

CONFIDENTIAL.

SECRETARIAT

(Formerly)

2084

SHI/CUS/1#22

2084

URUGUAYAN TRANS-SHIPMENT  
TAX

CONNECTED FILES.

NUMBER



RESTRICTED



(1391/60)

BRITISH EMBASSY,

MONTEVIDEO

December 27, 1960

*Dear Manders,*

A new and entirely unexpected tax, which is liable to affect consignments of goods to the Falkland Islands which pass in transit through Montevideo, has just been introduced in the budget, which was promulgated shortly before Christmas, and entered into force on December 26. This is a tax, under Article 22 of the Law of the "General Budget of Income and Expenditure" of 5% of the value of goods which are re-embarked in Montevideo for onward shipment to destinations outside Uruguay. The 5% is calculated on the value declared for the re-embarkation permit.

Strictly interpreted this would mean that all goods addressed to the Falkland Islands and consigned as freight which are trans-shipped in Montevideo would have to pay the tax. The proceeds of the tax are to go to a fund to augment the emoluments of officials employed in the Customs and our information was that the Customs authorities intended to apply this interpretation. In fact it may be that the terms of the law are such that they have no discretion in the matter.

This would clearly be a considerable blow to the Falkland Islands and the Ambassador has taken the question up, as a matter of urgency, with the Foreign Ministry pointing out the serious way in which the new tax would affect your interests. The matter has also been the subject of an approach by other interested parties, e.g. the oil companies, who are concerned over the effect on bunkers, and the shipping agents, who had no advance information that the tax was to be imposed. The whole question is under discussion between the Foreign Ministry and the Ministry of Finance, who appreciate the possible implications, not only for you but also for the port of Montevideo. We hope that a satisfactory solution will be found but we cannot say how soon or what form it will take. You may be sure, however, that we will maintain pressure until some decision is taken and will keep you informed of developments. I understand from McLean & Stapledon that everything for KISTA DAN was through before the tax entered into force so that the problem will first become actual in connection with consignments to be despatched on the January DARNIN.

*Yours sincerely*

*C.M. Rose*

(C.M. Rose)

*See 20*

*2*

R.G. Manders, Esq.,  
Colonial Secretary,  
Falkland Islands,  
PORT STANLEY.

*y.s*

*for information*

*2. should be discussed with*

*Mr. Barton*

*3/1/61*

RESTRICTED

*See 1-1*

HCS

3

This is serious, for it will affect such things as flour, butter, etc. and may cause a sharp rise in price which will affect the COL index. It will also add substantially to the cost of the Beaver furdays.

2. Yes, I think you shd. discuss with Mr. Barton & with Mr. Rowe, who besides being an importer is the Hungarian Vice-Consul.

JAA - 4.1.61

DECODE.

TELEGRAM.

4

From ..... HENDERSON ..... 8

To ..... H.E. TH GOVERNOR .....

Despatched : 6th January 1961 19 Time :

Received : 7th January 1961 19 Time :

PRIORITY

1 Confidential. Please see Rose's letter of December 27th to Colonial Secretary about new 5% tax on goods trans-shipped in port Montevideo. The result of discussions between Foreign Ministry and Ministry of Finance mentioned in Rose's third paragraph has been a draft decree which merely defines and clarifies scope of new measure and leaves incidence on goods in transit to Falkland Islands intact. I have therefore spoken personally to Foreign Minister who stated that this tax was contrary to Uruguayan national interests and it should press National Council Government immediately for its revocation.

[The world?]

I shall watch this situation and concerted further developments.

CYPHER 'E' : MW

Reply at 5

DECODE.

TELEGRAM.

From ..... H.E. THE GOVERNOR .....

To ..... AMBASSADOR, MONTEVIDEO .....

Despatched :      9th January                      1961              Time : 1500

Received :                                      19              Time :

4              Your telegram January 6th.      Thank you for your efforts which I hope will be successful.      5% tax on Beaver fuselage expected Montevideo shortly would mean charge of £650. to this Government.

CYPHER 'E' : MW

see  
NFA  
see 20  
S<sup>now</sup> 11/1/61  
fa

## GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

Number

Office of Origin

Words

Handed in at

Date

34.1.61.

To

Crown London

(H.O. A/c)

No. 17. Until further notice please do not ship any cargo  
via Montevideo unless cleared telegraphically with no stop cargo  
should be shipped direct by AMS

Secretary

Time

2044/74

Reply at 11

7  
Hon C.T.

I am sorry  
to hear of.

16/1/61

Hon C.T.

Noted, Thank you.

L.G.

17.1.61

S.A.

M E M O R A N D U M

Ref: 2084.

17th January, 1961


From: The Colonial Secretary,  
Stanley, Falkland Islands.

To: All Traders and Farm Managers

SUBJECT: Uruguayan Trans-shipment Tax

Information has been received that the Uruguayan Government has recently imposed a tax of 5% on the value of all goods trans-shipped in Montevideo and it is thought that importers may wish to consider increasing their requirements of goods to be shipped by direct sailings.

2. This Government is making representations to the Uruguayan Administration and should any reduction be obtained as a result of this action a further communication will be addressed to you immediately the situation becomes clear.


  
COLONIAL SECRETARY.

HLB/IM.

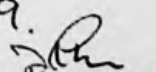
Copy sent to Secretary, F.I.S.S.  
under complimentary slip.

*AKC.*  
18/1/61.

10  
S/c Please send copies to  
all Heads of Depts for inf.  
(6) Should also be copied to  
Heads.

 18.1.61

Copies sent to  
Heads of Departments  
of 6 and 9.

  
18.1.61



11  
DECODE.

No. 27.

TELEGRAM.

From Crown Agents, London.

To Colonial Secretary, Stanley.

Despatched : 18th January, 19 61. Time : 1510

Received : 19th January, 19 61. Time : 1000

6  
Your telegram 17 January 14th. Unless  
you advise otherwise assume all goods ex  
U. S.A./Canada should continue to be routed  
via Montevideo.

Crown

P/L : LH

Reply d 19.

11

D. Ca.

Reverse.

This presumably refers to a/c spares which are normally  
shipped down the South American coast for transshipment at M. Vidal.  
Perhaps you could let me have your views on this

19.1.61

No.

It is requested that, in any reference to this memorandum, the above number and date should be quoted.

MEMORANDUM.

20th January 1961

To:- The Hon. The Colonial Secretary

From:- The Supt. P.E. Dept.

Secretariat

Stanley, Falkland Islands.

STANLEY

SUBJECT:-

Shipment of Goods via Uruguay

I have the honour to refer to your telegram 17 dated 14th January and to ask if Crown Agents may be informed telegraphically to ship by the quickest means goods ordered from Messrs Mirrlees for the rebuilding of the Ajax Bay Engine here.

Supt. P.E. Dept.

S/C

13  
174

Please arrange, quoting indent No.

No indent issued

20/1/61

2 1514  
A.C.S. Draft Bk.  
DEC  
21.1.61

A.C.S.

Reference 11 I think this must refer to the aircraft spares which are shipped Via Montevideo.

Unfortunately I have received advise notes on my major indents placed with Canada and all are now enroute for here.

We have an aero engine in Canada for overhaul and this should be nearing completion now. In view of the tax imposed by the Uruguan Government I feel that Crown and DeHavilland Canada Should be advised immediately that the engine and all spares of large value should be shipped Via the United Kingdom for direct shipment to the Colony.

By routing Via the U.K. I do not think that the delivery time will be ~~greatly~~ greatly effected, in support of this I would advise you that the stores purchased on our Indent 217/1960 were dispatched from Canada Via S.A. on 14th Nov. 1960, these stores have still not arrived in the Colony.

ISA

Adm. Accounts

24/1/61

23/1/61

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

Number	Office of Origin	Words	Handed in at	Date
	Psy			23.1.61
To	CROWN LONDON			(HOA/c)

64 in 1714 No. 24. Mytelegram 391 Please ship these items by quickest

2084 means i.e. via Montevideo if necessary irrespective of mytelegram

14 of 13th January

Secretary

Time

DRM/LH

Copy in 1714  
to 8.1.61

17  
S/CasentISA pe.

15  
Kiv  
25/1/61



PAKISTAN

18



Date

Month

Year

Office of Origin

Number

ACF

Staff

25.1.61

25.1.61

10/1/61

# GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

M. A. S. LTD.

Number	Office of Origin	Words	Handed In at	Date
				25. 1. 61.
To				
Crown London			(H.o. A/c)	

No. 27. Yourtel 18th January stop Goods ex USA/Canada  
should be shipped via United Kingdom

Secretary

Time DRM/IM

Copy to D.C.A.

*La*



(1392/61)



gm,  
20/1/61

BRITISH EMBASSY,

MONTEVIDEO

January 17, 1961

Dear Manders

1. Please refer to Rose's letter of December 27 and the  
 4 Ambassador's telegram No. 1 of January 5 about the 5% tax on  
 goods trans-shipped in Montevideo.

We understand that the government have decided to seek the cancellation of the relevant part of the new Tax Law which introduced this tax. Everyone we have spoken to seems to be fully convinced of the need to do this but we fear that it may take some time before the government's object can be achieved since it will mean passing a bill through Parliament which is at present in recess. In the meanwhile we are in touch with the Ministry of Foreign Affairs to see if anything can be done to avoid or reduce the impact of this tax in the interval. In the meanwhile an interpretative decree has been published which provides that the tax shall be levied on all goods that pass through the "fiscal deposits" of the National Port Authority. This means that goods that can be trans-shipped using lighters, and without being put ashore on the Port Administration's property, can avoid the tax and this is being done in the case of the Beaver fuselage mentioned in your telegram of January 9 and some other goods. We also understand that, for some reason  
 5. which seems inexplicable, the Port Authorities have reduced the amount of tax they are charging on trans-shipments from 5% to 2½%.

We shall keep you informed of any further developments.

Yours sincerely

J.L.

(J.L. Taylor)

R.G. Manders, Esq.,  
 Colonial Secretary,  
 Falkland Islands,  
 PORT STANLEY.

# MACLEAN & STAPLEDON S.A.

ESTABLISHED 1901

CODES USED  
A. 1. - A. B. C. 5TH. EDITION  
NEW BOE CODE WITH "Q" LIST  
BENTLEY'S

P. O. BOX 193  
COLON 1486-90

**MONTEVIDEO**

(URUGUAY)

TELEGRAPHIC ADDRESS  
MACSTAPLE MONTEVIDEO

TELEPHONES: 88382  
85042  
82940  
T. T. 27

Colonial Secretary  
PORT STANLEY

January 19th. 1961

Dear Sir:-

Uruguayan Tax budget of 5% on declared  
value of merchandise in transit.

In the new General Expense Budget a 5% on the invoice value is established for all merchandise in transit through Uruguayan territory and with destination to any country.

The regulation establishes that said percentage must be paid at the time Customs transactions are effected; that is to say, when we have to initiate the transshipment permit negotiations in order to be able to clear the goods from the Customs and place same on board the oncarrying vessel. Since we learnt this - about a fortnight ago - we have done everything possible to obviate this payment, which is most unreasonable and absurd for the country's own interests, since it would seem as if the Government was interested in terminating with the transit through Uruguay.

These negotiations have given, so far, the only result that, the 5% has been reduced to 2½%, and in the Ministry of Finance circle there is an impression that this law, which is so unfavourable to all concerned, will be supplanted by another, which may arbitrate the recourses which are imagined could be obtained through same.

We informed the British and Paraguayan Embassies, as they are the two countries which are most affected by this new regulation. Both Ambassadors have taken up the matter and are doing their utmost in their capacity in respect of the derogation of this law.

In so far as the Buenos Aires cargo is concerned, same will not suffer any surcharge, since the law establishes that only the 2½% must be paid when the reshipment transactions at the Customs are effected, but this does not establish that said tax must be paid when transshipments are effected. As the Bs. Aires merchandise is always transferred from the River Boat to a lighter and from there to the "Darwin", the transactions imposed by this operation is a transshipment and is therefore exempt of the tax.

## ENTS OF:

Mall Lines, Ltd. - The Pacific Steam Navigation Co. - Cia. Marítima Holandesa (Uruguay) S. A. - Bs. Aires, Asunción - Rotterdam South America Line - Havelt Goudriaan & Co's Stoomvaart Maatschappij N. V. - South America West Africa Line - Holland Interamerica Line - Holland America Line - Cory & Co. Ltd. - Salen Shipping Companies - Flota Mercante del Estado, Paraguay - Phs. Van Ommeren N. V. - Rotterdam - Naviera Chilena del Pacifico Valparaiso, Santiago - Cia. de Acero del Pacifico, S. A. (Sec. Marítima) Santiago - San Vicente - Naviera Coronel S. A., Valparaiso - Cia. Marítima Valck & Co. S. A., Valparaiso - Johnson Bretland Ltd., Liverpool - Universal Shipping & Agencies Ltd., Liverpool - Improver S. A. (Repres. Marítima), Madrid - Island Islands Trading Company, Ltd. - Colonial Government of the Falkland Islands - Crown Agents for the Colonies - J. D. Hewitt & Co. Ltd., London - A. Milanowski, Bs. Aires - Simco S. A., Bs. Aires - Comar S. R. L., Bs. Aires - Polar S. R. L., Bs. Aires - Sudatlantica S. A. Bs. Aires - Marlico S. Aires - Lucero & Bramante, Bs. Aires - Arnaldo Braggio & Cia. Bs. Aires - Trebol Emp. de Nav. S. R. L. Bs. Aires - The Liverpool & London & Co. Ltd. - The Marine Ins. Co. Ltd. - Thames & Mersey Marine Ins. Co. Ltd. - The Federal Ins. Co. Ltd. - The Vanguard Ins. Co. Ltd. - Compañía de "El Globo".

ALSO GENERAL SALES AGENTS FOR

**BOAC**

// Colonial Secretary

Page 2

19/1/1961

This is all we can say for the time being and shall revert to the matter as soon as anything develops.

Yours faithfully,  
MACLEAN & STAPLEDON, S. A.

*Maclean*

JMD/vD.

*Howes*

23

20-22.

We can follow up our circular at 9  
by raising the reduction to 2½% & the point that  
goods from ships to lighters will be handled  
free of charge.

Yes.

~~Would it be better to have  
in the hand letter?~~

*[Signature]* 1/2/61

*2/2/61*



MEMORANDUM

Ref: 2084.

6th February, 1961.

Circular No. 6/61

From:- The Colonial Secretary,  
Stanley, Falkland Islands.

To: All Heads of Departments,  
All Traders, and  
All Farm Managers.

SUBJECT:

Uruguayan Trans-shipment Tax

9 Further to my Circular of the 17th January, 1961, regarding the introduction of a 5% trans-shipment tax on freights passing through Montevideo, I am to advise you that information has now been received to the effect that the Uruguayan Government has already reduced the tax to 2½% and consideration is being given to the complete withdrawal of the charge.

2. It is further understood that goods shipped from Buenos Aires by River Boat and transferred to a lighter for onward carriage by R.M.S. "Darwin" will not be subject to the tax.

  
COLONIAL SECRETARY

HLB/MF

BW 27.3.61  
27.4.61

BW 10.5.61  
(mail)

No mail

BW 9.6.61  
(mail)

DECODE.TELEGRAM.

No. 17.

From Crown Agents, London.To Colonial Secretary, Stanley.

Despatched : 1st June, 1961. Time : 1539

Received : 2nd June, 1961. Time : 1030

Reference Indents due payment before 30th June  
no opportunities direct shipment. Please instruct  
if via Montevideo acceptable in order comply payment  
instructions.

Crown

Reply at 27.

P/L : IM

26.  
~~not clear~~  
unreassuring  
high via Montevideo  
needs to work before  
instructions unless  
otherwise urgent.

on  
2/6/61.

# GOVERNMENT TELEGRAPH SERVICE

27.

FALKLAND ISLANDS AND DEPENDENCIES.

(W. & S. Ltd. 10 Pd/7/59).

**SENT**

Number	Office of Origin	Words	Handed in at	Date
	Psy			3.6.61
To				
etat CROWN LONDON	(HOA/c)			

25

No. 178. Yourtel 1st June stop Unnecessary ship via  
Montevideo merely to comply payment instructions unless  
otherwise urgent

Secretary

A. B. C. S.

We have had nothing on this  
topic - though I believe the Treasury  
had a letter from MacGillivray about  
it a month or two back.

If it is a matter the Central Com  
get a copy of it.

Time

RHDM/LH

By 17.7.61

By 9.6.61.

no mail

no mail

EXTRACT FROM LETTER FROM MAGSTAFIE MONTEVIDEO TO  
COLONIAL TREASURER OF 31ST MAY, 1961

Original filed in T/57.

..... we are not forwarding a correction due to the fact that the law covering the 2<sup>nd</sup> will be rescinded shortly, we understand, and the amounts collected, refunded.

LM

By 8. 8. 61 (mail)



MEMORANDUM

From

THE FALKLAND ISLANDS COMPANY LTD.,  
STANLEY.

3rd Aug 1961

To His Honour the Officer Admini-  
strating the Government

2 copies of Macken & Shapland's letters re  
3 1/2% tax on Freight & Passages, attached for  
your information.

A. C. Parker



COPY.

30

MACLEAN & STAPLEDON S.A.

CASILLA DE CORREO 193

COLON 1486-90

MONTEVIDEO.

June 17th, 1961.

Messrs.

The Falkland Islands Trading Co. Ltd.,  
120, Pall Mall,  
LONDON, S.W.1.

Dear Sirs,

3½% INCOME TAX ON FREIGHT AND PASSAGES.

With reference to our letter dated 17th April last, we now beg to advise you that the general impression is that the Income Tax will become effective as from 1st July next.

The projected form in which the law will be applied has been published, but the explanations in addition to the Law are still rather poor and, therefore, it is somewhat difficult to say how the contributions are to be applied.

We have today been informed that the Government Office concerned is at present studying the final resolution which, no doubt, will be published before the 1st July, when we will revert regarding this matter.

Nevertheless, it is practically confirmed that the 3.50% tax on passages and freight payable in Uruguay will have to be paid and, in due course, we will send you a translation of the Centro de Navegacion Lawyer's opinion to this effect.

According to information in our possession at the present moment, this will be the only tax applicable to Owners.

As soon as new details come to hand, we will inform you accordingly and in the meantime, remain,

Yours faithfully,  
MACLEAN & STAPLEDON, S.A.

COPY.

31

MACLEAN & STAPLEDON S.A.

P. O. BOX 193

COLON 1486-90

MONTEVIDEO.

4th July, 1961.

Messrs.

The Falkland Islands Trading Co. Ltd.,  
120, Pall Mall,  
LONDON, S.W.1.

Dear Sirs,

3<sup>1</sup>/<sub>2</sub> INCOME TAX ON FREIGHTS AND PASSAGES.

Following previous correspondence, we beg to quote telegram sent to other Owners, regarding the above matter, reading:

"AS METHOD APPLICATION NEW INCOME TAX LAW ONLY PUBLISHED 23RD AND IN FORCE AS FROM 1ST JULY FULLY ATTENDED MEETINGS CENTRO NAVEGACION YESTERDAY FOLLOWED BY PASSENGER SUB-COMMITTEE MEETINGS YESTERDAY AND TODAY DECIDED UNANIMOUSLY IN VIEW METHOD APPLICATION NOT FULLY CLEAR TO LAWYERS TO START COLLECTING PROVISIONALLY SURCHARGE 3.5 PERCENT ON ALL FREIGHTS PAYABLE HERE ALSO ON NORTHBOUND FREIGHTS PAYABLE DESTINATION AS WELL AS ON ALL PASSAGE MONIES COLLECTED HERE FOR PASSENGERS TO OR FROM URUGUAY AND NORTHBOUND PASSAGES PAYABLE ABROAD STOP DECISION TAKEN PENDING YOUR CONFIRMATION AND OR CONFERENCE INSTRUCTIONS BUT DUE POSSIBILITY LEGAL ACTION REQUEST YOUR AND OR CONFERENCE EARLIEST INSTRUCTIONS TO REPLACE OUR PROVISIONAL ACTION"

The method of application of the New Income Tax Law was only published in the press on the 23rd June, when the lawyers commenced studying the new dispositions. These dispositions are not quite clear to them, therefore it is difficult to reach a final decision as to how the law must be applied. In view of this, the Centro de Navegacion and the Passage Sub-Committee were studying how to avoid any future inconveniences with the Tax Office Control, because the law is in force as from 1st inst. and there are always some freights and/or passages to be collected and every Agent must start making these charges in the proper manner.

- 2 -

The Falkland Islands Trading Co. Ltd.

There is no doubt that this new law obliges the Owners to pay the 3.50% but we do not know what your and/or the Conference reaction will be, to protect yourselves from this extra expenditure. In the meetings held by the Centro de Navegacion and Passage Sub-Committee, it was decided to start collecting as from the 1st inst. that 3.50% on all freight and passages collected here, as well as on all passages and freights payable abroad, for passenger and cargo embarked and loaded in Uruguay. This charge will not apply to the fares and freights collected here for passengers and cargo embarked and loaded between ports outside Uruguay.

For the time being and to comply with this resolution, we are collecting this percentage by means of the words "plus 3.50% surcharge" or "Recargo 3.50%", until we hear from your goodselves as to whether or not the freights and/or passages are going to be increased. The total collected by these charges will be kept at your disposal, although we are compelled to make a monthly declaration and deposit at the end of every month, the first of which will be on the 31st July.

From a legal point of view we have already received several complaints by shippers who argue that if the law clearly stipulates that the tax is for account of the Owners, why should the Agents claim from them the payment of this percentage.

Awaiting the favour of your comments and instructions, we remain,

Yours faithfully,

MACLEAN & STAPLEDON S.A.

Sen  
8/2/01

2. c. 29 et seq. for information.

8  
20/9/61

28th September,

61.

Sir,

I am directed to refer to your memorandum of the 3rd August, 1961, and to request you to be good enough to confirm or correct the following notes which I have made on the situation:-

- i. We still do not know exactly what the law is;
  - ii. Freight and fares from the Argentine are not affected;
  - iii. Freight and fares in R.M.S. 'Darwin' are not affected;
  - iv. Fares and freights from Montevideo to all other parts of the world are affected.
  - v. It is not possible to avoid the tax by booking direct from Stanley to U.K. if the passenger embarks or the freight is shipped on another vessel at Montevideo.
2. I should also be glad to know whether any representations on the subject have been made or are contemplated.
3. I should also be grateful if you would keep me informed of any future developments.

I am,  
Sir,  
Your obedient servant,

(Sgd) R.H.D. Maudslayi

COLONIAL SECRETARY

The Manager,  
Falkland Islands Co. Ltd.,  
STANLEY.

35  
Shaken; no more information

F 24/10/61

RHDM/IM.

27/10/61

By N 10/61

11.5 spoke to him  
R.H.D. Maudslayi  
17/11/61



Bu 26 1 62 Kiv

document 57-10000

# MACLEAN & STAPLEDON S.A.

ESTABLISHED 1901

CODES USED  
A. I. - A. B. C. 5TH. EDITION  
NEW BOE CODE WITH "Q" LIST  
BENTLEY'S

P. O. BOX 193  
COLON 1486-90

MONTEVIDEO

(URUGUAY)

TELEGRAPHIC ADDRESS  
MACSTAPLE MONTEVIDEO

TELEPHONES 86382  
85042  
82940  
T. T. 27



January 11th. 1962

Messrs.  
Crown Agents for Oversea  
Governments & Administrations,  
4, Millbank  
LONDON, S.W.1

Dear Sirs:- 2 1/2% TAX ON GOODS IN TRANSIT THROUGH  
URUGUAYAN PORTS

With reference to previous correspondence regarding the above tax, we now have pleasure in advising you that this tax has been abolished with effect from 2nd. January 1962.

As you will recall, this tax was applicable to all goods in transit to other countries and stores or spares for vessels in port.

With regard to sums paid in up to 1st January 1962, we regret there will be no refund, in accordance with the terms of the new Law.

Yours faithfully,  
MACLEAN & STAPLEDON, S. A.

JAD/vD.

cc. Colonial Government, Port Stanley,

#### AGENTS OF:

Royal Mail Lines, Ltd. - The Pacific Steam Navigation Co. - Cia. Marítima Holandesa (Uruguay) S. A., Bs. Aires, Asunción - Rotterdam South America Line - Van Nieuvelt Goudriaan & Co's Stoomvaart Maatschappij N. V. - South America West Africa Line - Holland Interamerica Line - Holland America Line - Cory Brothers & Co. Ltd. - Salén Shipping Companies - Flota Mercante del Estado, Paraguay - Phs. Van Ommeren N. V., - Rotterdam - Naviera Chilena del Pacífico S. A. Valparaíso, Santiago - Cia. de Acero del Pacífico, S. A. (Sec. Marítima) Santiago - San Vicente - Naviera Coronel S. A., Valparaíso - Cia. Marítima Valck & Monckton S. A., Valparaíso - Johnson Bretland Ltd., Liverpool - Universal Shipping & Agencies Ltd., Liverpool - Improver S. A. (Repros. Marítima), Madrid - The Falkland Islands Trading Company, Ltd. - Colonial Government of the Falkland Islands - Crown Agents for the Colonies - J. D. Hewitt & Co. Ltd., London - Vitalis L. A. Milanowski, Bs. Aires - Simeco S. A., Bs. Aires - Comar S. R. L., Bs. Aires - Polar S. R. L., Bs. Aires - Sudatlantica S. A. Bs. Aires - Maritica S. R. L. Bs. Aires - Lucero & Bremante, Bs. Aires - Arnaldo Braggio & Cia. Bs. Aires - Trebol Emp. de Nav. S. R. L. Bs. Aires - The Liverpool & London & Globe Ins. Co. Ltd. - The Marine Ins. Co. Ltd. - Thames & Mersey Marine Ins. Co. Ltd. - The Federal Ins. Co. Ltd. - The Vanguard Ins. Co. Ltd. - Compañía de Seguros "El Globo".

Also GENERAL SALES AGENTS FOR

BOAC

37.

G.E.

for information.

1. This refers to the tax referred to at 1.

We could inform Heads of Departments

Traders & Firm managers:

2. First I might ask the Company whether they have any further information about the mysterious Invoice Tax - see 34.

3. I think it is as good as well to get everything done we can do.

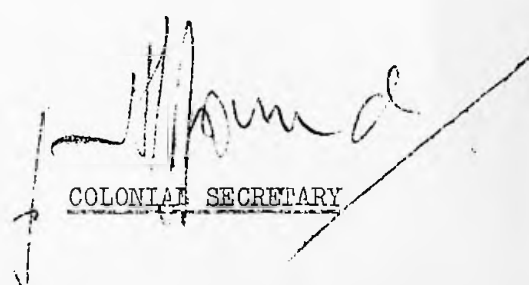
24/1/62

25.1.62  
JRA  
one

M E M O R A N D U MCircular No. 4/6229th January, 1962Ref: 2084From: The Colonial Secretary,  
Stanley, Falkland Islands.To: All Heads of Departments,  
all Traders and all Farm  
Managers.Uruguayan Transhipment Tax

9 + 24

I am directed to refer to my previous circulars relating to the introduction of transhipment tax on all goods consigned through Montevideo and to inform you that I am advised by our agents in Montevideo that the tax has been abolished with effect from 2nd January, 1962.

  
COLONIAL SECRETARY

HLB/FH

Kiv 37 para 2

letter from  
Mr. [unclear]

ADDRESS ALL CORRESPONDENCE  
TO THE MANAGER**ESSEX DOGS WILLIAMS**

SUCCESSORS TO CHAS WILLIAMS

Estab'd 1863

**GENERAL MERCHANTS**RADIO ADDRESS  
"WILLIAMS"  
CODES USED  
BENTLEYS  
A.B.C. 5<sup>th</sup> ED.  
A.I.**PORT STANLEY**  
FALKLAND ISLANDS.

31st January, 1962

The Hon.  
The Colonial Secretary  
Stanley.

Sir,

re <sup>U2</sup>Uruguayan Transshipment Tax.

38

Reference your circular dated 29th inst. the elimination of the tax does not mean that goods coming forward by the 'via Montevideo' route will be any cheaper to handle.

Because there is notification from the "Conference Lines" of a surcharge of 25/- sh. per ton.

A correspondent of ours in London has sent us this transcription:-

"Owing to the sudden and recent deterioration of conditions in the Ports served by the U.K./RIVER PLATE CONFERENCE which have seriously prejudiced the despatch and turn round of vessels and added to operating costs, Shippers are hereby informed that the undermentioned Lines have decided to introduce a surcharge of 25/-d per freight ton on shipments to all River Plate Ports BY VESSELS COMMENCING TO LOAD ON AND AFTER 1ST FEBRUARY 1962. No Deferred Bonus and no Forwarding Commission will be payable on this Surcharge.

URUGUAYAN SURCHARGE.

"Shippers are also advised that the 3½% Surcharge on shipments to Uruguay, referred to in the notice dated 20th July 1961 is withdrawn forthwith. "

The 3½% surcharge now withdrawn, would amount to 23/- per ton only on freight rate of 657/2d. As none of the freight rates applicable from UK to Montevideo reached such a high figure as 657/2d per ton, the new surcharge of 25/- devised by the Conference Lines will be more than 3½% on a percentage basis.

Yours faithfully,  
p.p. *[Signature]* Louis Williams.

E.G. Rowe.

Ack'd. T.B. 31.1.62

60

Send copy of 39 to [unclear] for [unclear]

Comments

2/12/62

2nd February,

62.

Sir,

39  
I am directed to enclose, for favour of your comments,  
a copy of a letter from the Manager of the Estate Louis  
Williams.

I am,  
Sir,  
Your obedient servant,

(Sgd.) H.L. BOUND

For COLONIAL SECRETARY.

The Manager,  
Falkland Islands Company Ltd.,  
STANLEY.

Reply at 43

The Colonial Manager has kindly lent me the following correspondence of which I have made<sup>a</sup> precis.

Precis of the following letters from Maclean and Stapledon - April 17th 1961; June 17th 1961; January 16th 1962; telegram 8th December 1961.

Nature of tax: Income on Freight and Passages booked at Montevideo. But the last letter of January 16th makes it appear that possibly it applies to passages only and not freights.

Amount of tax: Originally it was intended to make it  $3\frac{1}{2}\%$  but now it has been reduced to 2%.

Date of coming into force: As far as can be gathered it came into force on the 1st July, 1961.

Form in which the law is to be applied: Explanations have been written setting out how the law is to be applied but even the lawyers cannot understand the explanations.

Who is to be taxed?: On the 4th of July Maclean and Stapledon said that they were collecting on all freights payable in Montevideo also on Northbound freights payable at the destination as well as on all passage moneys collected in Montevideo for passengers to or from Uruguay and Northbound passages payable abroad. The latest letter of January 16th however while not specifically saying that freights are not liable to tax as previously reported say that 'the tax is only applicable to passages from Uruguay and that the surcharge only applies to passengers leaving Uruguay'.

Action taken by the Companies: The Companies when they thought the tax was to be  $3\frac{1}{2}\%$  put on a surcharge of 4% and are putting on a surcharge of  $2\frac{1}{2}\%$  now.

Matters still to be cleared up:

1. Confirmation required that freights are now excluded.
2. Information required as to whether the protests of the shippers that the tax ought to be borne by the shipping companies had any effect.
3. It appears to me, although I perhaps have missed some factor, that although the tax was supposed to be a tax on the shipping companies they are in fact better off since they have added to their freights not only the amount of the tax but an extra half percent.

4. *Exactly what freights are taxed. Does it include freight to many shipped at Montevideo.*

I am asking for elucidation from the Colonial Manager on this point.

1st February, 1962.  
RHDM/TH



27  
43.

# The Falkland Islands Company, Limited.

° (INCORPORATED BY ROYAL CHARTER 1851.) °

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

*Stanley,*

6th February, 1962.

Sir,

41  
Thank you for your letter No. 2084 dated 2nd February, 1962 enclosing copy of a letter from Estate Louis Williams dated 31st January, 1962 regarding Uruguayan Transhipment Tax.

To date we have no knowledge of a surcharge of 23/- per ton by Conference Lines but doubtless advices regarding this will be received by the next incoming mail.

I am,

Sir,

your obedient servant,

*A. G. Barton*

Manager.

The Honourable  
The Colonial Secretary,  
STANLEY.

*Wait  
Jm*

8K February,

62.

Sir,

I am directed to return with thanks the letters which you kindly lent me and from which I have now endeavoured to make a précis of the situation. I shall be very grateful to have further elucidation in due course on the following points:-

- i. Whether the statement in the letter of the 16th January, 1962 'the tax was applicable to passages to Uruguay' means that there is now to be no tax on freights.
- ii. Whether the tax applies only to passengers starting a journey at Montevideo or whether it would apply to those transshipping at Montevideo in the course of a journey, for instance, from the United Kingdom to the Falkland Islands.
- iii. Whether anything has come of the protest by the shippers referred to in the last paragraph but one of the letter of the 4th July, 1961.
- iv. It appears to me that the intention was that the Shipping Companies should pay a tax to the Uruguayan Government on income derived by them from shipping fares. In point of fact however, instead of being worse off to the extent of 2% of the cost of passages as the Government contemplated, they are in fact better off to the extent of  $\frac{1}{2}\%$  because they have levied a surcharge in addition to the cost of the actual tax.

Is this a correct interpretation of the position?

2. List of letters returned:-

17th April, 1961  
 17th June, 1961  
 4th July, 1961  
 12th July, 1961  
 4th January, 1962  
 16th January, 1962  
 Telegram dated 9th December, 1961.

I am,  
 Sir,  
 Your obedient servant,

(Sgd.) R. H. D. Manders

COLONIAL SECRETARY.

The Colonial Manager,  
 Falkland Islands Trading Co., Ltd.,  
STANLEY.

ISDM/IM.

Ru 18262

Ru 282.62

ADDRESS ALL CORRESPONDENCE  
TO THE MANAGER

# ESTATE LOUIS WILLIAMS

SUCCESSORS TO CHAS WILLIAMS.

ESTD: 1863

GENERAL MERCHANTS

RADIO ADDRESS  
"WILLIAMS"

CODES USED:  
BENTLEYS  
A.B.C. STD. ED.  
A.I.



PORT STANLEY  
FALKLAND ISLANDS.

19th February, 1962.

The Hon.

The Colonial Secretary  
Stanley.

Sir,

re Freight rates.

I refer you to my letter dated 31st January last in which I informed you that the 'River Plate Conference Lines' had announced that a special surcharge of 23/- per ton would be applied on all cargo shipped 'via Montevideo' after 1st February 1962.

I have now had information from London to the following effect:-

"Most freight rates are to be increased by 30/- as from 1st April 1962.

This cancels the special surcharge of 23/- " - i.e. mentioned in my above-cited letter.

And it would appear that this increase of 30/- per ton will thus be applicable to MOST of the rates which cargoes to this Colony have to bear, based on the River Plate Conference Lines tariff, and now irrespective of whether the shipment comes via Montevideo or direct.

Yours faithfully,  
p.p. Estate Louis Williams.

E. G. Rowe.

To: Mr. Williams in consultation

23/2/62.

ACK'd  
20.2.62.

2034.

47

27th February,

62.

45  
Sir,

In continuation of my letter 2034 of the 2nd February, 1962, I am directed to enclose a copy of a further letter from the Manager of Estate Louis Williams regarding increased freight rates.

2. I should be pleased to receive your comments and to learn if you have received any information on the subject.

I am,

Sir,

Your obedient servant,

*R.*

COLONIAL SECRETARY.

The Manager,  
Nalkland Islands Co., Ltd.,  
STANLEY.

Reply at 48

LD/IM.

Bu 73.62

DU 153.62

# The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

*Stanley,*

8th March, 1962.

Sir,

We refer to your letter No. 2084 of 27th February, 1962 which enclosed copy of a letter from the Manager of the Estate Louis Williams dealing with River Plate Conference Lines freight rates.

Up to the present time we have no Bills of Lading dated after 1st February, 1962 so are unable to confirm the Manager's information to the effect that from that date the surcharge per ton will be 30/-. From October 1961 we confirm that Conference Rates were increased by 12/6d to cover the Uruguayan tax, also that those rates apply to direct shipments per m.v. "A.E.S" which are contrived to save Importers considerable transshipment charges in Montevideo, as well as uncertainty of delivery.

m.v. "A.E.S" sailed from London on 5th inst. and freight rates should be the same as for the December voyage. If they are to be still further increased for the June voyage although the ship does not touch Montevideo we will inform you at once.

I am,  
Sir,  
your obedient servant,

*A.G. Barton*  
Manager.

The Honourable  
The Colonial Secretary,  
STANLEY.

*49*  
*ack with memo or ask if  
he is get up in a position to  
show any more light on the points raised in 44*

*Reply at 50.*

*82.  
17/3/62*

2084

16<sup>th</sup> March,

62.

Sir,

48

I am directed to acknowledge with thanks the receipt of your letter of 8th March 1962, regarding River Plate Conference Lines freight rates.

2. I wonder if you are yet in a position to throw any light on the points raised in my letter to you dated 8th February 1962?

I am,

Sir,

Your obedient servant,

R

COLONIAL SECRETARY.

The Manager,  
Falkland Islands Company Ltd.,  
STANLEY.

Reply at 51

Bn 28.367

HLE/LH

# The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

*Stanley,*

19th. March 1962

Colonial Secretary,  
Secretariat,  
Stanley.

Dear Sir,

We thank you for your letter of 16th. inst., ref: 2084 in which you refer to queries raised in your letter of 8th. ult.

- i. The  $3\frac{1}{2}\%$  tax which was reduced to 2% as a result of shippers' protest is levied on both passages and freights embarking at Montevideo, i.e. Royal Mail northbound and "DARWIN" southbound.
- ii. Passengers transshipping, for example, from "DARWIN" to Royal Mail vessel are considered to be commencing their journey at Montevideo, and are therefore subject to the tax. Passengers already onboard Royal Mail vessels on ships' arrivals at Montevideo are not affected: "GRIPSHOLM" passengers, for instance, would not have been taxed.
- iii. In order to recover tax from customers Conference Lines increased freight rates by 12/6 per ton regardless of the actual freight rate for the commodity shipped, and this increased rate applies to both north and southbound cargo. Passages, on the other hand, are taxed individually at 2% of the fare and the Shipping lines recover by passing on to the customer a surcharge of  $2\frac{1}{2}\%$  of the northbound fare, or in the case of the "DARWIN", of the southbound fare. "DARWIN" freights were not increased thus we collect freight tax in the same way as the passage tax by charging a  $2\frac{1}{2}\%$  surcharge on the southbound freight or passage.
- iv. The tax is 2% but the Shipping Companies collect  $2\frac{1}{2}\%$ . It is just possible that shipowners do make an infinitesimal profit. For some reason the Uruguayan Government charges 2% of passage plus 2% of 2% of passage. The Shipowners' agents then charge  $2\frac{1}{2}\%$  ( $2\%$  of P +  $2\%$  x  $2\%$  x P) by way of commission.

I think the above covers all your points.

Yours faithfully,

*A. G. Norton*

COLONIAL MANAGER.

51 A

1. With many thanks a very kind position is noted  
Man.

2. 14.10 for further refs to 48

See 52.

22/3/62

2084.

52

2nd April, 62.

Sir,

51

I am directed to acknowledge with thanks the receipt of your letter of the 19th March, 1962.

2. The detailed information has clarified the position and I am most grateful to you for the assistance given.

I am,

Sir,

Your obedient servant,

(Sgd.) W.H.D. Mander.

COLONIAL SECRETARY.

The Colonial Manager,  
Falkland Islands Co., Ltd.,  
STANLEY.

HMB/IM.

60 14.7.62 (48 + sin)



No.

It is requested that, in any reference to this memorandum the above number and date should be quoted.



MEMORANDUM.

7th May, 19 62

To The Honourable

The Colonial Secretary,

STANLEY.

From: Colonial Treasurer

Stanley, Falkland Islands.

SUBJECT:- Uruguayan Taxes on F.I. cargo etc.

54-59

55

The attached correspondence has been received from the Falkland Islands Co. Ltd. and it will be seen from the letter dated 19th March, 1962, that an assurance is required on our part that no income tax will be imposed on Uruguayan Vessels embarking passengers or loading freight here.

I feel quite confident that we could issue such a certificate but consider that the authority to do so should originate from the Governor who will wish to see the letters and to study the position. Whether or not such a certificate will enable the F.I.C. to avoid taxes on "Darwin" freights and passengers remains to be seen, as she is registered in Britain.

"Darwin" is registered in Port Stanley, F.I.

7.5.62.

*L. Brennan*

Colonial Treasurer.

LCG/JR.

MEMORANDUM

From

THE FALKLAND ISLANDS COMPANY LTD.,  
STANLEY.

17th April, 1962.

To Hon. Colonial Treasurer,

Stanley.

Dear Les,

Attached please find copy of letter from Maclean & Stapledon to our London Office dated 7th March last, together with letter from the latter to us. When you have had time to digest these, perhaps I could come and see you with a view to obtaining the assurance asked for.

Sincerely,

*Ag. Cur*

56  
55

note: Folios 55-59 (copies of correspondence between  
F. I. Co. & Maclean & Stapleton) withdrawn and handed  
to H. C. T. (for return to F. I. Co.)

B

29.5.62.

H. C. T.

60

I may be mistaken but the impression I get is that what is required is not an assurance as regards future policy but a factual certificate as regards the present position. There does seem underlying in point in 56. I admit that the expression 'duly legalized' is a bit propounding but I think an official statement from the Commissioner of Inland Revenue ought to satisfy them. If you agree I think you could find him

8  
10/4/62:

H. C. S.,

61

I agree. I explained my self poorly and did not mean that the Governor should sign such a certificate but that he should approve my doing so.

L.H.  
11.5.62

62

G.E. Approval may be given to the Income Tax

Commissioner (H. C. T.) signing a certificate to the effect that no income tax is charged by

us on freights and passages earned by Kruggeran ships in the Falklands. (On point of fact of course no Kruggeran ships do receive money for freights or passages in the Falklands and even if they did there is no provision for us to charge income tax on money so earned.

65

8  
12/5/62

63  
14.5.62

✓  
Hon C.T.

64

to see

L.H.  
15.5.62

This is to certify that the Government of the Falkland Islands imposes no income tax on export freight carried by Uruguayan vessels, nor does it impose any income tax on passage tickets for passengers embarking at Falkland Islands ports.

---

Commissioner of Income Tax.

The Treasury,  
Stanley,  
Falkland Islands.

15th May, 1962.

2084.

F  
R  
12/5/62.

f-a

20M.

67

13th November,

62.

Gentlemen,

19 I am directed to refer to my telegram No. 27 of the 25th January, 1961, and to say that the instruction regarding the shipment of goods ex U.S.A. & Canada has been cancelled and such cargoes may now be routed via Montevideo rather than through the United Kingdom.

I am,

Gentlemen,

Your obedient servant,

(Sgd.) H.L. Bound

for COLONIAL SECRETARY.

Crown Agents for Oversea Governments and Administrations,  
4, Millbank,  
LONDON. S.W.1.

HLB/IM.

Copy to DeHavillands  
D.C.A.

*[Signature]*  
10 in 14.11.62  
14.11.62



DARWIN SHIPPING LTD.,  
STANLEY.  
9TH DECEMBER, 1966.

TO :- ALL CONSIGNEES OTHER THAN THOSE THAT MAINTAIN  
A TRANSHIPPING ACCOUNT DIRECT WITH MESSRS.  
MACLEAN & STAPLEDON S.A., MONTEVIDEO.

TRANSHIPPING IN MONTEVIDEO

WITH EFFECT FROM 1ST JANUARY, 1967, THE FOLLOWING SCALE OF  
CHARGES FOR TRANSHIPMENT IN MONTEVIDEO WILL BE BROUGHT INTO  
OPERATION :-

MINIMUM TRANSHIPPING CHARGE PER VESSEL	£2. 10. -.
FOR UP TO TEN PACKAGES	10. -., PER PACKAGE
FOR 11 - 50 PACKAGES	8. -., " "
FOR 51 - 100 PACKAGES	7. -., " "
FOR 101 - 500 PACKAGES	6. -., " "
FOR 501 - UP	5. -., " "

THE BASIS OF COMPUTATION WILL BE THE NUMBER OF PACKAGES  
TRANSHIPPED FROM EACH INDIVIDUAL VESSEL THAT CARRIED THE GOODS TO  
MONTEVIDEO. FOR EXAMPLE, IF THE 'URUGUAY STAR' BROUGHT A TOTAL  
OF 530 PACKAGES FOR TRANSHIPMENT TO THE 'DARWIN' AND 529 OF THESE  
WERE FOR CONSIGNEE 'A' AND ONE FOR CONSIGNEE 'B', CONSIGNEE 'A'  
WOULD BE CHARGED 529 X 5/- AND CONSIGNEE 'B' 1 X 5/- (I.E. THE  
MINIMUM TRANSHIPMENT CHARGE WOULD NOT APPLY TO CONSIGNEE 'B').

IF THE 'URUGUAY STAR' HAD BROUGHT 4 PACKAGES ONLY AND 2 OF  
THESE WERE FOR CONSIGNEE 'A' AND ONE EACH FOR CONSIGNEES 'B' AND  
'C', CONSIGNEE 'A' WOULD BE CHARGED 2 X 12/6D, AND CONSIGNEES  
'B' AND 'C' 12/6D, EACH IN ORDER TO MAKE UP TO THE MINIMUM  
TRANSHIPMENT CHARGE OF £2. 10. -.

IF ONE CONSIGNEE HAD GOODS TRANSHIPPED FROM, SAY, 4 DIFFERENT  
VESSELS TO THE SAME 'DARWIN', THE TRANSHIPMENT FROM EACH OF THESE  
VESSELS WILL BE REGARDED AS A SEPARATE ENTITY FOR PURPOSES OF  
COMPUTATION OF THE TRANSHIPMENT RATE TO BE CHARGED. THE NUMBER  
OF PACKAGES FROM EACH VESSEL CANNOT BE ADDED TOGETHER WHEN  
CALCULATING THE TRANSHIPMENT RATE.

THE FOLLOWING ITEMS ARE SPECIFICALLY EXCLUDED FROM THE ABOVE  
SCALE AND TRANSHIPMENT COSTS WILL BE CHARGED ON RECEIPT OF INVOICES  
FROM MONTEVIDEO :-

BAGGING AND WOOLPACKS  
MOTOR VEHICLES  
DRUM CARGO  
LIVESTOCK  
AIR PARCELS

  
FOR DARWIN SHIPPING LTD.

L.G.  
21/12/66

COPY ONLY TO:- THE COLONIAL SECRETARY  
THE SECRETARIAT.

STANLEY. (FOR INFORMATION ONLY)

PG

RESTRICTED

69

BRITISH EMBASSY,  
MONTEVIDEO.

(17/1)



*7/29/11*

15 January, 1970.

Dear Chancery,

Please refer to your letter of 4 December about Uruguayan taxes on goods for the Falkland Islands.

2. It is indeed true that the "taxes" section of the Uruguayan budget law (No. 13782 of 3 November last) promulgated in the Diario Oficial of 10 November provides for the abolition of the exemption of goods passing through Uruguay in transit for the Falkland Islands from a general tax on goods in transit imposed in the 1967 budget.

3. To put this in perspective I enclose a translation of the relevant extract from the old Uruguayan Budget Law (No. 13637 of 21 December 1967). From this you will see that goods in transit through Uruguay to the Falklands will henceforth attract taxes at the rate of 13s4d per case of whisky, brandy, cigars or cigarettes, or per 100 kilos weight of domestic utensils and other luxury goods; while foodstuffs, preserves, wines and other spirits will attract a tax of 6s 8d per case/50 gross kilos.

4. We ourselves pay the above rates for any goods bought out of bond in Montevideo, and we would not expect the practical effect on the routing of goods for the Falkland Islands to be great. The Falkland Islands company's agents here, Messrs. Maclean and Stapledon, to whom we have spoken, did not appear to be aware of the abolition of the Falklands' privilege; if on reflection they conclude that the effect will be serious enough to require a re-routing of supplies we shall let you know, but it seems rather unlikely.

5. So far as motives go, we are as certain as one can be of anything that the withdrawal of the Falkland Islands exemption derives not from any political motives or calculations, but from the currently remorseless, if not always entirely effective, casting around by the Uruguayan authorities for additional cash revenues in however trivial quantities.

Yours ever,

CHANCERY  
(K.F.X. Burns)

Chancery,  
British Embassy,  
Buenos Aires.

c.c. Colonial Secretary, Port Stanley.

*C.T.*

*This information should be made available to Exco. in an NF paper + to FIC + other comm. organisations.*

RESTRICTED

*7/29/11*



Translation of Extract from Uruguayan Budget Law No. 13.637  
of 21 December, 1967\_\_\_\_\_

Goods in transit

Article 182: The transport of goods in transit in trucks or similar vehicles between third countries making use of Uruguayan roads, shall pay a tax for services rendered of \$200.00 (two hundred Uruguayan pesos) per 1,000 kilogrammes or fraction thereof.

Goods in transit which use the services of the National Ports Administration shall be exempt from payment of this tax.

Article 183: The following goods, arriving as freight in transit no matter the destination, will be subject to the following taxes:

- a) Whisky, and brandy per case or part case - \$ 400.00
- b) Cigars and cigarettes per case or part case - \$ 400.00
- c) Foodstuffs, tinned foods, preserves and similar goods, per 50 gross kilogrammes or part thereof - \$ 200.00
- d) Wines, spirits, liqueurs, and others, per case or part thereof - \$ 200.00
- e) Utensils for domestic use and other luxury objects, per 100 kilogrammes or part thereof - \$ 400.00

Article 184: Goods the destination of which are the Falkland Islands are exempt from payment of these taxes.]

Article 185: The proceeds from these taxes shall be paid into the fund created under Article 210 of Law No. 13.032 of 7 December, 1961 (a fund for the prevention and repression of infringements of the customs regulations).



BUENOS AIRES.

Dear Chancery,

I attach a copy of a recent report which appeared in the Buenos Aires Herald about the abolition of a clause in the Uruguayan Budget Law exempting all merchandise from the Falkland Islands from a service tax of 200 pesos Uruguayos a kilogramme.

If this is true, it is presumably of some importance for the Falkland Islands' economy and it would be interesting to know why the Uruguayan Government have taken this measure at the present time?

Yours ever,

CHANCERY

Chancery,  
British Embassy,  
MONTEVIDEO

c.c. Colonial Secretary's Office,  
Port Stanley

RESTRICTED

13 0 NOV 1969

A formal joint announcement by Britain and Argentina in the sense that early in the New Year talks will start with regard to the re-establishment of communications between the Malvinas islands and the mainland may have a lot more in it than appears on the surface.

Britain has long urged an end to the policy of isolation maintained by Argentina, where - by the 2,000 "Malvineros" have to use Montevideo for all their exports and imports while even mail with Falkland Island stamps is not recognized by the Post Office.

The political dilemma of the present British government to defend itself against Conservative party charges of giving away still more pieces of the former British Empire, is that it has pledged to respect the wishes of the inhabitants.

### Malvinas

Therefore it would like the islanders to have closer contact with Argentina, for their closer acquaintance.

What looks like a real straw in the wind is the new Uruguayan budget law which only says in Article 69 only that Article 184 of the old law is abolished.

But the enquiring journalist who loves to dig deeply, will find that Article 184 now abolished was to "exempt all merchandise for the Falklands from a service tax of 200 pesos uruguayos a kilogramme."

It just could be that the canny and hard-headed Uruguayans have figured that "communications" means that when the talks are through, the monthly steamship of the Falkland Islands Company will be either coming into Buenos Aires instead of Montevideo or at least be sailing into the nearer Patagonian ports on Argentina's Atlantic Coast.

UNCLASSIFIED

2084. BRITISH EMBASSY,  
MONTEVIDEO.

(17/1)

23 January, 1970.



Dear Chancery,

Please refer to our letter 17/1 of 15 January, 1970 about taxes on goods in transit to the Falkland Islands.

2. In the view of both Maclean and Stapledon and the captain of the Darwin, the amount of cargo in transit through Montevideo to Port Stanley is too small to cause any re-routeing of supplies. Apparently it was decided some time ago to ship practically all cargo direct and the present transit cargo is only about 3/4 tons per trip.

3. It is not considered therefore that the tax will have any effect on existing arrangements.

Yours ever,

CHANCERY

(C.J. Sharkey)

Chancery,  
British Embassy,  
Buenos Aires.

c.c. Colonial Secretary,  
Port Stanley,  
Falkland Islands.

71

# CONFIDENTIAL

## EXECUTIVE COUNCIL

INF 6/70.

### Uruguayan Transit Tax.

Uruguayan Budget Law No. 13,637 of 21st December 1967 included the following provisions:-

#### Goods in Transit.

"Article 182: The transport of goods in transit in trucks or similar vehicles between third countries making use of Uruguayan roads, shall pay a tax for services rendered of \$200.00 (two hundred Uruguayan pesos) per 1,000 Kilogrammes or fraction thereof.

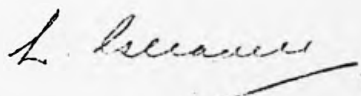
Goods in transit which use the services of the National Ports Administration shall be exempt from payment of this tax.

Article 183: The following goods, arriving as freight in transit no matter the destination, will be subject to the following taxes:

- a) Whisky, and brandy per case or part case - \$ 400.00
- b) Cigars and cigarettes per case or part case - \$ 400.00
- c) Foodstuffs, tinned foods, preserves and similar goods, per 50 gross kilogrammes or part thereof - \$ 200.00
- d) Wines, spirits, liqueurs, and others, per case or part thereof - \$ 200.00
- e) Utensils for domestic use and other luxury objects, per 100 kilogrammes or part thereof - \$ 400.00

Article 184: Goods the destination of which are the Falkland Islands are exempt from payment of these taxes."

Information has now been received that Article 184 has been abolished with effect from 3rd November 1969.



COLONIAL TREASURER.

18th February, 1970

The Treasury,  
Stanley,

AR.

72  
**The Falkland Islands Company, Limited.**

— (INCORPORATED BY ROYAL CHARTER 1851.) —

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

*Stanley,*

2nd March

1970

C/13

The Colonial Treasurer  
STANLEY

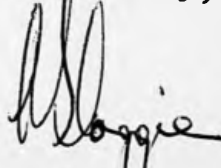
Dear Sir,

URUGUAYAN TRANSIT TAX

Your circular of 18th February 1970 advising us that Article 184 of the appropriate Uruguayan Budget Law has been abolished with effect from 3rd November 1969 was received in this office at noon on Tuesday, 24th February.

We would like to know if Government is taking any steps to protest against the imposition of this tax as it must be obvious that although less and less is being imported through Montevideo, there must, of necessity, be sufficient freight handled in that Port for this charge to make quite a difference to the cost of living in the Colony.

Yours faithfully,



COLONIAL MANAGER

c.c. London Office

73  
The Treasury,  
Stanley,

7th March 1970.

Dear Sir,

Uruguayan Transit Tax

Please refer to your letter C/13 of 2nd March on the above subject. I cannot say at this stage whether any representations are to be made by this Government, but if such a measure is to be taken it will require to be supported by evidence of the effect of the tax. It would appear that item (c) foodstuffs etc. of the schedule is of the greatest importance to this Colony and it would be of assistance to know whether this covers animal food.

To assist Government in its consideration of the <sup>S</sup>case would you kindly provide details of how the tax has been levied giving details of specific importations and the tax imposed thereon.

Despite the introduction of the tax in November last it appears that knowledge of it only became known locally on the issue of my circular.

Yours faithfully,

(sgd) L. Stoddart  
COLONIAL TREASURER

The Colonial Manager,  
Falkland Islands Co. Ltd.,  
Stanley.

ARA.

C.T.,  
Have you had anything further  
on this, or should I ask for a reply?

f.c.s.  
16. 6. 70.

C.S.  
This was the subject of an Exco  
information paper. No action recommended  
by Exco. Please file a copy of  
the Inf. paper and then p.a.

L.C. kpbj 74  
15/6/70

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# The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

*Stanley,*

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

12th March

1970

C/13

The Colonial Treasurer  
STANLEY

Dear Sir,

## URUGUAYAN TRANSIT TAX

73  
Thank you for your letter of 7th March 1970 regarding the above tax. We enclose a table showing the effects of this tax as estimated by our West Store staff. We have not yet had any invoices from Maclean and Stapledon which show this additional tax.

Yours faithfully,

*Algie*

COLONIAL MANAGER

Enc.



GOODS EX U.K. VIA MONTEVIDEO

	<u>With Tax</u>	<u>Without Tax</u>
Bacon	7/6 lb.	7/4½ lb.
Lard	2/- pat.	1/11 pat.
Margarine	1/5 pat.	1/4½ pat.
Butter	2/8 pat.	2/7 pat.

GOODS EX ARGENTINE

Crushed Maize	£4.12.0. bag	£4.2.10. bag
Whole Maize	£4.16.6. "	£4.7.3. "
Pollard	£3.10.0. "	£3.1.2. "
Wheat	£4.16.9. "	£4.7.7. "
Rice	£4.14.3. "	£4.10.9. "
Onions	£2.6.0. "	£2.2.5. "
Potatoes	£3.1.6. "	£2.14.6. "

C.S.

During the last meeting of Sars attended by Mr <sup>Hadow</sup> Haddo information was requested to illustrate the possible economic benefits that might arise from shipping direct to the colony of Argentine products now routed via Montevideo.

The Falkland Is. Co. Ltd. have provided the attached details of the costing of a recent consignment which, although it does not include all items purchased from Argentina, provides good examples of what charges might be avoided by loading at an Argentine port.

I have made a red mark against the items that could be avoided entirely or considerably reduced.

H.C.

18/3/70

76

C.T.

Indeed it does. The charges which could be avoided amount to around 30% of the selling price or getting on for 40% of the C.I.F. cost.

A.V.R.

2 Request that the information be circulated to Exco.  
as an Annexure to an Information Memorandum the  
Previous Ref. of which would be the last Exco. Minute  
concerned with Communications Talks.

J/18/3

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# CONFIDENTIAL EXECUTIVE COUNCIL

INF 8/70

Communications

Memorandum by the Colonial Treasurer

Previous Reference: INF.27/69

During discussions with Mr. Hadow on the subject of the benefits that might accrue to the Colony from a direct sea link with an Argentine port, information was requested to illustrate the additional cost of shipping Argentine produce to the Colony via Montevideo.

2. The Falkland Islands Company Limited has kindly provided the attached details of a recent shipment which, although it does not include all items purchased from Argentina, provides good examples of what costs might be avoided by loading at an Argentine port.

*L. C. Gleadell*

(L. C. Gleadell)  
COLONIAL TREASURER

20th March 1970  
File Ref: 2458  
FA

SHIP 'Darwin'

B.A. CARGO

ARR. STANLEY 3rd March 1970

GOODS & QUANTITY	50 bags C/Maize	200 bags W/Maize	60 bags Onions	100 bags Pollard	59 bags Potatoes	30 bags Rice	25 bags Wheat
INV. COST	95. 0. 3.	413. 6. 0.	51. 6. 2.	109. 5. 4.	50. 9. 0.	85. 10. 3.	51. 6. 2.
RIVER FRT. 1/6d ft.	11. 5. 0.	45. 0. 0.	8. 12. 6.	22. 10. 0.	13. 10. 0.	3. 0. 0.	5. 12. 6.
3% URUGUAYAN BROKERAGE	6. 9.	1. 7. 0.	5. 2.	13. 6.	8. 2.	1. 10.	3. 5.
6 1/4% COM. ON FIRST COST (Walfrons)	5. 18. 10.	25. 16. 8.	3. 4. 2.	6. 16. 7.	3. 3. 1.	5. 6. 11.	3. 4. 2.
INV. TOTAL	112. 10. 10.	485. 9. 8.	63. 8. 0.	139. 5. 5.	67. 10. 3.	93. 19. 0.	60. 6. 3.
AREA UNLOADING CHARGES	20. 0. 0.	80. 0. 0.	15. 6. 8.	40. 0. 0.	24. 0. 0.	5. 6. 8.	10. 0. 0.
T/SHIP 11d ft.	6. 17. 6.	27. 10. 0.	5. 5. 5.	13. 15. 0.	8. 5. 0.	1. 16. 8.	3. 8. 9.
T/TAX	21. 17. 0.	87. 7. 3.	10. 3. 1.	42. 6. 10.	19. 17. 0.	5. 1. 8.	10. 15. 5.
NO/L 4 1/2%	19. 8.	3. 18. 8.	9. 3.	1. 18. 2.	18. 0.	4. 7.	1. 3. 3.
FRT. MTD/PSY. 4/6d ft.	18. 15. 0.	75. 0. 0.	14. 7. 6.	37. 10. 0.	22. 10. 0.	5. 0. 0.	9. 7. 6.
3% URUGUAYAN BROKERAGE	11. 3.	2. 5. 0.	8. 8.	1. 2. 6.	13. 6.	3. 0.	5. 8.
SUB-TOTAL	181. 11. 3.	761. 10. 7.	109. 8. 7.	275. 17. 11.	143. 13. 9.	111. 11. 7.	95. 6. 10.
LES.	2. 5. 6.	9. 10. 6.	16. 8.	3. 9. 0.	1. 1. 9.	1. 8. 0.	1. 4. 0.
TOTAL C.I.F.	183. 16. 9.	771. 1. 1.	110. 5. 3.	279. 6. 11.	144. 15. 6.	112. 19. 7.	96. 10. 10.