

## **1974 AGREEMENT ON THE SUPPLY OF PETROLEUM PRODUCTS BY ARGENTINA TO THE FALKLAND ISLANDS**

*Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Argentine Republic on the Supply and Marketing in the Falkland Islands of Argentine Petroleum-based Products signed at Buenos Aires on 13 September 1974 and entered into force on 13 September 1974 - Presented to Parliament by the Secretary of State for Foreign and Commonwealth Affairs by Command of Her Majesty, February 1975*

The British Charge d'Affaires ad interim at Buenos Aires to the Argentine Minister for Foreign Affairs and Worship

British Embassy  
Buenos Aires

13 September 1974

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) (a) 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, subject to the provisions of sub-paragraph (b) of this paragraph, 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.

(b) (i) The provisions of sub-paragraph (a) of this paragraph shall not apply in respect of products used by the armed forces of the United Kingdom.

(ii) Such associations, corporations and other bodies as may from time to time be agreed in the Special Consultative Committee may obtain gas-oil either from YPF or from any other source.

(iii) If and for so long as YPF are unable to supply the Islands' needs in respect of any of the products referred to in paragraph (11) of this agreement YPF shall not have any obligation to do so and these products may be obtained from any other source.

(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 may also modify the two overhead electric power lines which at present cross the site and bury them underground. 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 the 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) YPF shall bear all other costs, including the costs of modifying and burying the overhead electric power lines referred to in paragraph (3) of this agreement.
- (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) of this agreement. 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. 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 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 drums or containers. It shall be the responsibility of YPF to maintain the necessary vigilance while the tanker unloads goods in bulk and in drums or 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: Super petrol Kerosene Gas-oil Aero-fuels 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 and pay any bank charges thereby incurred.
- (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 or YPF for the purpose 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 purposes 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 any 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 1976 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 1976 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.

Frank Maynard

The Argentine Minister for Foreign Affairs and Worship to the British Charge d'Affaires ad interim at Buenos Aires

Ministry of Foreign Affairs and Worship  
Buenos Aires

13 September 1974

Sir

I have the pleasure of addressing Your Excellency in reply to your Note of today, the text of which is as follows:-

[as above]

In conveying to Your Excellency the Argentine Government's agreement to the terms of the foregoing Note, I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

A.J. Vignes