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TO IMMEDIATE FCO

TELEGRAM NUMBER 346 OF 9 JULY

INFO ROUTINE CANBERRA, MONTEVIDEO, WELLINGTON, PORT STANLEY.

YOUR TELEGRAM NUMBER 253 TO CANBERRA : FALKLAND ISLANDS REHABILITATION

1. CHILEAN AUTHORITIES ADVISE US THAT, IF A FORMAL APPROACH WERE MADE TO SHIP SUPPLIES FROM THEIR PORTS, THEY WOULD HAVE TO REFUSE BECAUSE ARGENTINA WOULD REGARD IT AS A BREACH OF NEUTRALITY. THEY COULD NOT RISK THIS AT A VERY DELICATE TIME IN THE BEAGLE CHANNEL NEGOTIATIONS. WHEN THE POSITION WITH REGARD TO HOSTILITIES IN THE SOUTH ATLANTIC WAS SETTLED THE SITUATION WOULD BE DIFFERENT. HOWEVER, CHILE WOULD RAISE NO OBJECTION TO SUCH TRADE CARRIED ON BY SHIPS OF A 3RD COUNTRY FLAG.

2. CHILEAN PRIVATE SECTOR IS KEEN TO CO-OPERATE, CAN SUPPLY ALL ITEMS BUT THE LAST AND CAN ASSEMBLE GOODS ON DOCK AT VALPARAISO, TALCAHUANO OR PUNTA ARENAS IN 5 DAYS. VOYAGE TIME FROM THESE PORTS IS 10, 8 AND 3 DAYS RESPECTIVELY. SHIPS CAN BE FOUND AND MADE AVAILABLE FOR SINGLE CHARTERS. COST LIKELY TO BE US DOLLARS 250 - 300 PER TON, FOR CONSIGNMENT 1500 TONS.

3. TO FINALISE COSTS WE SHALL NEED MORE DETAILS. WOULD SHIPS CALL ONLY AT PORT STANLEY ? WOULD THEY GO ALONGSIDE ? WOULD THEY HAVE TO UNLOAD THEMSELVES ? WHAT IS THE MAXIMUM DRAUGHT ACCEPTABLE ? ONE POSSIBLE SOLUTION IS TO USE THE BRAZILIAN LINE LLOYD LIBRA WHICH PLIES BETWEEN VALPARAISO/PUNTA ARENAS/SANTOS AND RETURN. IT MAY WELL BE POSSIBLE TO NEGOTIATE STOPOFF IN FALKLANDS WITH AGENTS ULTRAMAR. OTHER SINGLE CHARTERS WOULD BE AVAILABLE PROBABLY THROUGH LOCAL REPRESENTATIVES OF WOLFORDS OF LONDON OR PSNC. OTHER PRIVATE SHIPOWNERS WOULD CERTAINLY MAKE OFFERS IF APPROACHED. COSTS ARE BELIEVED TO BE AS IN PARA 2. INSURANCE IS A COMPLICATING FACTOR DUE TO DEFENCE PROBLEMS AND WOULD HAVE TO BE TAKEN OUT IN THE UNITED KINGDOM.

4. TRIAL ORDER PRICING -

1. PREFABRICATED HOUSES. PRICES RANGE FROM POUNDS STG. 3900, 2 BEDROOM TYPE TO POUNDS STG. 5200 FOR 3 BEDROOMED. THESE PRICES ARE EX WORKS AND ARE SUBJECT TO A GOOD DEAL OF VARIATION DEPENDING ON THE THICKNESS OF THE WOOD USED, THE AMOUNT OF INSULATION REQUIRED, THE TILING IN BATHROOM AND KITCHEN AS WELL AS SANITARY FITTINGS ETC. LETTER ABOUT DETAILS FOLLOWS BY BAG.

11. CEMENT. FREE ALONGSIDE (FAS) TALCAHUANO 500 BAGS X 50 KILOGRAMMES POUNDS STG. 1300.

111. TIMBER. 1,040 CU MTS CIF PORT STANLEY POUNDS STG. 73100.

1V. HARDBOARD. 10,000 SQ METRES CIF PORT STANLEY POUND STG. 5400.

V. GLASS. 900 SHEETS (MEASURED IN SQ METRES) FAS TALCAHUANO POUNDS STG. 8300.

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/C&I SHEETS.

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CGI SHEETS. FAS TALCAHUANO 600 SHEETS OF .5 CM THICKNESS AND FROM 2 TO 2.5 METRE LENGTHS COST POUNDS STG 2700 TO POUNDS STG 3150. 800 SHEETS 0.6 CM THICKNESS AND 3 TO 3.5 METRE LENGTHS POUNDS STG. 5200 TO 6020.

CGI RIDGE PIECES. FAS TALCAHUANO 250 PRICE POUNDS STG. 1000.

V1. THREE PLUMBERS KITS. WE CANNOT QUOTE PRICES WITHOUT A BREAKDOWN OF CONTENTS OF KIT. IT IS NOT CLEAR WHETHER THIS IS FOR COPPER PIPING, WHETHER IT INCLUDES ONLY TOOLS OR SPARES. MATERIAL IS AVAILABLE IN CHILE.

V11. CHIMNEY SWEEP BRUSHES ARE NOT AVAILABLE IN CHILE.

5. THE ABOVE COSTS ARE DEFINITE QUOTATIONS BUT IT MAY BE POSSIBLE TO NEGOTIATE SOME REDUCTION OR THEY MAY VARY SLIGHTLY WHEN WE HAVE EXACT REQUIREMENTS.

HICKMAN

[COPIES SENT TO NO 10 DOWNING STREET]

FAKLANDS REHABILITATION

LIMITED

S AM D  
FAKLANDS REHABILITATION SECT

FINANCE DEPT

APD *ESD*

DEFENCE DEPT

ODA

PS

PS/MR ONSLOW

PS/MR RIFKIND

PS/MR MARTEN

PS/PUS

MR GIFFARD

MR STREETON

MR URE

MR GILLMORE

ADDITIONAL DISTRIBUTION

FAKLANDS REHABILITATION

Repetition to *PORT STANLEY*

referred for departmental decision,

repeated as requested to other posts.

2  
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