house at 44, Davis Street, occupied by Y.P.F., and made available by the local government. In accordance with instructions received from the Ministry of External Relations and Culture, the writer asks whether consideration could be given to the continued occupation of the property by Y.P.F. to permit the accommodation of personnel engaged on the second phase of its work programme (construction of bulk storage tank for petrol).


8.1.73

90

PUERTO STANLEY, 16 de enero de 1973.-

SEÑOR SECRETARIO JEFE
D. T.H. LAYNG
PUERTO STANLEY

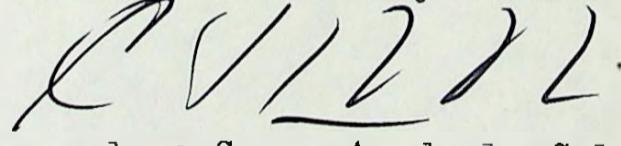
De mi consideración:

Muy complacido he recibido su nota de fecha 12 de Enero de 1973 (FUE/13/3C) referente a la casa que ocupa Y.P.F. en la actualidad.

En relación a la misma, en la creencia de que pudiera haber sido mal interpretada, creo conveniente y necesario efectuarle las siguientes aclaraciones:

1. La solicitud de continuar ocupando la casa ubicada en la calle Davis 44 se fundamente en razón de la construcción de la segunda etapa de la actual Planta y que fuera solicitada por el Gobierno Local. En consecuencia, material y personal deberá ser utilizado en tal evento y dicha casa-habitación sería utilizada por el equipo que intervendrá en su construcción.
2. En ningún momento se tuvo la intención de utilizarla como Hotel ni como alojamiento de turistas o visitantes procedentes del territorio continental, por razones elementales de buenas costumbres y cortesía, especialmente en este caso, como respuesta lógica a la esquisita hospitalidad que brinda el Gobierno que Vd. forma parte.
3. La tarifa mensual a que hace referencia como alquiler del citado inmueble, será comunicado a las Autoridades del Ministerio de Relaciones Exteriores, como así también la nota que me enviara tan gentilmente con el objeto de que no exista ninguna duda acerca de nuestra posición.-

Saludo a Vd. con mi mayor consideración


Vicecomodoro Cesar A. de la Colina

Receipt of the letter of 12th January 1973 (FUE/13/3C) referring to the house presently occupied by YPF is acknowledged.

With reference to that letter, and in the belief that there may have been a misunderstanding, the following points are made:

1. The request to continue in occupation of the house at 44, Davis Street arises by reason of the construction of the Second Phase at the Plant which was asked for by the Local Government. Consequently, men and material will be involved on the project and the said house/accommodation will be utilised by the team so engaged.
2. At no time was it the intention to use the property as an Hotel or lodging house for tourists or visitors from the continent, for such would be in bad taste and show a lack of courtesy in view of the excellent hospitality offered by the government of which you are a member.
3. The matter of the monthly rental is being referred to the MFA, along with a copy of this letter which has been written with the object of clarifying the writer's position.

CONFIDENTIAL

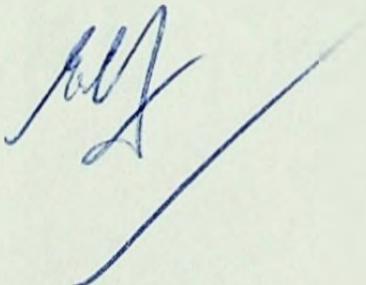
to Falkland Islands telno 48 of 16 February^{and} to Buenos Aires.

YPF AGREEMENT: FI telno 21 to Buenos Aires.

1. Any agreement or arrangements of this kind even if they are only preliminary or interim ones, to which HMG or Government of Falkland Islands are in any sense a party may have sovereignty implications. Presumably YPF can only act upon the terms and conditions that apply to supply of petrol within Argentina, and this is bound to come to our notice. We must accordingly ensure that we do not expressly or by implication concede in this context that Islands are part of Argentina. It would not be safe to allow YPF to supply petrol or operate in Islands unless their activities were covered by an agreement, text of which we have approved in draft. Only agreement so far is the Air Services exchange of notes permitting LADE to supply fuel for the air service.

2. Grateful therefore if Buenos Aires could send the draft agreement to London as soon as received. It seems to us that Argentines may be trying to make moves before agreement has been studied. If Lopez ~~produces~~ interim agreement grateful for sight of this too.

3. These difficulties would be avoided if Argentines would conclude general agreement of kind referred to in para 4 of our telno 41 to Falkland Islands.



G A S O I L

Método A.S.T.M.	Características	Especificaciones
D-1500	Color	2 (máx.)
D-88	Viscosidad SSU a 38°C	30 ~ 40
D-93	Pto. Inflamación P.M. °C.	55 (mín.)
D-97	Pto. Escurrimiento, °C. (Verano: Octubre-Marzo) Invierno: Abril-Septiembre) inf.	5 (máx.) ~ 5
D-129	Azufre total % en peso	0,5 (máx.)
D-473	Sedimentos, por extracción % en vol.	0,02 (máx.)
D-975	Índice de Cetano	50 (mín.)
D-189	Carbón Conradson, % en peso del residuo (10% en volumen)	0,15 (máx.)
D-974	Número de neutralización	0,5 (máx.)
D-130	Ensayo de corrosión	3 (máx.)
D-86	Destilación:	
	Primera gota a 0°C	210 (máx.)
	% a 280 °C.	50 (mín.)
	% a 338 °C.	90 (mín.)

Extract from a letter dated 7th February 1973 from the Honourable Michael Pery to His Excellency the Governor.

"I am enclosing a copy of the Y.P.F. specification of the Gas Oil that they propose to offer to the F.I.G. and ourselves. I am afraid I am no expert but it appears to me to be perfectly satisfactory for use in diesel engines. I am sending another copy to Mr. Gutteridge as he expressed interest and is more qualified than me to comment on its merits. Following an introduction from Izaguirre, I had a most useful meeting with Mr. Lafey, the distinguished manager and Captain Campos.

HRT.

GAS OIL TO BE PREPARED BY THE SOUTH DOCK DISTILLERY
FOR THE FALKLAND ISLANDS

<u>METHOD ASTM</u>	<u>CHARACTERISTICS</u>	<u>SPECIFICATION</u>
D 1.500	Colour	1 (Max)
D 88	Viscosity SSU at 100 °F	30 seg
D 93	Flash point P.M. °C	38 (Min)
D 97	Pour point °C	- 25 (Max)
D 129	Sulphur % weight	0.5 (Max)
D 473	Sediment by extraction % Vol	0.01 (Max)
D 975	Cetane No	50 (Min)
D 974	Neutralisation Number	0.16 (Max)
D 86	Distillation First drop °C Maximum °C	180 (Max) 310 (Max)
D 482	Ash % in weight	0.01 (Max)

Production : 3,000 m³ every 45 days

Despatch : Preferably in bulk by oil tanker

Orders : 800/1000 m³ - 30 days notice
up to 3000 m³ - 45 days notice

Specification No. 1.GAS OIL Y.P.F.

Method	Characteristics	Y	Specifications
D 1500-58T	Colour		2 (Max)
D 88-56	Viscosity		30-40
D 93-61	Flash point P.M. °C		55 (Min)
D 97-57	Pour point, °C (Summer October - March) (Winter April - September)		5 (Max) -5
D 129-60	Sulphur total % in weight		0.5 (Max)
D 473-59	Sediment, by extraction % in volume		0.02 (Max)
D 975-Appendix II	Cetane No.		50 (Min)
D 189-61	Conradson carbon, % in weight in residue (10% in volume)		0.15 (Max)
D 974-58 T	Neutralisation number		0.5 (Max)
D 130-56	Corrosion test		3 (Max)
D 86-62	Distillation A.S.T.M. First drop at °C % at 280 °C % at 338 °C		210 (Max) 50 (Min) 90 (Min)

DENSITY AND CALORIFIC VALUE, ACCORDING TO PLACE
OR ORIGIN

Distillery	Density at 15 °C	Upper Cal. value (Gr/Cal)
LA PLATA	0.830 - 0.840	10,700 - 10,900
SAN LORENZO	0.810 - 0.820	11,000 - 11,100
LUJAN DE CUYO	0.805 - 0.810	11,000 - 11,100
CAMPO DURAN	0.805 - 0.810	11,000 - 11,100
DOCK SUD	0.835 - 0.850	11,000 - 11,100
PLAZA HUINCUL	0.830 - 0.835	10,750 - 10,850

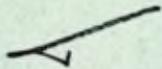
NOTE: To establish the lower calorific value subtract 400 to 500 calories from each specification.

23rd February,

73.

As you know, the position with regard to the supply of petroleum products here is very complicated. Before we can progress, we need to see the draft agreement being produced by YPF.

We have, however, been given the specification of YPF Gas Oil, copies of which are attached. If we do purchase gas oil from YPF in the future for any of our bulk installations here, we are likely to want to be able to use the Admiralty oil barge, which we have here, to transport it. The Ministry of Defence has high standards, and we would be grateful if you could obtain their ruling as to whether or not they would permit oil of this specification to be transported in their barge.



(T.H. Layng)

D.G.F. Hall, Esq., M.B.E.
West Indian and South Atlantic Office,
Foreign and Commonwealth Office,
London, S.W.1.

Encl:

SC

IN CONNECTION 'FLORENTINO AMEGHINO'

	OVERTIME HOURS	OVERTIME TOTAL £	DOUBLE TIME HOURS	DOUBLE T £
PERRY	3	2.58	10 $\frac{1}{2}$	12.13
W. THOMPSON	3	2.28	10 $\frac{1}{2}$	10.71
C. MIDDLETON	2	1.52	10 $\frac{1}{2}$	10.71
P. SHORT	2	1.52	10 $\frac{1}{2}$	10.71
K. SUMMERS	2	1.52	10 $\frac{1}{2}$	10.71
G. ROBSON	3	2.28	10 $\frac{1}{2}$	10.71
M. FORD	2	1.52	10 $\frac{1}{2}$	10.71
W. MORRISON (FOREMAN)	6	6.48	11 $\frac{1}{2}$	16.25
		<u>19.70</u>		

TOTAL JETTY LABOUR EMPLOYED ON SATURDAY/SUNDAY 12/13 MAY 73 - £11

HIRE M/I 'LIVELY' SATURDAY 12 MAY 73 - 2 $\frac{1}{2}$ HRS @ £6.50 PER HOUR
SUNDAY 13 MAY 73 - 3 HRS @ £8.00 PER HOUR

16.25
24.00
£40.25

USE OF EAST JETTY, STANLEY 6 DAYS @ £50.00 PER DAY

£300.00

Spoke to C.J. We paid
the B. Barnes so informed
T.D.H.
18.5.73

18th June, 1973.

Arrangements with YPF

The very long delay in the receipt of proposals from YPF concerning long term plans for the supply of fuel to the Colony is causing us a number of problems, and this I am afraid is a plea that the M.F.A. be approached yet again to let us know what is happening. I appreciate that our domestic financial worries and internal politics do not concern you, but we are going through a difficult period at the moment. ~~I understand you appreciate~~.

2. The YPF tanker here to replenish the JPI supply for the LADE service ran up about £400 in wharfage and associated charges. Somebody has to pay these, and we had hoped that by now they would be absorbed in the overall charges for the supply of fuel here and be covered by an agreement. On this occasion government will be footing the bill, but I am proposing, subject to your and London's views on this matter, to write to de la Colina telling him that future accounts will be sent to him for settlement.

3. An associated problem, which is a live political issue here as a result of our post-budget increases in rates, is that we have no legislation to exempt YPF from the payment of rates on their installations - at 90p per pound of rateable value. Our local hardliners and barrackroom lawyers have got onto this; and while we can stall them for a while we shall have to tidy up all these loose ends in some kind of agreement before too long.

4. To-day we have heard that the next consignment of domestic petrol is expected to retail at 83p per gallon (it is currently 57p). Coming on top of recent budget increases this will cause another public outcry. As I think you know, de la Colina and Captain Campos of YPF are telling the islanders that the YPF agreement has been with the British Embassy for many months and that it is our fault that no progress has been made with regard to putting cheap petrol on sale locally. I think they genuinely believe that this is so.

5./...

RESTRICTED

- 2 -

5. If no progress is made with YPF within the next few months, we may have to revert to our earlier plans for building bulk installations of our own. We would be grateful if David Hall, by copy of this letter, could ascertain what the chances are of an RFA tanker bringing petrol, to be drummed locally, here during the summer.

(T.H. LAYNG)

Miss M.C.D. Evans,
British Embassy,
Buenos Aires.

c.c. F. Burrows, Esq.,
Legal Counsellor,
Foreign and Commonwealth Office,
London, S.W.1.

c.c. D.G.F. Hall, Esq., M.B.E.
West Indian and Atlantic Department,
Foreign and Commonwealth Office,
London, S.W.1.

RESTRICTED

CONFIDENTIAL

From Buenos Aires 201600Z

To FCO

Telegram No. 297 of 20th August

info Falkland Islands.

Falkland Islands telegram No. 100 to us.

YPF Agreement

1. The MFA this morning handed over the draft exchange of notes on YPF supplies for the Falklands (untranslated copy by to-day's bag). They have asked if it might be possible to begin work on the installations before the notes are exchanged as they allege was done in the case of the air strip since YPF are geared to commence their labours next month when they would have the ships equipment and personnel ready to go. MFA feel there might otherwise be great delays in mounting the operations anew at a later date.

2. We have promised to seek instructions on this point.

CONFIDENTIAL 212200Z

PRIORITY TO FCO AND B.A.

Telegram No. 220 of 21st August

YPF Agreement

Buenos Aires telegram No. 297 of 20th August.

You are I think aware that we strongly in favour permitting YPF construct bulk petrol installations here and retail cheap petrol.

There has been public outcry over current astronomical petrol prices (my letter of 18th June to Hall refers) and both Mr Lewis and I have felt obliged a number of times assure islanders that everything possible is being done to expedite construction of bulk tanks.

De la Colina has made considerable political mileage by incorrectly blaming us for delays and if we now refuse MFA request he will be able quote chapter and verse.

2. Grateful telegraph guts of draft agreement and in particular whether it will involve us in expenditure over distribution etc and if so whether we could impose import duties to cover these costs.

3. In eyes of islanders all consideration on this matter are financial not sovereignty since existing large floodlit YPF JPI installation is an accepted fact of life.

FCO please pass

CONFIDENTIAL 222130Z

118

From Buenos Aires

To Falkland Islands

84
Telegram No. 105 of 22nd August.

info FCO

Your tel 220 to FCO:

YPF Agreement

1. Following are heads of hastily degutted agreement:

(i) YPF will supply super petrol, kerosene, gasoil, avgas, lubricants, specialities and asphalts at mainland prices and market them directly or through whomsoever it designates. Payment to be effected in pesos or sterling.

(ii) YPF will build storage plant and provide all materials and equipment for its construction, operation and maintenance, employing mostly Argentine labour but with some local participation.

(iii) HMG will provide a dwelling for Argentine personnel, land for site, electricity, telephones, space on FICM jetty, pipelines between FICE jetty and "Antares" plant.

(iv) YPF will nominate personnel necessary to look after plant and other installations.

(v) HMG will provide all facilities for unloading of YPF tankers and permit them to use, free of all charges, the private East jetty both for bulk products and drums. While unloading is in progress, HMG will see that no other activity takes place on the said jetty.

(vi) YPF will supply the plant about every four months.

(vii) HMG will undertake at own expense, distribution of bulk gas oil to RN tanks and thence to settlements to retail at same price as in Stanley.

(viii) HMG will see that no taxes or duties are imposed on material, equipment, personal effects and salaries of personnel introduced under the agreement nor on the introduction, distribution or sale of YPF products.

(ix) Argentine government can, if they wish, construct a jetty for the tankers.

(x) The agreement will last to 31st December 1974 or be subject to six months denunciation by either side.

(xi) Special consultative committee will play usual role.

2. Translation of full document follows by Monday's bag.

CONFIDENTIAL 232200Z

IMMEDIATE DESKBY 240900Z

To FCO

Repeated B.A.

Telegram No. 225 of 23rd August

YPF Agreement.

B.A. telegram No. 103.

I have discussed on completely confidential basis with Sloggie Manager FIC and we see no insuperable problems from this end. FIC will be disappointed lose present profits from sale of petroleum products but appreciate impossibility of facing public outcry led by de la Colina if they are seen to be standing in the way of agreement. We are confident that ways to offset additional expenses to Colony Government can be found by increased vehicle licence fees etc. Use of RN tanks will raise MOD objections but a compromise to reserve one tank for RN specification oil and one for YPF oil would seem worth considering. This issue will not however affect YPF building programme and need not delay decision to give go ahead. We do not really want YPF Gasoil but understand their keeness to make whole project more economic by supplying it.

2. We are totally dependent now on YPF for supply of Avgas and domestic petrol. Price in drums of former has doubled this year and of latter now stands at 83 pence per gallon. Clearly if we reject YPF Agreement and withhold permission proceed with installation we shall be further held to ransom. On basis of precis of agreement seen and assuming sovereignty umbrella built in I recommend our agreement being given to commencement of construction - our position being reserved on gas oil issue. MFA should be advised that East Jetty will probably not be available for Cabo San Isidro from September 5th - 14th.

CONFIDENTIAL

120

From FCO 231615Z

To Priority Buenos Aires

Telegram No. 218 of 23rd August

and to Falkland Islands.

117

116

B.A. telegram No. 300 and Falkland Islands telegram No. 220.

YPF Agreement

1. We now have the Argentine draft exchange of notes.

2. Although paragraph 21 seems to link this agreement firmly with the Joint declaration and the change of notes of 5th August 1971, the question of sovereignty will need careful examination by legal advisers.

3. Para 16 of the draft provides that no duty or tax on the import distribution or sale of YPF products may be made. No doubt Falkland Islands will wish to examine draft carefully to determine what expenditure will be involved and whether it can be recouped in some other way.

4. Whilst we appreciate that the Islanders are anxious to obtain cheaper fuel as soon as possible we question the wisdom of rushing this fence.

(A) The Argentines have already increased our difficulties by their rush tactics in the U.N. We need to show that such tactics do not pay.

(B) The sovereignty implications must be properly considered.

(C) Handing over supply of fuel to the Argentines gives them an important hostage. We should like to be satisfied that the implications of this increasing dependency of the Islands on Argentine goodwill have been fully considered by the Government of the Islands.

5. For these reasons we consider it unlikely that we shall be able to give even a decision in principle within time scale envisaged in B.A. telegram under reference.

6. If Argentines make any further play with case of airstrip you can point to fact that there was an interval of several weeks between submission of drafts and our agreement to allow work to start in anticipation of formal signature. A hint that we are somewhat preoccupied by considering implication of their note to Secretary General and that this has not facilitated speedy and sympathetic consideration of this matter would not be amiss. We should however wish to give the impression of genuine difficulties rather than delaying tactics and you have discretion to use such supporting arguments as you see fit. We should be grateful for an indication of their reactions so that we can follow up with Argentine Embassy here.

122

CONFIDENTIAL

DESKBY 270900Z

~~Immediate~~
~~Priority~~ to FCO and BA

Telegram No. 231

YPF Agreement

~~120~~
FCO telegram No. 218.¹¹⁷

Council Members will be in town Tuesday and meeting will be held to discuss draft agreement expected Monday's Bag. Precis sent in B.A.'s telegram No. 84 shows no new departure from details leaked here by Campos (YPF Chief) and de la Colina over past twelve months and which have been much discussed throughout Colony and are well known to all. Public opinion has been strongly in favour of permitting YPF installation. It is ironical that whereas little more than twelve months ago we had to deploy every argument in the book to persuade the Islanders to agree to the construction of an Argentine airfield here, now the situation is reversed with Islanders expected to beg HMG to permit an Argentine petrol installation. If Argentines are clever the situation could well be exploited both here and in U.N.

2. With our present dependence on YPF for all petroleum products except Gasoil, situation will be little altered by distribution in bulk here instead of in drums from Buenos Aires. Either way we are dependent on Argentine goodwill and any break will necessitate chartering a ship and re-supply from Montevideo or Punta Arenas.

3. Assuming usual sovereignty umbrella included in agreement sovereignty implications would seem very similar to those involved in construction of airfield and operations here of Argentine State Airline LADE.

4. Would not best policy be to take high minded line and say that while we deplore Argentine U.N. tactics we do not propose out of pique to deprive Islanders of cheap petrol which they so much want? In any event can reply to MFA be delayed until Wednesday when I will report reaction of Executive Council to draft agreement?

See 124

FCO Please pass.

IMMEDIATE DESKBY 270900Z

To FCO and BA

Telegram No 232 of 26th August

YPF Agreement

122

Further to my telegram No. 231 we have now received a telegram from Director Alvear YPF Hospital Comodoro apparently placing in cold storage agreement to accept our routine hospital patients - BA telno. 78 and my letter 8th August to Miss Evans and Hall refer. This is presumably linked with question of petrol installation. De la Colina has also hinted at possible closure of airfield "for maintenance" perhaps timed just when Governor is due return.

2. Now that Argentines are absolved from ungentlemanly "rush tactics" at UN - BA tel No. 303 refers - and assuming that Executive Council advises on Tuesday as predicted we earnestly hope that agreement in principle to YPF commencing construction can be given. We have been pressing MFA to produce agreement since as long ago as the Stanley talks last November and it appears that Islanders are going to be made to suffer in a way which will seriously increase our post budget difficulties if HMG withholds or delays agreement.

FCO please pass

126

CONFIDENTIAL

EXECUTIVE COUNCIL

No. 33/73

Agreement with YPF for construction of bulk
storage tanks and sale of Petroleum products

Attached for the information of Honourable Members is a copy 125
of a draft agreement prepared by the Argentine Ministry of Foreign
Affairs and translated into English by the British Embassy.

2. The YPF construction team is organised to begin work in early September and Her Majesty's Government has been asked to give urgent agreement in principle for the work to begin in advance of the signing of a formal agreement. This procedure was followed in the arrangements for the construction of the temporary airfield.

3. It is apparent that there are points in the draft which need clarification, but the general principles proposed by the Argentine State Petroleum Organisation are clear.

4. Honourable Members are accordingly asked to advise whether they consider it in the best interests of the Colony for agreement in principle to the attached draft to be signified to the Argentine Ministry of Foreign Affairs.

The Secretariat
Stanley

Ref: FUE/13/3C ✓

27th August, 1973

CONFIDENTIAL

DRAFT EXCHANGE OF NOTES

Your Excellency

I have the honour to refer to the recent discussions in the Special Consultative Committee (referred to in paragraph 1 of the Joint Statement which was initialled by representatives of both Governments on 1 July 1971 and approved by both on 5 August 1971 hereinafter referred to respectively as the "Special Consultative Committee" and the "Joint Statement"), about the supply and sale of the products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands.

Therefore, I have the honour to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to sign an agreement in the following terms:

- 1) YPF shall have in its charge the supply and sale of fuels and lubricants for consumption in the Falkland Islands;
- 2) YPF shall market these products directly or through whomsoever it may appoint;
- 3) YPF shall undertake the necessary measures for the construction of a storage plant for fuels and lubricants, supplying the necessary materials and equipment for its construction, operation and maintenance. It shall employ mainly personnel from the Argentine mainland but with local participation;
- 4) The Government of Great Britain and Northern Ireland shall provide a dwelling for the personnel coming from the Argentine mainland for the construction of the Storage plant;
- 5) For the construction, outfitting, operation and maintenance of the Storage Plant, the Government of the United Kingdom and Northern Ireland shall defray costs necessary for the provision of a site necessary to hold generally:

tanks
pumping equipment
pipe lines
a building

Likewise, the said Government shall provide the facilities required for the new installations which

/are

are to be built as regards: Electric and/or existing telephone lines. A space on the Falkland Islands Company jetty. Pipelines between the said jetty and the "Antares" plant. Telephone communication between the Storage Plant and the city;

- 6) YPF or its representative shall bring out to the Falkland Islands the necessary personnel to look after the storage plant as well as the other installations;
- 7) YPF shall be exempt from paying wharfage (rental on the jetty) in order to fulfil the provisions of paragraph 8. YPF shall also be exempt from the payment of taxes, duties or any other charge on the installations referred to in paragraph 3 of this agreement. The Government of the United Kingdom of Great Britain and Northern Ireland shall take the necessary measures so that no right of way is applied over the land which dominates the site allotted to the storage plant referred to in the aforesaid paragraph 3;
- 8) The British Government undertakes to provide all necessary facilities for the casting anchor and mooring of the YPF petrol tankers which travel to the Falkland Islands to supply the Storage Plant. The Government of Great Britain and Northern Ireland also undertakes to carry out the necessary measures so that the YPF tankers may make use of the private East jetty free of all charges whether dues or tariffs and also so that the said tankers may take on board drinking water from the same jetty without any charge;
- 9) It should be understood that the use of the private jetty referred to in the previous paragraph refers both to the unloading of bulk products and those in drums. It shall be the responsibility of YPF to carry out the necessary watch when the tanker is unloading bulk products or those in drums, as well as to avoid any spill of the products or pollution of the waters. The Government of the United Kingdom of Great Britain and Northern Ireland shall take adequate steps so that while the work of unloading the products referred to in this paragraph and the one preceding is in progress, all other activity on the aforesaid jetty comes to a stop;

- 10) The frequency of supply of the Storage Plant by YFF shall be approximately every 4 months;
- 11) The products to be supplied by YFF shall be the following:
 - Super petrol-Kerosene-Gas oil
 - Aviation fuel
 - Lubricants
 - Specialties
 - Asphalts
- 12) The price of the aforesaid products shall be those in force on the Argentine mainland. Those prices shall be paid in Argentine money or pounds sterling;
- 13) The British Government shall undertake the distribution of gas oil in bulk to the two Royal Navy 10,000 cubic metre tanks and shall take the necessary steps so that the said product arrives at the settlements at the same price for which it is retailed in Port Stanley. The cost of this operation shall be borne by the Government of the United Kingdom;
- 14) No duties or taxes shall be imposed in the Falkland Islands on:
 - a) the materials and equipment brought into the Falkland Islands by the Argentine Government in accordance with this agreement;
 - b) the personal effects brought into the Islands by the personnel coming from the Argentine mainland in accordance with paragraphs 3 and 5 of this agreement nor
 - c) the salaries or other profits paid to the personnel from the Argentine mainland by their Argentine employers;
- 15) The expression "personnel coming from the Argentine mainland" denotes the personnel occupied in the construction, maintenance or operation of the storage plant, who come from the mainland and are in the Falkland Islands for the purposes of this agreement;
- 16) No duties or taxes shall be imposed in the Falkland Islands on the introduction, distribution or sale of YFF products;
- 17) The Argentine Government shall be authorised if it finds it advantageous, to construct a jetty and maintain it for the mooring of the tankers arriving to supply the storage plant;

- 18) This agreement shall be in force until 31 December 1974 or until the expiry 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 Government may denounce this agreement subject to 6 months prior notice in writing;
- 19) The storage plant shall cease to function on the despatch of the notice referred to in the preceding paragraph, at which time, YPF shall withdraw any materials and equipment supplied in accordance with this agreement. Such material and equipment shall always remain the property of YPF;
- 20) The Special Consultative Committee shall deal with questions which might arise from the interpretation or application of this agreement;
- 21) This agreement is concluded in accordance with the Joint Statement and references to the Joint Statement in the Exchange of Notes between both Governments dated 5 August 1971 shall be deemed to include references to this agreement.

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 the same 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.

Buenos Aires 20 August 1973

COVERING

CONFIDENTIAL

128

BRITISH EMBASSY

BUENOS AIRES

4/26

24 August 1973

S Relton Esq
Latin America Dept
FCO

YPF AGREEMENT

1. Herewith as promised in my letter (4/26) of 20 August, my very hasty translation of the YPF draft Agreement.
2. A copy of the translation goes to each recipient of this letter.

M G D Evans

cc: T H Layng Esq
Acting Governor
FALKLAND ISLANDS
D G F Hall Esq MBE
WIAD/FCO
F Burrows Esq

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CONFIDENTIAL

DRAFT EXCHANGE OF NOTES

Your Excellency

I have the honour to refer to the recent discussions in the Special Consultative Committee (referred to in paragraph 1 of the Joint Statement which was initialled by representatives of both Governments on 1 July 1971 and approved by both on 5 August 1971 (hereinafter referred to respectively as the "Special Consultative Committee" and the "Joint Statement"), about the supply and sale of the products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands.

Therefore, I have the honour to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland ^{and} ~~is~~ prepared to sign an agreement in the following terms:

- 1) YPF shall have in its charge the supply and sale of fuels and lubricants for consumption in the Falkland Islands;
- 2) YPF shall market these products directly or through whomsoever it may appoint;
- 3) YPF shall undertake the necessary measures for the construction of a storage plant for fuels and lubricants, supplying the necessary materials and equipment for its construction, operation and maintenance. It shall employ mainly personnel from the Argentine mainland but with local participation;
- 4) The Government of Great Britain and Northern Ireland shall provide a dwelling for the personnel coming from the Argentine mainland for the construction of the Storage plant;
- 5) For the construction, outfitting, operation and maintenance of the Storage Plant, the Government of the United Kingdom and Northern Ireland shall

/defray

~~CONFIDENTIAL~~

defray costs necessary for the provision of a site necessary to hold generally:

tanks
pumping equipment
pipe lines
a building

Likewise, the said Government ~~shall~~ provide the facilities required for the new installations which are to be built as regards: Electric and/ or existing telephone lines. A space on the Falkland Islands Company jetty. Pipelines between the said jetty and the "Antares" plant. Telephone communication between the Storage Plant and the city;

- 6) YPF or its representative shall bring out to the Falkland Islands the necessary personnel to look after the storage plant as well as the other installations;
- 7) YPF shall be exempt from paying wharfage (rental on the jetty) in order to fulfil the provisions of paragraph 8. YPF shall also be exempt from the payment of taxes, duties or any other charge on the installations referred to in paragraph 3 of this agreement. The Government of the United Kingdom of Great Britain and Northern Ireland shall take the necessary measures so that no right of way is applied over the land which dominates the site allotted to the storage plant referred to in the aforesaid paragraph 3;
- 8) The British Government undertakes to provide all necessary facilities for the casting anchor and mooring of the YPF petrol tankers which travel to the Falkland Islands to supply the Storage Plant. The Government of Great Britain and Northern Ireland

/also

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also undertakes to carry out the necessary measures so that the YPF tankers may make use of the private East jetty free of all Charges whether dues or tariffs and also so that the said tankers may take on board drinking water from the same jetty without any charge;

9) It should be understood that the use of the private jetty referred to in the previous paragraph refers both to bulk products and those in drums. It shall be the responsibility of YPF to carry out the necessary watch when the tanker is unloading bulk products or those in drums, as well as to avoid any spill of the products or pollution of the waters.

The Government of the United Kingdom of Great Britain and Northern Ireland shall take adequate steps so that while the work of unloading the products referred to in this paragraph and the one preceding is in progress, all other activity on the aforesaid jetty comes to a stop;

10) The frequency of supply of the Storage Plant by YPF shall be approximately every 4 months;

11) The products to be supplied by YPF shall be the following:

Super petrol-Kerosene-Gas oil
Aviation fuel
Lubricants
Specialties
Asphalts

12) The price of the aforesaid products shall be those in force on the Argentine mainland. Those prices shall be paid in Argentine money or pounds sterling;

(13)

CONFIDENTIAL

- 13) The British Government shall undertake the distribution of gas oil in bulk to the two Royal Navy 10,000 cubic metre tanks and shall take the necessary steps so that the said product arrives at the settlements at the same price for which it is retailed in Port Stanley. The cost of this operation shall be borne by the Government of the United Kingdom;
- 14) No duties or taxes shall be imposed in the Falkland Islands on:
 - a) the materials and equipment brought into the Falkland Islands by the Argentine Government in accordance with this agreement;
 - b) the personal effects brought into the Islands by the personnel coming from the Argentine mainland in accordance with paragraphs 3 and 5 of this agreement nor
 - c) the salaries or other profits paid to the personnel from the Argentine mainland by their Argentine employers;
- 15) The expression "personnel coming from the Argentine mainland" denotes the personnel occupied in the construction, maintenance or operation of the storage plant, who come from the mainland and are in the Falkland Islands for the purposes of this agreement;
- 16) No duties or taxes shall be imposed in the Falkland Islands on the introduction, distribution or sale of YPF products;
- 17) The Argentine Government shall be authorised if it finds it advantageous, to construct a jetty and maintain it for the mooring of the tankers arriving to supply the storage plant;

/18)

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- 18) This agreement shall be in force until 31 December 1974 or until the expiry 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 Government may denounce this agreement subject to 6 months prior notice in writing;
- 19) The storage plant shall cease to function on the despatch of the notice referred to in the preceding paragraph, at which time, YPF shall withdraw any materials and equipment supplied in accordance with this agreement. Such material and equipment shall always remain the property of YPF;
- 20) The Special Consultative Committee shall deal with questions which might arise from the interpretation or application of this agreement;
- 21) This agreement is concluded in accordance with the Joint Statement and references to the Joint Statement in the Exchange of Notes between both Governments dated 5 August 1971 shall be deemed to include references to this agreement.

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 the same 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.

Buenos Aires 20 August 1973

CONFIDENTIAL 282200Z

DESKBY 290900Z

Immediate to FCO and B.A.

Telegram No. 234 of 28th August

YPF Agreement

¹²²
My telegram No. 231.

Executive Council to-day advised that they are strongly in favour of agreement in principle being given for YPF construction to commence. Members endorsed views given in my telegrams ¹¹⁹ ¹²² 225 and 231 and said that since firm decision had been made in 1971 to foster improved communications with the Argentines they considered it in the Colony's interests to conclude agreement with YPF - subject to clarification of some details - and to avoid giving unnecessary offence.

FCO please pass.

CONFIDENTIAL 291930Z

From FCO

To Immediate Buenos Aires and to Falkland Islands.

Telegram No. 222 of 29th August

YPF Agreement

1. Legal Advisers have commented on draft agreement as follows:

(1) para 1 gives YPF a monopoly for the supply of all fuels (whether petroleum based or not) and lubricants consumed in Falkland Islands but does not oblige the Argentines to supply as much fuel as may be needed.

(II) Para 5 imposes financial obligations on U.K. Government but does not say who is to bear the other costs involved in construction operation and maintenance of the storage plant. We shall require an amendment making it clear that the Argentines will bear all other costs.

(III) Since two sets of Exchange of Notes took place on 5th August 1971 it is important for the purpose of the sovereignty umbrella to ensure that reference is made to the correct one. Paras 18 to 21 should therefore be amended and renumbered as follows:

"18. The storage plant will cease to be operational when any of the notices referred to in paragraph 21 of this agreement has been given. In this event YPF shall remove any materials and equipment which they have provided under paragraph (13) of this agreement. Such materials and equipment shall at all times remain the property of YPF.

19. The Special Consultative Committee shall deal with questions which might arise over the interpretation or application of this agreement.

20. This agreement is concluded in accordance with the Joint Statement and the reference to the Joint Statement in the Exchange of Notes between the two Governments dated 5th August 1971 (hereinafter referred to as "The Exchange of Notes") shall be deemed to include references to this agreement.

21. This agreement shall remain in force until 31st December 1974 or until expiry of notice given in accordance with paragraph (18) of the Joint Statement and with paragraph (2) of The Exchange of Notes. After 31st December 1974 either of the two Governments may denounce this agreement subject to six months' prior notice in writing".

2. A number of other amendments are necessary to Buenos Aires' English text which do not affect the substance of the Spanish text. We are sending B.A. a complete text in the bag leaving here 1st September.

3. You are already aware that the M.O.D. have reservations about the use of their tanks for storage of YPF gas-oil. It will not be possible to secure MOD agreement to the use of their tanks within the time-scale envisaged and reference to gas-oil must therefore be deleted from the text. If you think it would be helpful we could agree to an exchange of letters on the side to the effect that consideration is being given to the extension of the agreement to include gas-oil.

4. We should be grateful for your comments on suggested amendments and for confirmation that YPF would be willing to go ahead without a binding assurance on gas-oil. When we have these we shall be in a position to consider whether authority can be given for YPF to begin work on the installations in anticipation of formal signature of the agreement.

CONFIDENTIAL

From Buenos Aires 301330Z

To Immediate FCO

Telegram No. 309 of 30th August

information Priority Falkland Islands.

130

Your telegram No. 222

YPF Agreement.

1. Your paragraph 4. As this is a matter strictly between the Falkland Islands Government and the Argentines we have no substantive comments to offer on your proposed amendments. We are however not clear whether you wish us to put these amendments to the Argentines forthwith or not and would be grateful for instructions.

2. Meanwhile we are seeking to establish whether YPF will be willing to go ahead without a "binding assurance" on gas oil. We do not understand your suggestion in paragraph 3 that there should be an exchange of letters "on the side" on this point when the issue is whether we give authority for YPF to go ahead in anticipation of a formal agreement.

3. Please clarify immediately since tomorrow is the equivalent of an official holiday as all work stops in support of Peron's candidature.

CONFIDENTIAL

DESKBY 301800Z (received here 1930Z)

From Buenos Aires 301530Z

To Immediate FCO

Telegram No. 310 of 30th August

information Immediate Falkland Islands.

MIPT

YPF Agreement.

1. MFA have confirmed direct with YPF that latter's intention is to build six-eight tanks specifically to hold gas oil supplies. Capacity not mentioned. Royal Navy tanks would only be required if Island demand exceeded the capacity of their own tanks and YPF were specifically asked to supply more gas oil.

2. YPFs initial reaction was that no assurance over gas oil would be necessary in anticipation of agreement.

IMMEDIATE 302200Z

To FCO and B.A.

DESKBY 0900/31st

Telegram No. 237 of 30th August

YPF Agreement

FCO telegram No. 130 222 and B.A. tel. no. 309 and 310.

131 132

We have no comments on suggested amendments as text of agreement received here is only a "very hasty translation" which does not for instance make clear that arrangement could give YPF a monopoly though we had thought this was probably their intention.

2. Like Buenos Aires we had thought present issue was solely whether to give agreement in principle for construction to commence. When details of agreement are to be finalised we would wish following to be clarified:

(i) what anchoring and mooring facilities are envisaged - para 8.

(ii) What "specialities" are involved - para 11. We could not agree to a ban on importation of Shell insecticides for instance.

(iii) Confirmation that Falkland Islands currency will be accepted in payment for products - para 12.

(iv) Confirmation that YPF would pay rental for telephones and cost of electricity consumed - para 5.

(v) Clarification as to exactly what Colony Government's commitments would be for distribution and whether gas-oil only is involved - para 13.

3. Some of these points may be clear in Spanish text. Can we not negotiate over them from a position of strength when construction is underway?

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To Falkland Islands

Telegram No. 166 of 31st August

information Buenos Aires.

133
Your telegram No. 237 of 30th August.

YPF Agreement.

1. We are advised that as the text now stands the agreement does indeed give YPF a monopoly of sale and distribution of all fuels (except gas oil - see 6 below) and lubricants except those used by our Armed Forces. If this is not acceptable please advise so that we can suggest a form of words to meet the point although we imagine that Argentines will attach importance to having monopoly.
2. We suggest that the term "specialities" ("jupecialidades") should not be used in the agreement and if there are products to be supplied other than super petrol, kerosene, aviation fuel, lubricants and bitumen ("Asfalto") they should be specified individually.
3. Para 12 of the text excluded the use of Falkland Islands currency for payment. No doubt Buenos Aires will comment but the Argentines will presumably find it difficult to accept the use of Falkland Islands currency as this is at the heart of the sovereignty issue. We would have no objection to the use of sterling or Argentine pesos for the purpose and it is for you to judge whether this is acceptable.
4. As a result of para 5 F.I.G. will be required for purpose of construction of plant to provide and bear costs of land and electricity, telephone lines, space on the FIC quayside, pipelines between this quay and the Antares Plant and telephone communication between the storage plant and the city.
5. On account of paras 7 and 8, FIG will have to provide YPF tankers free of charge with all necessary facilities for anchoring and docking, use of the Private East Jetty and drinking water.
6. We have deleted gas oil from the text as we do not yet have the Navy's agreement to the use of their tankage for YPF gas oil. If YPF are prepared to put up their own tankage and you are prepared to accept the possible limitation on supply implied by Buenos Aires telegram No. 310 R.N. tankage would not be required and this would no longer be an issue. Please confirm that no other RN equipment would be needed. (e.g. lighters for transport between ship and tankage). Gas oil was the only product for whose distribution HMG was responsible under Argentine draft.

CONFIDENTIAL 012200Z

IMMEDIATE

ToFCO and B.A.

Telegram No. 239 of 1st September.

YPF Agreement

136
Your telegram No. 166.

Para 1 - Monopoly accepted

Para 2 - Agreed delete specialities

Para 3 - LADE now accept F.I. currency and YPF must be aware that this is only money in general circulation. However the issue is not crucial and we can accept text as it stands.

Para 4 - No problem over land, electricity and telephone lines which are already in existence. We cannot however provide and bear costs of pipelines from wharf to storage tanks - a distance of over a mile - and para 5 of our translation makes clear that we only provide the "facilities" for the pipeline. This we have read to mean the land and wayleave.

Para 5 - Para 8 of text needs re-wording to ensure that we are not liable to put down mooring buoys. No problem over normal docking at FIC jetty etc.

Para 6. Gas oil. We have ample reserve storage in addition to R.N. tanks. YPF tanks would be used only to supply rural settlements and private users in Stanley. We thus feel there is no danger of running short and are content to allow YPF put up their own tanks. RN lighter might be needed to fill Colony Government Powerhouse tanks if YPF tanker used is too big to dock at our pipeline terminal at government jetty. However if MOD object to this (as previous correspondence indicates they may) we can find a way round the problem.

FCO please pass.

CONFIDENTIAL

Following from Buenos Aires 931420Z

To FCO

Telegram No. 312 of 3rd September

info Falkland Islands.

136

FCO telegram No. 166 to Falkland Islands and Falkland Islands telegram
137 No. 239 to FCO:

YPF Agreement

1. We have passed on to MFA the redraft of paras 18 - 21. This appears to cause no problems whatsoever provided YPF agree to the reference to paragraph (3) in your redraft of para (18) in connection with the removal of materials. No doubt the intention here is indeed to refer to para (3)G not (13) as in your telegram No. 222.

2. Para 3 of your telegram No. 166. We have asked MFA whether F.I. currency can be used in payment for YPF products.

3. We had hoped to be able to hand over the definitive English text this evening. We shall, therefore, require earliest possible confirmation of any changes of text arriving by this afternoon's bag, consequent on exchange of telegrams under reference. MFA will need 2 - 3 days to re-process amended text through own departments.

4. As to signature, Foreign Minister returns from Algiers only on 10th September and I hope to go on short local leave on 11th September. Argentines have proposed earliest possible date after Foreign Minister's return. I suggest therefore that we aim for signature on morning of 11th September.

5. We have also asked MFA for details of construction team and equipment.

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CONFIDENTIAL

From Buenos Aires 032050Z to

Immediate FCO

Telegram No. 315 of 3rd September

information Falkland Islands.

133

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Falkland Islands telegram No. 237 to FCO and my telegram No. 312.

YPF Agreement

1. MFA have now clarified following points:

(I) redraft of paras 18 - 21 is acceptable in principle.

(II) the list of quote specialities unquote, para (11) is very extensive and includes insecticides, disinfectants, veterinary creams and other petroleum based products which are not fuels nor lubricants.

(III) facilities envisaged under para (8) are berthing and provision of water. No mention of mooring buoys.

(IV) Payment in F.I. currency is unlikely to be acceptable. para (12) MFA are probably sticking here rather than YPF.

(V) YPF would pay telephone rental and electricity costs once work on plant is completed, but not while construction is in progress. The same was allegedly done during work on Antares plant, para (5).

(VI) HMGS distribution commitments would only be for gas oil from YPF tanks to settlements, para (13).

CONFIDENTIAL

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To Falkland Islands

Telegram No. 169 of 3rd September.

MIPT

YPF Agreement

(text begins)

I have the honour to refer to the recent discussions in the Special Consultative Committee referred to in paragraph (1) of the Joint Statement which was initialled by the representatives of our two governments on 1st July 1971 and approved by them on 5th August 1971 (hereinafter referred to respectively as "the Special Consultative Committee" and "the Joint Statement"), about the supply and marketing of products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands. 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) YPF shall be responsible for the supply and marketing of petroleum fuels (other than gas-oil) and lubricants consumed by the Falkland Islands, except those used by the armed forces of the United Kingdom.
- (2) YPF may market these products themselves or through any agent designated by them.
- (3) YPF shall make the necessary arrangements for the construction of a storage plant for fuels and lubricants, supplying the materials and equipment required for its construction, operation and maintenance. They shall employ mainly personnel from the Argentine mainland, but with the participation of local personnel.
- (4) The United Kingdom Government shall provide a building as living quarters for the personnel from the Argentine mainland who construct the storage plant.
- (5) (a) for the construction equipment operation and maintenance of the storage plant the United Kingdom government shall bear the cost of providing the necessary land for the storage plant including tanks pumping equipment pipelines and buildings. The aforesaid Government shall also provide and bear the costs of the facilities required for the new installations to be constructed with regard to electricity and telephone lines, space on the FIC quayside, pipelines between this quay and the "Antares" plane and telephone communication between the storage plant and the city.
(b) for the construction equipment operation and maintenance of the storage plant the Argentine Government shall bear all other costs.

6. YPF or their representative shall station in the Falkland Islands the personnel necessary to look after the storage plant and the other installations, the composition of the operation and maintenance team shall be as agreed in the Special Consultative Committee.

7. YPF shall be exempted from payment of docking charges in carrying out the operations referred to in paragraph (8) below. YPF shall also be exempt from payment of rates, taxes or any other charge in respect of the installations referred to in paragraph (3) of this agreement. The United Kingdom Government shall make the necessary arrangements so that the land which the storage plant referred to in paragraph (3) stands is not/...

not encumbered by any rights of way.

(8). The United Kingdom Government shall provide all the necessary facilities for the anchoring and docking of YPF oil tankers carrying supplies for the storage plant. The United Kingdom Government shall also take the necessary measures so that the YPF tankers may use the private East Jetty without the payment of any fee or tariff and take on drinking water at the same jetty also without any charge.

(9) It is understood that the use of the private jetty described in the previous paragraph refers to the off-loading of goods both in bulk and in containers. It shall be the responsibility of YPF to maintain the necessary vigilance while the tanker unloads goods in bulk or in containers and to avoid any spillage or contamination of the waters. The United Kingdom government shall take adequate measures to secure the suspension of all other activities on the jetty in question during the operation of unloading the goods referred to in this and the previous paragraph.

(10) The frequency with which YPF shall supply the storage plant shall be approximately every four months.

(11) The products to be supplied by YPF shall be the following:

Super petrol
Kerosene
Aviation Fuel
Lubricants
"Specialities"
Bitumen.

(12) The prices of these products shall be those in force on the Argentine mainland. Payment may be made in Argentine currency or in pounds sterling.

(13) No duties or taxes shall be applied in the Falkland Islands on:

- (a) the materials and equipment taken into the Falkland Islands by the Argentine Government for the purposes of this agreement;
- (b) the personal effects taken into the Islands by the personnel from the Argentine mainland by virtue of the arrangements stipulated in paragraphs (E) and (6) of this agreement;

or

- (c) the salaries or other emoluments paid by their Argentine employers to the personnel from the Argentine mainland.

(14) The expression "personnel from the Argentine mainland" means personnel occupied in the construction, maintenance or operation of the storage plant who come from Argentine mainland and are in the Falkland Islands for the purpose of this agreement.

(15) No duties or taxes shall be applied in the Falkland Islands on the importation, distribution or sale of YPF products.

(16) The Argentine Government may construct and maintain a jetty, should it deem it appropriate for the docking of vessels supplying the storage plant.

(17)/...

(17) The storage plant shall cease to be operational when any of the notices referred to in paragraph (20) of this Agreement has been given. In this event YPF shall remove any material and equipment which they have provided under paragraph (3) of this Agreement. Such materials and equipment shall at all times remain the property of YPF.

(18) The Special Consultative Committee shall deal with questions which might arise over the interpretation or application of this agreement.

(19) 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 5th August 1971 (hereinafter referred to as "The Exchange of Notes") shall be deemed para (13) (b) stipulated in paras (3) and (6) of etc to include reference to this agreement.

(20) This Agreement shall remain in force until 31st December 1974 or until the expiry of notice given in accordance with para (18) of the Joint Statement and with para (2) of the Exchange of Notes. After 31st December 1974 either of the two Governments may denounce this agreement subject to six months prior notice in writing.

see 145

~~CONFIDENTIAL~~

147

To Immediate Buenos Aires telno 229 of 4th September 1973
and to Falkland Islands.

My telno 228 of 4th September

YPF Agreement

(amended text is as follows)

I have the honour to refer to the recent discussions in the Special Consultative Committee referred to in paragraph (1) of the Joint Statement which was initialled by the representatives of our two governments on 1st July 1971 and approved by them on 5th August 1971 (hereinafter referred to respectively as "the Special Consultative Committee" and "the Joint Statement"), about the supply and marketing of products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands, 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) With effect from the date of completion of the construction of the storage plant referred to in paragraph (3) of this agreement, or such earlier date as may be agreed in the Special Consultative Committee, YPF shall be responsible for the supply and marketing of the products referred to in paragraph 11 of this agreement which are consumed in the Falkland Islands, except those used by the armed forces of the United Kingdom.
- (2) YPF may market these products themselves or through any agent designated by them.
- (3) YPF shall make the necessary arrangements for the construction of a storage plant for fuels and lubricants, including tanks, pumping equipment, pipelines and buildings, hereinafter referred to as "the storage plant" and shall supply the materials and equipment required for its construction, operation and maintenance. They shall employ mainly personnel from the Argentine mainland, but with the participation of local personnel.
- (4) The United Kingdom Government shall provide the land required for the storage plant and a building as living quarters for the personnel from the Argentine mainland who construct the storage plant. For that building and for the construction, operation and maintenance of the storage plant, the United Kingdom Government shall provide electricity and telephone lines (confidential telno 229). The United Kingdom Government shall also provide space at a quayside in Port Stanley for the unloading of materials needed for the construction of the storage plant.
- (5) For the construction, equipment operation and maintenance of the storage plant -
 - A. the United Kingdom Government shall bear the costs of providing
 - i. the necessary land for the storage plant;
 - ii. the installation of the electricity and telephone calls made, telephone lines, and the quayside space, referred to in paragraph 4 of the agreement;
 - iii. the electricity consumed, and local telephone calls made during the construction of the storage plant: and
 - B. the Argentine Government shall bear all other costs.
- (6) YPF or their representative shall station in the Falkland Islands the personnel necessary to look after the storage plant and the other installations. The composition of the operation and maintenance team shall be as agreed in the Special Consultative Committee.

(7) YPF shall be exempted from payment of docking charges in carrying out the operations referred to in paragraph (8) below. YPF shall also be exempt from payment of rates, taxes, or any other charge in respect of the installations referred to in paragraph (3) of this agreement. The United Kingdom Government shall make necessary arrangements so that the land on which the storage plant referred to in paragraph (3) stands is not encumbered by any rights of way.

(8) The United Kingdom Government shall take the necessary measures so that the YPF tankers may use the private East Jetty without payment of any fee or tarriff, and take on drinking water at the same jetty also without any charge.

(9) It is understood that the use of the private jetty described in the previous paragraph refers to the off-loading of goods both in bulk and in containers. It shall be the responsibility of YPF to maintain the necessary vigilance while the tanker unloads goods in bulk or in containers, and to avoid any spillage or contamination of the waters. The United Kingdom Government shall take adequate measures to secure the suspension of all other activities on the jetty in question during the operation of unloading the goods referred to in this paragraph.

(10) The frequency with which YPF shall supply the storage plant shall be approximately every four months.

(11) The products to be supplied by YPF shall be the following:

for use 90 oct
Super petrol kerosene gas-oil
aviation fuel lubricants bitumen

(12) The prices of these products shall be those in force on the Argentine mainland. Payment may be made in Argentine (or British currency) (currency or in pounds sterling). (The United Kingdom Government shall be responsible for the distribution of gas-oil outside Port Stanley and shall ensure that it reaches farms at the same price as that at which it is sold in Port Stanley).

(13) No duties or taxes shall be aplied in the Falkland Islands on:

- (a) the materials and equipment taken into the Falkland Islands by the Argentine Gpovernment for thepurposes of this agreement;
- (b) the personal effects taken into the Islands by the personnel from the Argentine mainland by virtue of the arrangements stipulated in paragraphs (3) and (6) of this agreement: or
- (c) the salaries or other emoluments paid by their Argentine employers to the personnel from the Argentine mainland.

(14) The expression "personnel from the Argentine mainland" means personnel occupied in the construction, maintenance or operation of the storage plant who come from the Argentine mainland and are in the Falkland Islands for the purpose of this agreement.

(15) No duties or taxes shall be applied in the Falkland Islands on the importation, distribution or sale of YPF products.

(16) The Argentine Government may construct and maintain a jetty in should it deem it appropriate, for the docking of vessels supplying the storage plant.

(17) The storage plant shall cease to be operational when any of the notices referred to in paragraph (20) of this agreement has been given. In this event YPF shall remove any materials and equipment which they have provided under paragraph (3) of this agreement. Such materials and equipment shall at all times remain the property of YPF

(18) The special Consultative Committee shall deal with questions which might arise over the interpretation or application of this Agreement.

(19) 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 5th august 1971 (hereinafter referred to as "The Exchange of Notes") shall be deemed to include references to this agreement.

(20) This Agreement shall remain in force until 31st December 1974 or until the expiry of notice given in accordance with paragraph (18) of the Joint Statement and with paragraph (2) of the

Exchange of Notes. After 31st December 1974 either of the two Governments may denounce this agreement subject to six months' prior notice in writing.

CONFIDENTIAL 041635Z

From FCO to Immediate Buenos Aires

Telegram No. 230 of 4th September

and to Falkland Islands.

147-149

MIPT

YPF Agreement

1. Para 1 now permits YPF to start selling the products covered by the Agreement as soon as construction is finished or earlier with our consent. It seems unlikely that YPF would be willing to wait for any period after construction is complete before starting business, nor would it seem reasonable to expect them to do so. But they could, with our consent, start selling the stocks they have already imported once Falkland Islands Company stocks are exhausted.

2. Paras 3, 4 and 5 have been redrafted to separate out the responsibilities for provision of materials and allocation of costs.

3. Para 8. As only berthing and provision of water are required (B.A. tel 315) we have omitted first sentence.

4. Para 11. Gas oil has been put back into the Agreement but reference to Royal Navy facilities has been deleted and it must be clearly understood that Royal Navy facilities may not, repeat not, be used for YPF fuel.

5. Para 12. The Argentines may be able to accept "British currency" (which includes Falkland Island pounds) as less offensive than Falkland Islands pounds. If they will not, the alternative formula "Argentine currency or in pounds sterling" reverts to their original proposal and means that Falkland Islands pounds cannot, repeat not, be used. The clause in square brackets about distribution ensures that if FIG accept the costs of distribution it has control over means of distribution. We trust that F.I.G. have fully examined the implications of this obligation which would, it seems be quite expensive. Before text is given to Argentines F.I.G. should indicate whether this sentence is acceptable or should be deleted from draft.

IMMEDIATE

To F.C.O. and B.A. DESKBY 060900Z

Telegram No. 242 of 5th September

YPF Agreement

147-149 150
Your telegram Nos 229 and 230.

Amended text received only up to para 17 but understand there are no changes of substance in remainder. We would prefer not to be saddled with distribution of gasoil though we were surprised that original Argentine text did not require us in addition to distribute petrol. Grateful therefore if Buenos Aires could initially put forward text without last sentence of para 12, but if this is crucial to Argentines we can accept its reinstatement. F.I.C. advises total annual cost of distribution all petroleum products to farms is about £3,000 and we have thought up and Executive Council has approved in principle a number of devices directly to recoup this from consumers.

2. We thus concur with amended text and in view of timetable detailed B.A.'s telegram No. 312 I advised Miss Evans of this by telephone at mid-day today.

3. As agreement will not be legally binding on local merchants grateful advise whether you consider we should legislate to ensure that YPF monopoly is not infringed.

→ see 163

FCO please pass

CONFIDENTIAL

From Buenos Aires 061400Z

To Priority FCO

Telegram No. 320 of 6th September

information Falkland Islands.

167-169 *150* *151*
Your telegram Nos 229 and 230 and Falkland Islands telegram No. 242
to FCO:

YPF Agreement

1. Text in your telegram No. 229 was handed to Blanco last night (complete text by Monday's bag to Falklands). On basis of telephone conversation with Acting Governor, the second sentence of para (12) read "payment may be made in Argentine or British currency" and the third sentence in square brackets was left out.

2. Blanco had the following initial comments:

(a) para (1) "YPF shall be responsible" seemed a less satisfactory translation than "YPF shall have in its charge" as regards statement of proposed YPF monopoly. Miss Evans explained that our text also implied monopoly.

(b) paras (3, 4, 5) Blanco remarked on absence of "facilities" for "pipelines between the jetty and Antares plant" (Argentine para 5) pointing out that the intention was not to ask HMG to bear the cost of the pipeline but merely to give YPF the right to lay the pipeline on the land between the two points.

(c) para (4) he queried whether any quayside other than that of FIC provided the necessary facilities (Argentine para (5)).

(d) para (12) Blanco said YPF had experienced trouble in past with FI currency and would definitely prefer sterling. We explained that we quite understood YPF's wish to receive sterling, but if they accepted F.I. currency at the pump, this could subsequently be exchanged for a sterling draft as in case of LADE. Blanco promised to present case to YPF. Grateful for confirmation that this procedure is acceptable.

(e) para (12) YPF are likely to want restoration of sentence about HMG's commitment for distribution of gas oil.

4. Blanco said that he would let us know as soon as possible MFA and YPF's considered reactions to text. In light of delay and amendments, he thought it would be optimistic to hope for signature within the month.

HOPSON

\ see 156

CONFIDENTIAL

DRAFT31 August 1973EXCHANGE OF NOTESNo. 1

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

Your Excellency,

Superseded

I have the honour to refer to the recent discussions in the Special Consultative Committee referred to in paragraph (1) 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 respectively as "the Special Consultative Committee" and "the Joint Statement"), about the supply and marketing of products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands. 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) YPF shall be responsible for the supply and ^{Petroleum} marketing of/fuels (other than gas-oil) and lubricants consumed in the Falkland Islands, except those used by the Armed Forces of the United Kingdom.
- 2) YPF may market these products themselves or through any agent designated by them.

(3)

CONFIDENTIAL

- 3) YPF shall make the necessary arrangements for the construction of a storage plant for fuels and lubricants, supplying the materials and equipment required for its construction, operation and maintenance. They shall employ mainly personnel from the Argentine mainland, but with the participation of local personnel.
- 4) The United Kingdom Government shall provide a building as living quarters for the personnel from the Argentine mainland who construct the storage plant.
- 5) (a) For the construction, equipment, operation and maintenance of the storage plant, the United Kingdom Government shall bear the costs of providing the necessary land for the storage plant, including tanks, pumping equipment, pipelines and buildings. The aforesaid Government shall also provide and bear the costs of the facilities required for the new installations to be constructed, with regard to electricity and telephone lines, space on the FIC quayside, pipelines between this quay and the "Antares" plant and telephone communication between the storage plant and the city.
(b) For the construction, equipment, operation and maintenance of the storage plant the Argentine Government shall bear all other costs.

CONFIDENTIAL

- 3 -

- 6) YPF or their representative shall station in the Falkland Islands the personnel necessary to look after the storage plant and the other installations. The composition of the operation and maintenance team shall be as agreed in the Special Consultative Committee.
- 7) YPF shall be exempted from payment of docking charges in carrying out the operations referred to in paragraph (8) below. YPF shall also be exempt from payment of rates, taxes or any other charge in respect of the installations referred to in paragraph (3) of this agreement. The United Kingdom Government shall make the necessary arrangements so that the land on which the storage plant referred to in paragraph (3) stands is not encumbered by any rights of way.
- 8) The United Kingdom Government shall provide all the necessary facilities for the anchoring and docking of YPF oil tankers carrying supplies for the storage plant. The United Kingdom Government shall also take the necessary measures so that the YPF tankers may use the private East jetty without the payment of any fee or tariff, and take on drinking water at the same jetty also without any charge.

(9)

CONFIDENTIAL

CONFIDENTIAL

- 4 -

- 9) It is understood that the use of the private jetty described in the previous paragraph refers to the off-loading of goods both in bulk and in containers. It shall be the responsibility of YPF to maintain the necessary vigilance while the tanker unloads goods in bulk or in containers, and to avoid any spillage or contamination of the waters. The United Kingdom Government shall take adequate measures to secure the suspension of all other activities on the jetty in question during the operation of unloading the goods referred to in this and the previous paragraph.
- 10) The frequency with which YPF shall supply the storage plant shall be approximately every four months.
- 11) The products to be supplied by YPF shall be the following:
 - Super petrol
 - Kerosene
 - Aviation fuel
 - Lubricants
 - Specialities
 - Bitumen
- 12) The prices of these products shall be those in force on the Argentine mainland. Payment may be made in Argentine currency or in pounds sterling.

(13)

CONFIDENTIAL

13) No duties or taxes shall be applied in the Falkland Islands on:

- (a) the materials and equipment taken into the Falkland Islands by the Argentine Government for the purposes of this agreement;
- (b) the personal effects taken into the Islands by the personnel from the Argentine mainland by virtue of the arrangements stipulated in paragraphs (3) and (6) of this agreement; or
- (c) the salaries or other emoluments paid by their Argentine employers to the personnel from the Argentine mainland.

14) The expression "personnel from the Argentine mainland" means personnel occupied in the construction, maintenance or operation of the storage plant who come from the Argentine mainland and are in the Falkland Islands for the purpose of this agreement.

15) No duties or taxes shall be applied in the Falkland Islands on the importation, distribution or sale of YPF products.

16) The Argentine Government may construct and maintain a jetty, should it deem it appropriate, for the docking of vessels supplying the storage plant.

(17)

- 17) The storage plant shall cease to be operational when any of the notices referred to in paragraph (20) of this agreement has been given. In this event YPF shall remove any materials and equipment which they have provided under paragraph (3) of this agreement. Such materials and equipment shall at all times remain the property of YPF.
- 18) The Special Consultative Committee shall deal with questions which might arise over the interpretation or application of this agreement.
- 19) 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.
- 20) This agreement shall remain in force until 31 December 1974 or until the expiry of notice 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.

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

CONFIDENTIAL

- 7 -

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

CONFIDENTIAL

CONFIDENTIAL

No. 2

THE ARGENTINE MINISTER OF
FOREIGN AFFAIRS AND WORSHIP FOR
H.M. AMBASSADOR IN BUENOS AIRES

Your Excellency,

I have the honour to acknowledge receipt of
Your Excellency's Note No. _____ of today's date, which
reads as follows:

[Note No 1 in full]

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.

I avail myself etc.

CONFIDENTIAL



Foreign and Commonwealth Office
London SW1

Telephone 01- 930 0140 15

Miss M G D Evans
BUENOS AIRES

Your reference

Our reference

AJW12/2

Date

31 August 1973

Dear Sirs,

YFF

1 As promised in our telno 225 of 30 August I enclose herewith our redraft of the Exchange of Notes. Please note that this redraft does not take account of the comments in Falkland Islands telegram No 237 of 30 August.

Jim won

Marley

Stanley Relton
Latin America Dept

Enc

cc: Mr Layng
FALKLAND ISLANDS

I have the honour to refer to the recent discussions in the Special Consultative Committee referred to in paragraph (1) 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 respectively as "The Special Consultative Committee" and "The Joint Statement"), about the supply and marketing of products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands. 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) With effect from the date of completion of the construction of the storage plant referred to in paragraph (3) of this Agreement, or such earlier date as may be agreed in the Special Consultative Committee, YPF shall be responsible for the supply and marketing of the products referred to in paragraph (11) of this Agreement which are consumed in the Falkland Islands, except those used by the Armed Forces of the United Kingdom.
- 2) YPF may market these products themselves or through any agent designated by them.
- 3) YPF shall make the necessary arrangements for the construction of a storage plant for fuels and lubricants, including tanks, pumping equipment, pipelines and buildings, hereinafter referred

/to

to as "the storage plant", and shall supply the materials and equipment required for its construction, operation and maintenance. They shall employ mainly personnel from the Argentine mainland, but with the participation of local personnel.

4) The United Kingdom Government shall provide the land required for the storage plant and a building as living quarters for the personnel from the Argentine mainland who construct the storage plant. For that building and for the construction, operation and maintenance of the storage plant, the United Kingdom Government shall provide electricity and telephone lines. The United Kingdom Government shall also provide space at a quayside in Port Stanley for the unloading of materials needed for the construction of the storage plant.

5) For the construction, equipment, operation and maintenance of the storage plant -

(A) The United Kingdom Government shall bear the costs of providing

- (i) the necessary land for the storage plant;
- (ii) the installation of the electricity and telephone lines, and the quayside space, referred to in paragraph (4) of this Agreement;
- (iii) the electricity consumed, and local telephone calls made, during the construction of the storage plant; and

/(B)

(B) The Argentine Government shall bear all other costs.

6) YPF or their representative shall station in the Falkland Islands the personnel necessary to look after the storage plant and the other installations. The composition of the operation and maintenance team shall be as agreed in the Special Consultative Committee.

7. YPF shall be exempted from payment of docking charges in carrying out the operations referred to in paragraph (8) below. YPF shall also be exempt from payment of rates, taxes or any other charge in respect of the installations referred to in paragraph (3) of this Agreement. The United Kingdom Government shall make the necessary arrangements so that the land on which the storage plant referred to in paragraph (3) stands is not encumbered by any rights of way.

8) The United Kingdom Government shall take the necessary measures so that the YPF tankers may use the private East jetty without the payment of any fee or tariff, and take on drinking water at the same jetty also without any charge.

9) It is understood that the use of the private jetty described in the previous paragraph refers to the off-loading of goods both in bulk and in containers. It shall be the responsibility of YPF to maintain the necessary vigilance while the tanker unloads goods in bulk or in containers, and to avoid any spillage or contamination of the waters. The United Kingdom Government shall take adequate measures to secure the suspension of all other

/adtvities

activities on the jetty in question during the operation of unloading the goods referred to in this paragraph.

10) The frequency with which YPF shall supply the storage plant shall be approximately every four months.

11) The products to be supplied by YPF shall be the following:-

Super petrol

Kerosene

Gas-oil

Aviation fuel

Lubricants

Bitumen

12) The prices of these products shall be those in force on the Argentine mainland. Payment may be made in Argentine or British currency.

13) No duties or taxes shall be applied in the Falkland Islands on:

(A) the materials and equipment taken into the Falkland Islands by the Argentine Government for the purposes of this Agreement;

(B) The personal effects taken into the Islands by the personnel from the Argentine mainland by virtue of the arrangements stipulated in para-

/graphs

graphs (3) and (6) of this Agreement;

or

(C) the salaries or other emoluments paid by
their Argentine employers to the personnel
from the Argentine mainland.

14) The expression "personnel from the Argentine mainland" means personnel occupied in the construction, maintenance or operation of the storage plant who come from the Argentine mainland and are in the Falkland Islands for the purpose of this Agreement.

15) No duties or taxes shall be applied in the Falkland Islands on the importation, distribution or sale of YPF products.

16) The Argentine Government may construct and maintain a jetty, should it deem it appropriate, for the docking of vessels supplying the storage plant.

17) The storage plant shall cease to be operational when any of the notices referred to in paragraph (20) of this Agreement has been given. In this event YPF shall remove any materials and equipment which they have provided under paragraph (3) of this Agreement. Such materials and equipment shall at all times remain the property of YPF.

18) The Special Consultative Committee shall deal with questions
/which

which might arise over the interpretation or application of this Agreement.

19) 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.

20) This Agreement shall remain in force until 31 December 1974 or until the expiry of notice 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.

15

EXTRACT FROM THE MINUTES OF EXECUTIVE COUNCIL MEETING NO. 8/73 HELD ON TUESDAY
28TH AUGUST, 1973

FUE/13/3 C

2. AGREEMENT WITH YACIMIENTOS PETROLIFEROS FISCALES
(Memo 33/73)

His Excellency explained to Council that he had called the meeting to give urgent consideration to the draft agreement with YPF for the construction of bulk storage tanks and the sale of petroleum products in the Islands, and to receive Honourable Members' advice with regard to it. The draft agreement had only recently been received from the Argentine Ministry of Foreign Affairs and early agreement in principle was now requested by Argentina in order that the construction team which had been organised to begin work early in September could start on schedule.

The matter was fully debated by Council and after careful consideration Honourable Members advised that agreement in principle to the draft could be signified to the Argentine Ministry of Foreign Affairs, subject to the incorporation of a clause adequately safe-guarding British sovereignty, and to the close scrutiny of each clause by legal advisers in the Foreign and Commonwealth Office before the formal agreement is signed.

John
CLERK TO COUNCIL

CONFIDENTIAL 271830Z

Priority to B.A. and Priority FCO

Telegram No. 124 of 27th September

YPF Agreement

I am advised that it would be constitutionally impossible to publish and pass through Executive and Legislative Councils the required legislation before October 10th without the use of the Governor's emergency powers. Even given the overwhelming public support for the agreement (as far as it is understood) it would appear most unwise and would inevitably arouse hardliner criticism if we rush through a measure with such important implications without a reasonable period of publication and time for public comment.

2. Local legislation giving legal effect to the provision of the 1971 Communications agreement was not passed until some 10 months after signature of the agreement in Buenos Aires, and for the current YPF agreement it is probable that we shall also have to amend our rating Ordinance. Can we therefore not on this occasion proceed to signature of the YPF agreement, to which Executive Council has agreed in principle, in advance of tidying up local legislation?

FCO please pass

CONFIDENTIAL 271800Z

Priority to FCO and Priority B.A.

Telegram No. 257 of 27th September

YPF Agreement

166

FCO telegram No. 254. Points made in paras 1 - 4 and 6 are agreed. Our requirement is for aviation fuel suitable for Beavers. This is already being supplied by YPF. Only possible foreseeable requirement for bitumen or asphalt is for permanent airfield and we have no information available here as to which product contractors may be required.

2. With reference to your para 5 we do not envisage any distribution by YPF outside Stanley. Current practice is for all farms to purchase petrol and gasoil in Stanley at Stanley prices and then pay their own freight charges out to settlements. We have assumed this practice will continue since most farms are shareholders in only vessel operating commercially here and there are no private traders and no consumers in the Camp outside the farms. We think YPF is fully conversant with these details and have no intention of operating their own local vessel here. We disagree with B.A.s suggestion in para 1 of their telegram 331 and consider that the point of the amendment is to make clear that the only supply point by YPF in the Colony will be in Stanley.

3. We still do not feel able agree to para C of B.A. telegram 331 even with the further change notified in B.A. telegram No. 93. We would need to see the plans of the installation, work out the cost of re-aligning electricity lines and if the expense will be as substantial as appears obtain agreement of our Finance Committee. We suggest this amendment be rejected.

FCO please pass.

CONFIDENTIAL

From FCO 041700Z

To Immediate Falkland Islands

Telegram No. 181 of 4th October

and to Buenos Aires.

YPF Agreement.

Your telegram 124.

1. The 1971 Joint Statement was not an Agreement and the question of giving it immediate legal effect did not arise.
2. Enabling Legislation must be passed before an international agreement (such as YPF Agreement) comes into force, otherwise we have no means of ensuring compliance with our international obligations.
3. The implementation of the YPF agreement could well be delayed until some date after the completion of the exchange of notes by substituting "a date to be agreed through the diplomatic channel" for the last five words of the draft exchange. Grateful for an assessment of possible Argentine reaction to this proposal.
4. The best way of giving Legislative effect to Agreement is by amendment of Petroleum Ordinance No. 8 of 1973 (see MIFT).

CONFIDENTIAL

EXECUTIVE COUNCIL

No. 43/73

YPF Agreement - Amendment to Petroleum Ordinance

Honourable Members will recall that at the meeting of Council on August 28th they agreed in principle that the United Kingdom Government should sign an agreement with the Argentine government which would provide for the construction of a bulk petroleum installation in Stanley and permit YPF to market petrol, gasoil, etc in the Colony.

2. The two governments are now very close to agreeing on the text of the agreement which is likely to be signed soon. It will, however, be necessary to amend the Colony's Petroleum Ordinance mainly in order to provide the Governor with powers to enforce locally the provisions of the agreement - in particular the monopoly aspect of the concession.

3. The proposed new Ordinance, which has been drafted by the Colony's legal adviser in London is attached, and Honourable Members are asked to advise that it be remitted to Legislative Council for consideration. It is intended that His Excellency the Governor will sign a certificate of urgency to permit immediate consideration of the Bill to the Legislature.

The Secretariat,
Stanley.

12th October 1973.

Ref: FUE/13/3 S

CB

DRAFT

A Bill

for an Ordinance

To regulate the importation, storage, sale and handling of petroleum products.

BE IT ENACTED by the Legislature of the Colony of the Falkland Islands, as follows -

1. This Ordinance may be cited as the Petroleum Products Ordinance 1973, and shall come into operation on a day to be appointed by the Governor in Council by notice in the official Gazette.

2. "Petroleum products" mean super petrol, petrol, kerosene, gas-oil, aviation fuel, lubricants and bitumen.

3. No person shall land, introduce or keep or attempt to land, introduce or keep in the Colony any petroleum products except in accordance with this Ordinance and any rules made thereunder.

4. (1) No person shall supply, market or transport or keep in any place wholly or partly for sale any petroleum products in the Colony unless so authorised by the Governor by notification in the official Gazette.

(2) The power to grant any authority under this Ordinance shall include the power to refuse or cancel any such authority.

(3) The Governor may impose such conditions as he may think fit as a precaution against fire, and any authorised person neglecting or failing to comply therewith shall commit an offence and upon conviction therefor the Governor may forthwith rescind the authority granted to him.

5. The Governor in Council may make rules in respect of any of the following matters -

- (a) the regulation of the storage of petroleum products whether by the owners of motor cars or by persons storing petroleum products for the purposes of sale;
- (b) the inspection of premises in which petroleum products are stored in bulk;
- (c) the conditions necessary to render premises fit for the storage of petroleum products whether stored in bulk or otherwise;
- (d) generally for giving effect to the objects and intention of this Ordinance.

6. Any person who contravenes or fails to comply with the provisions of this Ordinance shall be guilty of an offence and liable on summary conviction to a fine not exceeding £200.

7. This Ordinance shall not apply -

- (a) to the importation of petroleum products for the use of the Armed Forces of the United Kingdom, to the keeping or using thereof by such Forces, or to the supply or marketing thereof to such Forces;

Title

Enacting clause

Short title and commencement

Definitions

Licence to land etc.

Issue of licences

Rules

Offences

Saving

(b) to petroleum products kept for private use so long as the amount kept does not exceed four imperial gallons.

8. The Petroleum Ordinance 1973 is repealed.

Repeal of
Ordinance
No. 8 of
1973

OBJECTS AND REASONS

In order to negotiate advantageous terms for the marketing and supply of petroleum products in the Colony, it is necessary for the Governor to be given powers to regulate the importation of these products.

Existing legislation only covers the importation of petrol and it is now necessary for measures to be introduced which cover in addition other petroleum products.

CONFIDENTIAL

From Buenos Aires 161840Z

To Priority FCO

Telegram No. 403 of 16th October

information Priority Falkland Islands.

My telegram No. 380.

YPF Agreement.

1. After meeting with YPF representative and MFA following points remain outstanding on Buenos Aires text of 8th October (copy to FIG by bag of 22nd October).

(A) para (5Aiii) - YPF explained that the only modification proposed was the removal of the overhead electric line and its burial in an underground cable. It would be a simple and cheap operation which would not affect the feeder. YPF accordingly propose leaving this para as it stands and introducing a new para (5Aiii) as follows -

"the modification of the lay out (trasado) of the single existing overhead electric line which crosses the site and which should be buried underground because of the risk of fire".

if the FIG accept the intention you might wish to improve the drafting.

(b) Para (5Aiii) - this would now be renumbered (5A iv).

(C) Para (6) - await your comments on para (1) of my telegram No. 380.

(D) Para (7) - we have explained that we await your redraft of the third sentence to take account of the FIG's interest in preserving the public right of way and YPF's interest in avoiding payment of dues. (para 3 of my telegram under reference).

(E) Para (9) - YPF are insistent that "or drums" be added after "goods in bulk or containers" since the word "containers" is not used generically but specifically to describe the large wooden or metal structure within which smaller boxes etc. are placed.

(F) Para (11) - YPF suggest that "aero-fuels" would be the best English translation of "aero-combustibles". They have eliminated the further description in brackets.

(G) Para (11) - YPF say that "Ashphalts" is a generic word that not only describes the bitumen to be used for the permanent (Conf. B.A. tel.no. 403) airfield but also such items as anti-corrosive asphaltic paint to be used for their pipelines.

(H) Para (12) MFA accept our formulation of last sentence but wish to see specific reference to "obligation" in the Spanish text as follows: "El Gobierno Britanico se obligara su canje por libras esterlinas cambiarias".

2. YPF Representative has told us that they are spending one million dollars on the project.

RESTRICTED 251530Z

Priority to FCO and BA from Falklands

Telegram No. 272 of 25th October

YPF Agreement.

Legislative Council to-day passed the amended Petroleum
Ordinance.

FCO please pass

Lalent Bolt

Handed over 8 Octbr.
Draft of this date.

P.C. - 6/3/10

DRAFT EXCHANGE OF NOTES

No. 1

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

182

Your Excellency,

I have the honour to refer to the recent discussions in the Special Consultative Committee referred to in paragraph (1) 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 respectively as "the Special Consultative Committee" and "the Joint Statement"), about the supply and marketing of products of Yacimientos Petroliferos Fiscales (hereinafter referred to as "YPF") in the Falkland Islands.

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) With effect from the date of completion of the construction of the storage plant referred to in paragraph (3) of this agreement, or such earlier date as may be agreed in the Special Consultative Committee, YPF shall be responsible for the supply and marketing of the products referred to in paragraph (11) of this agreement which are consumed in the Falkland Islands, except those used by the armed forces of the United Kingdom. Nevertheless, these products may be obtained from any other source if YPF are unable to supply the Islands' needs.

(2)

- 2) YPF may market these products themselves or through any agent designated by them.
- 3) YPF shall make the necessary arrangements for the construction of a storage plant for fuels and lubricants, including tanks, pumping equipment, pipelines and buildings, hereinafter referred to as "the storage plant", and shall supply the materials and equipment required for its construction, operation and maintenance. They shall employ mainly personnel from the Argentine mainland, but with the participation of local personnel.
- 4) The United Kingdom Government shall provide the land required for the storage plant and a building as living quarters for the personnel from the Argentine mainland who construct the storage plant. For that building and for the construction, operation and maintenance of the storage plant, the United Kingdom Government shall provide electricity and telephone lines. The United Kingdom Government shall also provide space at a quayside in Port Stanley for the unloading of materials needed for the construction of the storage plant.
- 5) For the construction, equipment, operation and maintenance of the storage plant -

/(a)

(a) the United Kingdom Government shall bear the costs of providing

- (i) the necessary land for the storage plant;
- (ii) the installation of the electricity and telephone lines, and the quayside space, referred to in paragraph (4) of this agreement;
- (iii) the electricity consumed, and local telephone calls made, during the construction of the storage plant;

and

(b) YPF shall bear all other costs.

6) YPF or their representative shall station in the Falkland Islands the personnel necessary to look after the storage plant and the other installations. ^{OPERATE + ANTALES}
~~CONSTRUCTED BY YPF IN CONVENTION WITH THE STATE PLATN~~
The composition of the operation and maintenance team shall be as agreed in the Special Consultative Committee.

7) YPF shall be exempted from payment of docking charges in carrying out the operations referred to in paragraph (8) below. YPF shall also be exempt from payment of rates, taxes or any other charge in respect of the installations referred to in paragraph (3) of this agreement. ~~If~~ Except where a pipeline is constructed on land which is subject to an existing right of way, the United Kingdom Government shall make the necessary

/arrangeme

arrangements so that the land on which the storage plant referred to in paragraph (3) stands is not encumbered by any rights of way.)

- 8) The United Kingdom Government shall take the necessary measures so that the YPF tankers may use the private East jetty without the payment of any fee or tariff, and take on drinking water at the same jetty also without any charge.
- 9) It is understood that the use of the private jetty described in the previous paragraph refers to the off-loading of goods both in bulk and in containers. It shall be the responsibility of YPF to maintain the necessary vigilance while the tanker unloads goods in bulk or in containers, and to avoid any spillage or contamination of the waters. The United Kingdom shall take adequate measures to secure the suspension of all other activities on the jetty in question during the operation of unloading the goods referred to in this paragraph.
- 10) The frequency with which YPF shall supply the storage plant shall be approximately every four months.
- 11) The products to be supplied by YPF shall be the following:-

/Super petrol

Super petrol

Kerosene

Gas-oil

Aviation combustibles (aviation fuel
and aviation kerosene)

Lubricants

Asphalts

- 12) The prices of these products in Port Stanley shall be those in force on the Argentine mainland. Payment may be made in Argentine or British currency. If payment is made in local currency the United Kingdom Government shall exchange it for convertible pounds sterling.
- 13) No duties or taxes shall be applied in the Falkland Islands on:
 - (a) the materials and equipment taken into the Falkland Islands by the Argentine Government for the purposes of this agreement;
 - (b) the personal effects taken into the Islands by the personnel from the Argentine mainland by virtue of the arrangements stipulated in paragraphs (3) and (6) of this agreement; or
 - (c) the salaries or other emoluments paid by their Argentine employers to the personnel from the Argentine mainland.

(14)

- 14) The expression "personnel from the Argentine mainland" means personnel occupied in the construction, maintenance or operation of the storage plant who come from the Argentine mainland and are in the Falkland Islands for the purpose of this agreement.
- 15) No duties or taxes shall be applied in the Falkland Islands on the introduction, distribution or sale of YPF products.
- 16) The Argentine Government may construct and maintain a jetty, should it deem it appropriate, for the docking of vessels supplying the storage plant.
- 17) The storage plant shall cease to be operational when any of the notices referred to in paragraph (20) of this agreement has been given. In this event YPF shall remove any materials and equipment which they have provided under paragraph (3) of this agreement. Such materials and equipment shall at all times remain the property of YPF.
- 18) The Special Consultative Committee shall deal with questions which might arise over the interpretation or application of this agreement.
- 19) 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 reference

/to

to this agreement.

20) This agreement shall remain in force until 31 December 1974 or until the expiry of notice 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.

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 OF
FOREIGN AFFAIRS AND WORSHIP FOR
H.M. AMBASSADOR IN BUENOS AIRES

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's
Note No. of today's date, which reads as follows:

Note No 1 in full

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.

I avail myself etc.

Registry
No.

DRAFT TRANSLATION

Type 1 +

181

SECURITY CLASSIFICATION

Top Secret.
Secret.
Confidential.
Restricted.
Unclassified.

PRIVACY MARKING

In Confidence

To:—

From

Telephone No. & Ext.

Department

I have the honour to refer to our conversation today about the modifications of electric lines in Port Stanley.

According to the enclosed plan the electric lines to be modified are two. The one outlined in red no 1-11-13-14~~21529~~, which YPF will replace by the one 1-2-3-4-5-6-7-8-9. The other is drawn in pencil and passes in front of the ~~Wire netting~~ at some 5 metres.; YPF will increase its height in order to avoid difficulties for the vehicles entering or leaving by ~~entrances~~ A or B.

The work of modification is included in the budget for the work and will be ~~be~~ borne by YPF. Thus there will be no expenses for the occupying authority.

But it is necessary that the occupying authority permit the work of modifying the electric lines which are their property to be carried out, and therefore YPF must accept that the authority gives them authority ~~so~~ that the modification does not cause any difficulties.

Personally I understand that ~~xxxxxx~~ in the Exchange of Notes all that should be mentioned is that described in the previous paragraph.

BUENOS AIRES, 19 de octubre d

A la 2a. Secretaria
de la AEMBAJADA BRITANICA
Sra. M.G.B. EVANS
C. / D.

Distinguida Sra.:

día Tengo el agrado de referirme a la conversación de
de la fecha, en relación a las modificaciones de líneas el-
cas en PUERTO STANLEY.

a Según el plano que acompaña las líneas eléctricas
modificar son dos. Una de trazado rojo n° 1 - 11 - 13 - 14
15 - 9, que YPF reemplazará por el trazado 1 - 2 - 3 - 4 - 5 - 6
7 - 8 - 9.- La otra está marcada en lápiz y pasa frente al ala
al alambrado a unos 5 metros; YPF aumentará su altura para evitar incon-
tes a los vehículos que entren o salgan por portones A y B

pm Los trabajos de modificación están incluidos en el
supuesto de la obra, y los afrontará YPF. En consecuencia
hay gastos para la autoridad de ocupación.

pmi Pero es necesario que la Autoridad de ocupación p-
ueda efectuar estos trabajos de modificación en líneas eléct-
ricas que son de su propiedad, y por lo tanto deberá YPF aceptar
que tal autoridad les preste aprobación una vez efectuados, pa-
ra no tener inconvenientes con tal modificación.

10 Personalmente entiendo que en las cartas reversas
único que puede mencionarse es lo expresado en el párrafo
anterior.-

Salúdale muy atentamente.

RESTRICTED

Priority to B.A. and to FCO DESKBY 291000

Telegram No. 145 of 27th October

YPF Agreement

181

Your telegram No. 105 of 25th October.

We have no objection to addition of proposed clause.

194

CONFIDENTIAL

From Buenos Aires 061742Z

To Priority Falkland Islands

Telegram No. 113 of 6th November

info FCO.

193

Your telegram No. 151:

YPF Agreement.

191

1. As stated in para 4 of my telegram No. 437 to FCO YPF have quoted a price for a 200 litre drum (non returnable) of gas oil as 394 pesos or as 1.97 pesos a litre. This translates as about 36 pence a gallon. The price for super petrol is 1.90 pesos a litre or about 35 pence a gallon.

2. We understand from YPF that the annual commercial consumption of gas oil in the Falklands is about 500 cubic metres or 11,000 gallons. (my telegram No. 332) since at the FIC price you quote of 15 pence a gallon this amounts only to £1,650 we are a little surprised that the FIC appear to feel strongly about preserving so small a market.

CONFIDENTIAL 071730Z

Routine to FCO from Falklands

Telegram No. 306 of 7th November

and to B.A.

YPF Agreement.

187 Your telegram No. 433 to B.A.

1. We have the following comments:

(a) para 3. for clarify we suggest that the word "power" be inserted before the word "lines".

Confirm we have no objection.

(b) para 6. The Antares storage plant as you assume is the tank farm constructed for the storage of JPI for the servicing of LADE aircraft. It was built in accordance with the provisions of the Air Services Agreement.

(c) Para 7. We accept this for the main site but not for where the pipeline crosses the jetty and the public road.

(d) para 9. Agreed

(e) para 12. Agreed

(f) para 13A. Agreed

(g) para 13B. This is reasonable enough particularly in view of the size of the estimated expenditure on the storage installations.

2. One further point for clarification.

Para 1. last sentence. Who actually does the obtaining from any other source if YPF fails to deliver? The obvious answer is FIG but Argentine Government may maintain that as YPF is a state corporation then the Argentine Government will do the obtaining to make up YPFs deficiencies. Inserting the words "by FIG directly" after "obtained" would remove any possible ambiguity.

3. Finally no reference is made in the Agreement to the specifications of the products to ensure they are up to internationally accepted standards. This could be important particularly in the case of AVGAS and gas oil.

FCO please pass

RESTRICTED

From Buenos Aires 091810Z
To Priority FCO
Telegram No. 453 of 9th November
and to Falkland Islands.

Your telegram No. 319 and Falklands telegram No. 306, to FCO:

YPF AGREEMENT

1. References are to BA text of 7th November which is text of 8th October as amended by your telegram under reference.
2. Para 6. YPF have decided that their proposed amendment is not now necessary and text remains as in draft of 8th October.
3. Para (7) third line. We have explained the situation and YPF are content with the version of 8th October.
4. Para (9). Sincere there is no generic term in Spanish which adequately translates "containers" covering everything from maritime "containers" (same word in Spanish) to small boxes, YPF would prefer the first line to read: "the offloading of goods both in bulk and in drums or containers" and in the second line: "and while the tanker unloads goods in bulk and in drums or containers".
5. All other amendments have been accepted.
6. Para (1) last line. As you know the Argentines would never accept a reference to the FIG in an Agreement (para 2 of Falklands telegram under reference). In any case, this is not a question of YPF deficiencies. If an emergency demand arises in excess of what they would normally supply, YPF have said they would be perfectly prepared to consider the case on its merits to see whether they wished to meet it. They would be under no obligation however (your telegram No. 254) nor in this case would the FIG be obliged to buy from YPF. There would be no question of the Argentine Government stepping in.
7. YPF have confirmed that their AVGAS is up to internationally accepted specifications (American) specifications for YPF Arctic gas oil follow in my telegram No. 117 to Falklands, Governor may wish to consult Endurance as to how this compares with present supplies.
8. We would be grateful for your comments on para (4) above and further amendments, if any resulting from Falklands telegram under reference as soon as possible so that we can finally give the Argentines a definitive English text.

FM Buenos Aires 091920Z Unclassified to Routine Falkland Islands
telno 117 of 9 November, repeated for information Routine
FCO. My telno 453 to FCO. Gas Oil.

1. Following are specifications of YPF Arctic Gas Oil
method characteristics specifications -

D 1500 Colour 1 (Max)

D 88

Viscosity SU at 38 degrees C 30

D 93 Flash point pm C degrees 38 (Min)

D 97 Pour point -25

D-129 Percentage sulphur content by weight 0.5 (Max)

D-473 Sediment percentage by volume 0.01 (Max)

D-975 Cetane No. 50 (Min)

D-974 Neutralisation number 0.16 (Max)

D 86-62 Distillation ASTM first drop at degrees C 180 (Max)

Final distillation point at degrees C 310 (Max)

D 482 Percentage ashe by weight 0.01 (Max)

2. The methods are of the American Society of testing materials.

HOPSON

MINUTES OF THE MEETING OF THE

LEGISLATIVE COUNCIL

HELD IN STANLEY ON

Thursday, 25th October 1973

The Council assembled at 9.30 a.m.
His Excellency the Governor
(Mr. E. G. Lewis, C.M.G., O.B.E.) presiding

PRESENT

The Honourable the Chief Secretary (Mr. T. H. Layng)

The Honourable the Financial Secretary (Mr. H. T. Rowlands)

The Honourable S. Miller, J.P. (First Elected Member for
Stanley)

The Honourable R. M. Pitaluga (Nominated Independent
Member)

The Honourable L. G. Blake, J.P. (Elected Member for West
Falkland)

The Honourable A. B. Monk, J.P. (Elected Member for East
Falkland)

The Honourable W. D. Bowles (Second Elected Member for
Stanley)

The Honourable W. R. Luxton (Nominated Independent Member)

Mr. R. Browning (Clerk to Council)

PRAYERS

Prayers were said by Mr. J. P. Jones, Acting Registrar
of the Supreme Court.

ADDRESS BY THE PRESIDENT

Honourable Members, ladies and gentlemen, this is I am afraid a short meeting called to consider a bill that requires urgent action by the legislature and therefore I am not making the usual formal address, but I would like on behalf of my wife and myself to say how good it is to be home and to send our greetings to all our friends in Stanley and in the Camp.

When I was in the UK I had the honour of being received by Her Majesty the Queen. She takes a great interest in our progress and is very well versed in every aspect of the Colony's affairs.

Also while on leave we met so many friends, friends of the islands in the UK and on the Continent, too numerous to mention all the names but here are some - Mr. Richard Luce, M.P., Mr. Bernard Conlan, M.P. (of the CPA delegation), Sir Michael Hadow, Sir Gerald Lathbury, Sir Edwin Arrowsmith, and Dr. Slessor who I found tucked away in Javea in Spain. All sent their particular regards to all their friends in the Colony and it is good that we have such friends, and people who look back with so much affection and good memories of the time they were in the Falklands. Thank you very much.

ORDERS OF THE DAY

BILL

The Petroleum Products Bill 1973

The Chief Secretary Your Excellency, Honourable Members, before introducing this bill I now lay on the Table the Certificate of Urgency signed by Your Excellency whereby this bill is brought before Council in accordance with Standing Rules and Orders with a degree of urgency.

As we are all aware the price of petrol in the Colony has escalated to an alarming degree over the past two or three years and has gone from a price of some twenty-five pence per gallon up to the current price which I think is sixty-three pence; and the new consignment of petrol which arrived yesterday I understand is likely to cost eighty or ninety pence or thereabouts per gallon. This very high price and this large increase has of course caused grave concern in the Colony - and I might say here that one of our world records is the highest proportion of car ownership to population of anywhere in the world. There has, as we are all aware, been a general demand, agitation, for some means of reducing this extremely high price for petrol. The high price, I think we are probably all aware, is due to the fact that the petrol has to be bought on the mainland, put into drums, shipped over here, unloaded and then put into our petrol pump here and we are paying also for the price of the shipping, wharfage, labour and so on. We all know that the only way that we can reduce this very high price is by arranging a bulk installation in Stanley for the petrol; bulk tanks, pipes, pumping gear and so on.

And I think we are all aware that over the past eighteen months or so your government has been making strenuous efforts to interest an oil company in setting up these bulk installations. Recently we have been entering, with Her Majesty's Government, into negotiations with the Argentine state petroleum concern, YPF, and agreement is very close to being reached with this organisation for an investment of some one million dollars in the Colony for bulk installations for petrol, gasoil, and possibly aviation spirit, kerosene, lubricating oils, as well. This is a very substantial investment and as is normal in investments of this magnitude in small places, the petroleum company naturally wishes to ensure that it is going to get some reasonable return from its investments. The draft agreement therefore, which is under consideration and we hope will very soon be signed, between Her Majesty's Government and the Argentine Government, is very satisfactory to us. It has been vetted by our legal advisers in London; it includes all the safeguards covering sovereignty which have been worked into all the other agreements which have been concluded with the Argentine Republic, for the airfield, communications, and so on, and this agreement will provide for YPF to have the monopoly for supply of petroleum products to the Colony. I think that there is probably nowhere else in the world which has concluded an agreement for supply, for an investment of this size, where a monopoly provision does not apply. It is not possible for the oil company faced with this very large investment, to undertake this very substantial construction project, without being assured that they are going to get all the returns from the sale of petroleum, and I think that wherever this kind of thing has happened with other companies - ESSO, Shell, BP, Mobil, in similar territories, I am safe in saying that there has always been a monopoly provision.

In Executive Council this matter has been discussed twice and agreement has been given in principle for this agreement, with this provision, between Her Majesty's Government and YPF, to be signed and Councillors have been aware that there is in fact virtually no alternative to this, apart from carrying on at these very, very high prices. We have been negotiating this agreement now for nearly two months and the objections we have raised to the preliminary text have all been overcome. We have got written into this agreement I think, everything we have asked for, and it is entirely satisfactory; it is an agreement which will last until the end of 1974 in the first place and thereafter it will be terminable at six months notice - so we are not binding ourselves for ever and ever.

The legislation which we are considering today is in the main designed to give the Governor in Council the power to regulate the import of petroleum products and ensure that the provisions of the agreement are enforceable. The legislation is very close and very similar to the legislation which was passed at the last meeting of Legislative Council which only concerned, in fact, petroleum; this legislation has been extended to cover all petroleum products, gasoil, kerosene, and so on,

and the main provision is to permit the Governor in Council to license, to allow who shall import and sell the petroleum. There is no intention that the rules made under this legislation, should be applied outside Stanley. The rules, I emphasise, that is to say that there will be no change in the present situation on Camp settlements for storage and so on. There is no intention of enforcing any stringent new regulations on the storage of petroleum products outside Stanley. The situation will not be altered in any way in that respect.

Under the agreement there is a provision whereby if YPF do not supply what is required, that the Governor will then sign an authorisation for independent import of that product, so there need be no worry that anybody with a peculiar, particular type of engine which needs a peculiar, particular type of fuel, lubricant, so on, will be unable to get it. If YPF do not import it and supply it as a matter of course, then we have authority under the agreement - the Governor will sign authorisation for this product to be imported. Similarly, if the products imported are in any way unsatisfactory, a similar provision will apply, so that there is no question of us having to put up with unsatisfactory products, insufficient quantities, or anything like that. If anything goes wrong there is this escape clause which will allow us to import and get what we need, and of course if anybody has any very small requirements, to import a small quantity of a specialised product they can do that anyhow under the final provision of paragraph 7 (b) which allows anybody to bring in four gallons of anything they like; so that if somebody has a turbo-prop. model engine or anything and needs a specialised fuel, they can always import the four gallons needed.

So gentlemen, that I think is the situation as it is. Your Executive Council has felt that there is no possible alternative to the situation in which we are placed. Petrol prices are extremely high; we either have to put up with prices that have risen steeply or we have to conclude this agreement, and in order to conclude this agreement it is necessary to pass this legislation. Her Majesty's Government is unable to sign this agreement with the Argentines until this legislation is passed which ensures that we will be able to keep to the terms of the agreement. We, none of us, like monopolies but unfortunately in small places they are really an inescapable fact of life; if we were operating in a large territory of several million people it would be reasonable and practicable to have two or three or four oil companies operating, but we must face the fact that we are only one thousand nine hundred and fifty-seven souls in this Colony and it is not reasonable to expect two oil companies to operate. In our circumstances we really cannot escape from the fact that there is only enough business for one company. In order to interest that company in coming in we have to allow them a monopoly of provision, if we do not allow a monopoly they will not come in. So gentlemen, it seems to me, it seems to the administration, it seems to the Executive Council, and I put it to you that it will seem to you too that we really have no alternative. We don't like monopolies, we don't like foreign companies, no country does, but unfortunately no British company has been pre-

pared to put this investment of a million dollars into the Colony and therefore we feel that there is no reasonable alternative. To reject this legislation means in effect that we are rejecting a reduction of the price of petrol down to thirty something pence from the current eighty something or ninety something pence. This is the issue that is before us. Your Excellency I beg to move that the Bill is read for the first time .

The Motion was seconded by the Financial Secretary and the Bill was read a first time. On a Motion put by the Chief Secretary and seconded by the Financial Secretary the Bill was read a second time.

The following Members then addressed Council:-

Mr. Monk - Your Excellency, Honourable Members, commercially of course this bill is what we want - cheaper fuels, that is quite evident, and I realise the need for a monopoly, that is also quite evident. What I do not like about it all is that the monopoly has to be granted to the country which wants us. It is a pity that the monopoly could not have been granted to the country that does not want us very much. No-one can tell me that the British government could not have built these tanks here; no-one can tell me that they have not got lots of small product tankers in the RFA which could have made one voyage a year and supplied us with all our requirements of every sort - but of course the difference is they don't want us, the other people do. By granting this monopoly in the supply of fuel to them we remove one more option, one of our options gone; another one went when we granted the communications agreement and the licence to build the airstrip; gave them all our communications, virtually. That was one option gone, this is another. It is probably inescapable, we have to for the reasons I have given - that no-one else will take it on, not even the British Government. We are told that we are sheltered under a sovereignty umbrella in the same way as the communications agreement also is under the sovereignty umbrella. I would like to remind people that under strong pressures umbrellas have a habit of turning inside out and exposing those that are holding them; and I submit that this Colony is under some pressure now, the pressure of indifference from Her Majesty's Government and the pressure from the Argentine Government. Therefore Honourable Members I am not going to vote for this legislation, I would like to abstain.

Mr. Blaikie - Your Excellency, Honourable Members, the Honourable Chief Secretary must have been extremely worried about this bill this morning because he has reminded the members of Executive Council two or three times that they have already agreed to it - so stay in line! He need have no fear as far as I am concerned because I have not put on a different shirt this morning, but I would like to draw his attention to one small point which I raised yesterday and that is one of my pet themes - in clause 4.(3) as published, the bill reads "the Governor may impose such conditions as he may think fit". I would move that between the words "Governor" and "may" the words "in Council" be added.

Mr. Monk - I second that.

The Chief Secretary - Yes Sir, I was going to make all my comments at the end. The government has no strong views on this. I would point out that this is simply regulations, as a precaution against fire. I am not entirely sure that in fact Council is the best body to draw up niggling regulations about six feet away and fences and all the rest of it. I am not sure that this is not in fact more correct, as our legal advisers (very eminent men in London) have drafted this; I am sure that it is in fact more appropriate for the Governor as advised by his experts, his Superintendent of Fire, his Superintendent of Works, his technical experts. I personally tend to feel that the bill as drafted is probably more correct and more acceptable, but if Honourable Members feel strongly that they wish to be involved in deciding and carrying the responsibility for the decisions of these technical matters relating to safety precautions against fire, I feel government will not oppose it but I think it is perhaps not the wisest move.

The Bill was taken through the Committee Stage, without amendment, read a third time and passed.

MOTION FOR ADJOURNMENT

The Chief Secretary: Your Excellency, I beg to move that this House stands adjourned sine die.

The Financial Secretary: I beg to second the Motion.

Mr. Blake: Your Excellency, Honourable Members, it is known and has been known throughout the Colony for some time that the fate of the doctor at Fox Bay, or the hoped for doctor at Fox Bay, has been in the balance and despite assurances from yourself Sir, and every effort from this end, no doctor materialised. It has even been hinted that no doctor would materialise until we did as we were told and abolished the post. Yesterday, despite strongest pressure from the West Falkland we did just that and we swallow it rather like a laxative, and the one thing I hope is that in moving us it does not completely move everyone from the West Falkland. It was a sorry day and I hope that we won't all live to regret it.

The President - No other member wishes to speak?
The House is adjourned accordingly.

RESTRICTED 231730Z

204

ROUTINE To BA from Falklands

Telegram No. 171 of 23rd November

info FCO

YPF Agreement

Your telegram No. 113.

I think that 500 cubic metres of diesel oil (ignoring such factors as temperature etc) is equivalent to 100,000 gallons or 400 tons.

2. Gas oil consumption during last 12 months excluding Govt.

BAS and Navy was 600 tons and likely to rise to 700 tons this year.

FCO please pass

SUMMARY

Average annual consumption of diesel oil based on a two year average:

	<u>tons.</u>	<u>gallons.</u>
Government:	2517	659,454
Stanley, Camp and Monsunen	700	183,400
For 1973/Endurance:	961	251,782
" Biscoe:	261	68,382
" Bransfield:	1511	<u>394,371</u>
		<u>1557,389</u> gallons

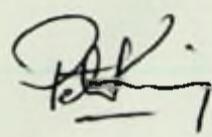
Average annual consumption of petrol based on a two year average:

Govt. Central Store:	8809 gallons
FIC (Royal Marines, Camp and Stnly)	<u>46998</u> gallons
	<u>51402</u> gallons

Average annual consumption of AVGAS based on a two year average:

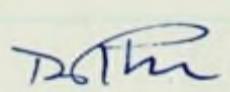
F.I.G.A.S. 25,244 gallons

44
100
26400



Y.E

You asked for the above figures recently



27.11.73

205

ANNUAL FUEL CONSUMPTIONS - PETROL & DIESEL

PETROL

GOVT. CENTRAL STORE

Consumption for the year 1.11.71 to 31.10.72	4662
Consumption for the year 1.11.72 to 31.10.73	4147
	8809 gallons

8809 gallons = 4404.5 gallons per year over a two year average.
2

F.I.C.

1.11.72 to 31.10.73
1119 drums consumed = (46,998 gallons) by Royal Marines, Camp, and
Stanley.
TOTAL AMOUNT CONSUMED = 51,402 gallons = A.C. based on 2 yr. average

AVGAS

FIGAS

Consumption for the year 7.11.71 to 7.11.72	24,770 gallons
Consumption for the year 5.11.72 to 4.11.73	25,718 gallons
	50,488 gallons

50.488 gallons = 25,244 gallons over a two year average
2

DIESEL

GOVT. CENTRAL STORE

Consumption for the year 1.11.71 to 31.10.72	1341 tons
Consumption for the year 1.11.72 to 31.10.73	1176 tons
	2517 tons

(2517 tons = 659,454 gallons) over a two year average.

F.I.C.

Estimated consumption to 31st December 1973 for farms, Monsunen,
and Stanley Consumers.....
(700 tons = 183,400 gallons) 700 tons

Consumption during 1972 by Endurance, Biscoe and Bransfield
= 961, 261, and 1511 tons respectively.
(961 tons = 251,782 gallons)
(261 tons = 68,382 gallons)
(1511 tons = 394,371 gallons)

Amount consumed during 1973 to date (26.11.73) =

Endurance.....	863 tons
Biscoe.....	394 tons
Bransfield.....	397 tons
Forrest (Navy a/c)	61 tons

{ 863 tons = 232,106 gallons
{ 394 tons = 103,228 gallons
{ 397 tons = 103,014 gallons
{ 61 tons = 15,982 gallons

212

PRIORITY FCO FROM FALKLANDS

Telegram No. 359 of 9th December

info B.A.

Y.P.F. Agreement

Your letter HWF/12/1 of the 26th November and my telegram No. 211. This question was again raised by Sloggie at meeting of Executive Council held 7th December, on the grounds that at previous meetings they had not been given the full facts, particularly about the price of diesel oil on the mainland. Sloggie received a measure of support from all members who agreed that the matter had been insufficiently debated. I said I found this surprising as there had been ample opportunity in meetings of Executive Council to thrash out all the issues involved.

2. From what I can gather there has been possibly an over-emphasis on the advantages of cheap petrol and certainly the warning lights flashed in your telegram No. 222 to B.A. and your telegram No. 166 to us were not adequately highlighted in discussion as the Monopoly provisions obviously have upset public feeling.

3. I pointed out that irrespective of what had happened in the past the current energy crisis had created a different situation and that we would have to think very seriously before going back on this proposed Agreement in view of the guaranteed supplies that we could expect from the Argentine.

4. In view of the fact that Mitchell is likely to ask for a meeting with the Minister and that Layng will be available at the next meeting of Executive Council at the end of the month, I recommend that at the moment we do not hand over the definitive English text to the Argentine Foreign Ministry.

FCO please pass

The plans of the YPF installation
have been removed from this file

To YPF 1611

SL

7/7/76