

FALKLAND ISLANDS DEVELOPMENT BOARD**FOR PUBLIC DISTRIBUTION**

Title: MD Activity and Information Report

Author: Managing Director

Date of Meeting: 18th March 2026

APPENDIX

A. Report – Shipping Report for Potential Links with the Falkland Islands

1.0 PURPOSE

1.1 To provide a brief overview of certain corporate and MD activities that are underway and are either additional to the normal corporate and project activities or otherwise merit informing the Board.

2.0 RECOMMENDATIONS

2.1 The Falkland Islands Development Corporation Board is recommended to:

- i. Note the contents of this report
- ii. Agree in principle the 2026/2027 Board dates

3.0 STRATEGY

3.1 The Corporation's Objective 9 'To improve the credibility and productive capability of FIDC'.

4.0 SUMMARY OF IMPLICATIONS

4.1 Financial: None for the purposes of this paper.

4.2 Legal: None for the purposes of this paper.

4.3 Human Resource: None for the purposes of this paper.

5.0 HUMAN RESOURCES

- 5.1 *Financial Controller* – FIDC plans to readvertise for the Financial Controller position as soon as possible.
- 5.2 *Marketing & Communications Assistant* – Mr. Lane McKay was offered and accepted the role of Marketing & Communications Assistant, and began fulltime employment at FIDC on 2 March.

6.0 2026 ECONOMIC DEVELOPMENT FORUM

- 6.1 In March, the previous confirmed speaker for the environment/conservation portion of the 2026 Economic Development Forum presented by the Falkland Islands Chamber of Commerce was forced to drop out, citing health concerns. As of this writing, FIDC is working on a backup speaker, and the Managing Director can speak to specifics.
- 6.2 As of this writing, FIDC has received more than £10,000 in sponsorship. FIDC is still accepting sponsorship ahead of the event. For those looking to sponsor, please contact FIDC directly at +500 27211 or email communications@fidc.co.fk
- 6.3 Attendance to the Economic Development Forum is free, though seating at the Harbour Lights Cinema is limited, and FIDC asks that attendees reserve a seat by contacting FIDC directly at +500 27211 or email communications@fidc.co.fk

7.0 FIDC RURAL VISITS

- 7.1 The Business Development Team have met with several client in camp over the past month, and have plans to meet further clients over the next four to six weeks including West Falkalnds.
- 7.2 If any rural business or domestic clients based in camp would like to meet with a member of the Business Development Team, or have a team member visit your property or business, please contact FIDC directly at +500 27211 or email reception@fidc.co.fk

8.0 FIDC WORKSHOPS AND EVENTS

- 8.1 *International Association for Antarctica Tour Operators (IAATO)* – The Deputy Managing Director and Marketing & Communications Officer will be attending the IAATO Annual Meeting in April, where FIDC will also have an exhibition table at IAATO's inaugural Marketplace event.
- 8.2 The Annual Meeting will take place in Annapolis, Maryland, USA.
- 8.3 The inaugural Marketplace event will see 1.5 days dedicated to having 15 Associate Members exhibit for IAATO operators. The FIDC exhibit table will feature the Falkland Islands Tourist

Board (FITB), Sullivan Shipping, and Penguin Travel, and will spotlight Falkland Islands tourism, and how FIDC's financial assistance to domestic businesses supports the Falkland Islands as a Gateway to Antarctica.

- 8.4 *Global Sustainable Islands Summit 2026* – The Strategic Projects Manager will be speaking at the 2026 Global Sustainable Islands Summit, hosted by Islands Innovation, in April.
- 8.5 The Global Sustainable Islands Summit 2026 will take place in Gran Canaria, Spain.
- 8.6 The Strategic Projects Manager will be presenting on renewable energy solutions for islands with no national grid systems. As part of the summit, the Marketing & Communications Assistant will also be in attendance.
- 8.7 *“The Island Paradox”* – In February, FIDC hosted “The Island Paradox” with James Ellsmoor, CEO of Island Innovation, at the HarbourLights Cinema. The virtual presentation saw approximately 30 attendees, with Mr Ellsmoor spending an hour outlining how tourism as a traditional economic driver can fail for island nations when it comes to diversification.

9.0 HILLSIDE BUSINESS PARK UPDATE

- 9.1 The following businesses are currently operating at Hillside Business Park:

Cabin No:	Business Name
A1	Beauty Care & Waxing
A3a	Ocean Charm Creations
A3b	Adi's Creations
A4a	Falklands Apothecary
A7a	Sarah Clarke Tattoo
A8	Groovy's Tattoo Studio
A9 & A10	Posh Paws & Mucky Paws
B3a	Falkland Islands Film Company
B3b	Dedicare UK
B4	Authentic by Anna
B5	Tattoos by Dino
Laundry	Mikaela Ford Hairdressing
Gym	SAERI

10.0 FIDC CONTAINER PARK

- 10.1 The FIDC Container Park is currently 100 percent (%) leased. FIDC is in the process of expanding the Container Park, and will see the addition of 55 new spaces in the coming months. FIDC plans to advertise new availability closer to the completion of the new spaces.

11.0 SHIPPING LINKS REPORT

- 11.1 Following the FIDC-led business delegation visit to Chile in September 2025, FIDC has subsequently provided a shipping report to potential businesses in Chile that are looking to re-establish links with the Falkland Islands (see Appendix B).
- 11.2 Previously, during the Punta Arenas portion of the business delegation visit, the mayor of Punta Arenas expressed strong interest in supporting the re-establishment of a maritime route between the city and the Falkland Islands, and subsequent discussions focused on how local authorities could be involved in advancing a project and contributing to a new chapter in regional transport connectivity.

12.0 INWARD INVESTMENT REPORT

- 12.1 In February, U.K.-based consultancy firm produced its “Falkland Islands Inward Investment Review,” a jointly funded report from FIDC and the Falkland Islands Chamber of Commerce. Among other things, the report notes, when managed well, inward investment can bring new capital, technology, and expertise, strengthen human capital through skills and training, improve connectivity and open access to new global markets, increase GDP and expand the Islands’ tax base, and create higher-quality jobs.
- 12.2 FIDC and the Chamber of Commerce have recommended a joint working group be set up with select civil servants from Falkland Islands Government (FIG) and current Members of the Legislative Assembly (MLAs).
- 12.3 The report is available to download via the FIDC Web site: www.fidc.co.fk

13.0 STANLEY MARINA

- 13.1 In February, U.K.-based maritime civil, structural, architectural, and environmental engineering services company Arch Henderson (a company of Haskoning) visited the Falkland Islands to speak with stakeholders and wider community engagement as part of its contractual work with FIDC to conduct and provide the feasibility report for a marina in Stanley Harbour.
- 13.2 Utilising local engineering firm AJAX Engineering, Arch Henderson met with a range of stakeholders, including representatives of the FIDC Board, Falkland Islands Museum & National Trust (FIM&NT) Falkland Islands Chamber of Commerce, Falkland Islands Tourist Board (FITB), Falkland Islands Yacht Club, FIG Department of Development and Commercial Services, FIG Public Works Department, and several MLAs.

14.0 FALKLAND SHEARS COMMITTEE (FSC)

14.1 In March, the Falkland Islands was confirmed to become a member country to the Golden Shears World Council (GSWC), the organizational body for the world championships in sheep shearing and wool handling. The inclusion of the Falkland Islands as a member country in the GSWC was a next step following FSC and FIDC's successful hosting of the Tri-Nations International Test Competition in November 2025, which featured the Falkland Islands, Wales, and Chile.

14.2 In February, the Managing Director was elected to be the secretary of FSC for the 2026/2027 season, which is a committee position on FSC.

15.0 FALKLAND ISLANDS MEAT COMPANY (FIMCO)

15.1 In February, in the wake of shipping delays, FIMCO provided the following update to suppliers:

Production Plan (Subject to no further delays)

- *FIMCO will continue operating as per current production plan until Friday 27th February, which will deplete carton stock.*
- *From 27th February we will cease taking stock from East Falkland Farms until around the 12th March. New dates have been put together and will be sent out immediately for your New Plans.*
- *FIMCO shall continue to accept West Falkland and Outer Island stock. These will be held in FIMCO paddocks. This is due to the logistics/ transport, availability to get this stock should we encounter further delays.*
 - *These animals will be held in FIMCO paddocks for 7–10 days until cartons arrive.*
 - *Paddock usage remains minimal so far this season, allowing us to accommodate this.*
- *Week Commencing 2 March:*
 - *There will be No Slaughter between 2nd - 6th March, whilst FIMCO await freight, apart from two (2) dates - Monday 2 March - Beef (Little Creek / Newans), and Wednesday 4 March - NS Lambs from Keppell, which FIMCO have kept packaging back for.*
 - *FIMCO will only produce for the domestic market, and the export team will be stood down apart from the two dates listed above.*
- *As soon as export production can recommence (at present FIMCO are planning for 9 March), FIMCO will prioritise processing livestock already on site.*
- *Subject to the above remaining so, FIMCO will potentially be able to complete the season by 25 April (TBC), taking all livestock currently booked in.*
- *The FIMCO team are fully aware and confident FIMCO will be able to make up the lost time by raising the processing numbers per day.*

Risks & Contingencies

- *Should there be any further delay with the SAAS vessel, the above plan will need to be revised, with the possibility of reduced supply and or extending the season.*

The next FIMCO Board meeting is scheduled for Friday, 20 March at the Chamber of Commerce from 13:00 - 15:00.

16.0 FIDC BOARD MEETINGS 2026/2027

16.1 The following meeting will be held in the Falkland Islands Chamber of Commerce in the afternoons commencing at 13:30:

- 22 July 2026
- 16 September 2026
- 18 November 2026
- 20 January 2027
- 24 March 2027
- 19 May 2027

17.0 BUSINESS DEVELOPMENT TEAM ACTIVITY AND GREEN BUSINESS PROGRAMME

18.1 The Business Development Team is continuing to actively track the client journey and has provided the following information from the period 1st January 2026 to 28th February 2026.

- 47 client enquiries from 46 individual clients relating to 79 grants, loans, or other support from the Business Development Team. One client returned with a secondary enquiry during the period.
 - 98% response time within 5 working days (46/47)
 - 98% response time within 1-2 working days (46/47)
 - 89% same day response (42/47)

18.2 There were 20 approvals processed in January to February 2026. As to where client enquiries currently sit within FIDC client journey, the Business Development Team have provided the following detail covering the period of 1st January 2026 to 28th February 2026:

- 11 funding applications processed and approved relating to client enquiries over the reporting period
- 10 client enquiries moved to grants and approved
- 1 client enquiry moved to loan and approved
- 2 applications fully paid out
- 7 applications in drawdown period or awaiting signed facility letters to be returned
- 24 client enquiries are considered active
- 23 client enquiries are considered closed
- 4 client enquiries did not meet the published criteria
- 1 client withdrew their application for finance

18.3 Of the 79 types of enquiry:

Domestic Thermal Efficiency Grant	2/79	3%
Commercial Thermal Efficiency Grant	1/79	1%
Rural Energy Grant	10/79	13%
Camp Water Systems Grant	4/79	5%
Rural Energy Additional Generation Grant	1/79	1%
Domestic Thermal Energy Grant	0/79	0%
Commercial Thermal Energy Grant	0/79	0%
Domestic Electricity Safety Grant	5/79	6%
Professional Fees	4/79	5%
Electric Vehicle (EV) Grant	1/79	1%
Green Loan – Commercial	1/79	1%
Green Loan – Personal	1/79	1%
Business Development	0/79	0%
Business Advice	18/79	23%
Social Media & Marketing Advice	6/79	8%
Business Plan Assistance	7/79	9%
Business Loan	12/79	15%
Small Business Support Grant	6/79	8%
EV Charging Infrastructure Grant	0/47	0%
Environmental Consultancy Grant	0/47	0%
Trade Conference & Delegation Grant	0/47	0%

18.4 The original environmental grant and loan budget for 2025-2026 is £253,794, with £144,127 in the Green Grant budget and £109,667 in the Green Loan budget. This was the remaining funds carried over from the 2024-2025 financial year.

18.5 In November 2025, it was agreed that £60,000 would be moved from the Green Loan budget to the Green Grant budget due to funds in the Green Grant Budget being close to being exceeded. This means that the total Green Grant Budget for 2025-2026 was adjusted to 204,127 and the total Green Loan budget was adjusted to £49,667.

18.6 As of the 28 February, 98 percent (%) of the environmental grants and loans budget has been allocated. This is £207,800 in allocated grant funding with a further £557 currently in the approval process (100% of the Green Grant budget) and £39,413 in loans (87% of the Green Loan budget). A further £4,230 was moved from the Green Loan Budget to the Green Grant budget to ensure grants could be paid out. As of the 28 February, there was £6,023 remaining in the total Environmental grants and loans budget lines.

18.7 33 percent (%) – Enquiries related to the Green Business Programme (26/79) for the period 1st January to 28th February 2026.

18.8 There were 21 separate enquiries from 21 individual clients regarding the Green Business Programme, relating to 26 green grants, green loans or advice during this period, the client breakdown for those is as follows:

- 8 approved client applications (clients can access multiple schemes at any one time):
 - Domestic Thermal Efficiency x 1
 - Commercial Thermal Efficiency x 1
 - Commercial Green Loan x 1
 - Electrical Safety x 4
 - Camp Water x 1
 - REG x 2
- 1 application fully paid out
- 7 applications within drawdown period
- 8 clients are considered active
- 1 client withdrew application for finance
- 13 client enquiries considered 'closed for now' or no further action required from FIDC at this time
- 7 Stanley-based clients enquired
- 14 Camp-based clients enquired

18.9 Of the 26 types of assistance enquired about:

Domestic Thermal Efficiency Grant	2/26	8%
Commercial Thermal Efficiency Grant	1/26	4%
Rural Energy Grant	10/26	38%

Camp Water Systems Grant	4/26	15%
Rural Energy Additional Generation Grant	1/26	4%
Domestic Thermal Energy Grant	0/26	0%
Commercial Thermal Energy Grant	0/26	0%
Domestic Electricity Safety Grant	5/26	19%
Electric Vehicle (EV) Grant	1/26	4%
Green Loan – Commercial	1/26	4%
Green Loan – Personal	1/26	4%
EV Charging Infrastructure Grant	0/26	0%
Environmental Consultancy Grant	0/26	0%

18.10 Combination funding packages during this period:

- There was one combination funding package approved in this period.

Falkland Islands Development Corporation

Shipping Links Report 2026 – Initial Findings

Purpose of the Report

This report is intended to provide background information on shipping links to the Falkland Islands, with an overview of current imports and exports alongside opportunity for expansion to enable potential entrants to the shipping market build a proposal or business case for an additional link with South America, via Chile.

This document is not a feasibility study and does not provide economic analysis of the existing routes, or any potential tertiary route.

Background

The Falkland Islands

The Falkland Islands are a United Kingdom (UK) Overseas Territory in the South Atlantic, about 480 km from the South American mainland. The two largest islands are East Falkland and West Falkland. The capital Stanley is located on East Falkland and houses the majority of the population, and key government infrastructure, including the port in Stanley harbour.

The Falkland Islands Government (FIG) conducts a regular census of the Falkland Islands. The 2021 census found the usually resident population of the Falkland Islands to be 3,662 (FIG, 2021).

Much of the Falkland Islands land mass is dedicated to agriculture, with wool and meat both being export market products alongside meat produced for local consumption.

Port

Stanley Harbour is the primary port, and main hub for maritime activities in the Falklands. It offers a holding ground for vessels in depths ranging from 5.0 to 8.0 meters.

The Port facility in Stanley is the Falkland Islands Interim Port and Storage System (FIPASS), a floating structure consisting of six (6) pontoon open deck or warehouse barge units. By arrangement ships may take fresh water and bunkers at the berths. Installed in 1984, the facility is at end of life, and is due to be replaced. In October 2025, FIG released a press statement regarding signed contracts and timeline for a replacement port facility to be completed in 2028.

Existing Shipping Links

Currently, there is a regular route that is operated by South American Atlantic Service Limited (SAAS) between Montevideo, Uruguay, and the Falkland Islands, offering 12 fixed sailings per annum. Consolidated Fisheries Limited (CFL) are the primary shareholder. This route is well established and provides a container link with ports in America, the United Kingdom and South Africa, where containers are shipped onwards to the Falklands.

SAAS charter the container vessel MV Unispirit, which is owned by CFL. The Uruguay route is the primary export link for the Falkland Islands wool, meat, and fish products.

The Ministry of Defence (MoD) FIRS vessel also operates circa six (6) times per annum, berthing at Mare Harbour, the military port for the Mount Pleasant Complex (MPC). This link is utilised mainly by the MoD, with some space for civilian cargo, and is another export route for wool products shipped by Falkland Islands Company (FIC) to Marchwood, UK.

Business Climate Survey Data Relating to Shipping

According to the 2025 edition of the FIDC Business Climate Survey, Freight costs by Sea – Import placed at 5th in the top barriers to business and economic growth, with Freight Costs by Sea – Export placing 9th.

Housing remains in the top-10 barriers to growth, ranked in 8th position. This is likely to be exasperated further with any future oil and gas development, and will put additional demand on the construction sector and supply chain.

These issues are reflected in the “Barriers to Innovation” – with Housing in 4th and Freight costs by sea - import in 6th position.

In the FIDC Business Climate Survey 2025, respondents have an opportunity to expand on the key barriers that they identify, in relation to shipping links to and from the Islands it was noted by participants that distance from suppliers and long lead in times were often problematic and could have a detrimental impact on delivery timescales for clients and customers. It was also noted that the high freight costs had shrunk profit margins especially in the retail sector.

Products Currently Imported

The Falkland Islands relies on importation of goods, with the exception of lamb/mutton, some fish products, some seasonal vegetables, and the majority of beef, which can be produced locally.

There is currently a lack of centrally held data on imports to the Islands, with most information within this paper self-reported by stakeholders during the consultation process.

Stanley is the primary distribution centre for supplies to the whole of the Falkland Islands. There are two additional key markets:

1. The military population based primarily around Mount Pleasant Airfield; this is subject to a M.O.D. central procurement process.

The re-supply of cruise ships and fishing vessels. Over 73,000 cruise ship passengers visited the Islands during the 2023-2024 season.

Construction

With the exception of aggregate produced locally, all construction supplies are imported. The construction industry is a dynamic sector of the Falkland Islands, which continues to grow. FIG has a large capital programme being rolled out over the next 10+ years, and there is a continual need for more housing and commercial space.

Food products

The cost and availability of fresh produce means that there is a relatively large market for frozen, dried, and canned produce (primarily shipped from the UK); this forms a significant part of household consumption. Fresh produce is imported via Uruguay by retailers, and originates either in the UK or Uruguay. This supplements the limited fresh produce that is produced locally.

The main local producer of fresh fruit and vegetables, Stanley Growers, supplied the market with 26,796kg of locally grown product in 2024/2025.

Stanley Growers relies on a large amount of imported fresh produce, with on average 9.5 tonne of fresh produce per month imported from Uruguay, and a further 1.5 tonne per month imported from the UK. This is to serve the requirements for the local market as well as demand from cruise and fishing vessels.

Lamb and mutton are produced for the local market, and for export by the EU and BRC accredited abattoir and processing plant, Falkland Islands Meat Company (FIMCo). Products such as frozen pork, chicken, turkey, and some fish are imported by local retailers to meet market demands.

The abattoir does import a quantity of meat product sundries, and equipment and would consider purchasing these from Chile if available products were economically viable to do so and met EU/BRC standards.

Fuels

Fossil fuels, including refined petroleum, diesel, kerosene, and LPG gas are the largest type of product imported to the Islands. Import of these fuels is undertaken by Stanley Services Limited (SSL), who are a partnership between commercial entities and FIG, they have exclusive rights for fuel supply within the Falkland Islands and its waters. SSL also are importers of lubricating oils and industrial gases such as acetylene, oxygen, and propane.

SSL provides fuel to both the domestic population as well as the fishing fleet providing bunkering services in the waters near and around the Falkland Islands.

Other types of retail and imported products

Other notable products imported to the Islands include vehicles, plant and machinery, animal feed, furniture and furnishings, electronics and electrical equipment, vehicle spares and road salt.

Export

Wool is exported via the two (2) shipping routes, with Falkland Island Wool Growers sending wool to market on the MoD FIRS vessel and the Falkland Islands Wool Company (WoolCo), who utilise the current link via Uruguay. Approximately 1,500 tonnes of greasy wool are produced and exported every year, with 50—65% exported on the existing South American route.

FIMCo export circa 760 tonnes of lamb and mutton per annum to markets in Europe and the middle east. The product is exported frozen in reefer containers via Uruguay. It is unlikely that meat products would be shipped via Chile, and FIMCo would continue to use the existing Uruguay route.

The total annual catch for the Falkland Islands fishery averages between 200,000 – 260,000 tonnes per annum, however this can significantly fluctuate year on year depending on stock numbers in the waters around the Islands. Approximately 43% is exported via the Uruguay route, transhipped at the FIPASS port facility, with the remaining transhipped at sea.

Consultation and Key Stakeholders

Key Stakeholders

Falkland Islands Development Corporation (FIDC)

FIDC acts as the national economic development agency for the Falkland Islands and is tasked to develop the commercial sector of the Falkland Islands. Being one of the principal partners delivering the Economic, Rural and Tourism Development Strategies, and the lead for the Innovation Strategy, the FIDC is a quasi-autonomous government-funded body, which currently operates with an annual budget of approximately £1m per annum.

Falkland Islands Government (FIG)

The Falkland Islands Government's responsibilities encompass all areas of public service, including those typically managed by central government – taxation, legislation, and policy. The government is also responsible for local level provision including town planning, health, and education as well as key infrastructure such as power, water, and port facilities. The government is the largest employer providing nearly one third of jobs in the Islands.

Falkland Islands Private Sector

The Falkland Islands has a diverse private sector. According to the FIDC Business Climate Survey the largest primary sector by number of businesses was Tourism, followed by Agriculture and Animal Related Services, and Construction. Many businesses operate across multiple sectors, with Tourism the largest secondary industry followed by Real Estate. The largest industry in the Islands by economic output is the Fishing Sector.

Consultation

The consultation was conducted via a mixture of face-to-face interviews, collection of data through email correspondence and small group meetings. Consultation ran from September 2025-January 2026.

Stakeholders were asked questions concerning their experiences with the existing link with Uruguay and the former link with Chile, where they saw opportunity for development in the immediate and medium to long term, what they felt would be the risks of establishing an additional shipping route, and any perceived or actual barriers.

Potential stakeholders that were consulted with are listed below, including key FIG departments, Falkland Islands' private sector representatives, and business associations who represent the needs of different sectors.

FIG Environment Department

FIG Customs and Immigration

FIG Public Works Department

FIG Development and Commercial Services

FIG Veterinary Service

FIG Biosecurity

South American Atlantic Shipping (SAAS)

Falkland Islands Company (FIC)

Seafish Chandlery Ltd

Goodwin Construction

Fortuna Ltd

Atlink Ltd

Workboat Services

eLink

Stanley Services Limited

Stanley Growers Ltd

Kelper Stores Ltd

Falkland Islands Meat Company Ltd (FIMCo)

Byron Marine

The Falkland Islands Wool Company

Falkland Islands Fishing Companies Association

The Falkland Islands Chamber of Commerce

Rural Business Association

Types of Questions asked:

The areas of discussion and types of questions asked can be broken down into the following categories: Importation and Exportation of Goods; Requirements for Additional Service; and Barriers, Threats, or Concerns.

Questions asked throughout the discussions and via email are listed in the table below under the appropriate heading theme:

Importation and Exportation of Goods
<ol style="list-style-type: none">1. Are you an importer of goods directly or via another local company?2. Types of products currently sourced from South America?3. Other types of products sourced from elsewhere but imported via South America?4. Products that could be sourced from South America that are not currently?5. Are there any products that you would not consider importing from Chile?6. Can you identify products that could be exported or 'backfill' such a service?7. If you are an exporter of goods, would you utilise a service via Chile or remain with your existing route?
Requirements for Additional Service
<ol style="list-style-type: none">1. Is there enough demand in the Islands for an additional service?2. What level of regularity would you deem appropriate for the initial establishment of a route via Chile?3. Which industry do you think would be the main user of an additional service?4. Would you prefer to source your own products from South America or have an agent that could source these for you?5. How would you prefer consolidation of goods to be shipped to the Falkland Islands to operate?6. What do you place more importance on, freight costs, reliability of service or a combination of both?7. Are you aware of any regulations or legislation that could impact on the establishment of an additional shipping link?
Barriers, Threats, or Concerns
<ol style="list-style-type: none">1. What do you understand to be the current barriers to establishing a shipping route via Chile?2. What do you see to be the potential risks of an additional service?3. What are the potential opportunities for growth of shipping services to the Islands?4. Do you have any concerns regarding a potential shipping link with Chile?

Summary of Discussions

Below is a summary of points raised during the consultation with stakeholders:

Importation and Exportation of Goods

While some businesses import directly, many others utilise other local importers to meet their business needs, these importers either have their own consolidators based in the UK, South Africa and Uruguay or they use locally registered consolidator companies such as Richard James International or South Atlantic Trading for smaller amounts of goods/products.

Fresh fruit and vegetables, proteins such as beef and chicken and some shelf stable products are currently sourced and imported from Uruguay to supplement locally produced products and to meet market needs.

The majority of imports are sourced from the UK, followed by Europe, Asia, USA, and South Africa and are imported via Uruguay or directly from the UK via the MoD FIRS vessel.

Stakeholders highlighted products that had the potential to be sourced and imported from South America or that they would consider sourcing from Chile, which are either not currently sourced from the continent or are in low quantities. The most significant of these being building materials including timber, cement, and prefabricated buildings/units. However, it was noted that these would need to meet British standards of compliance and be suitable for the Falkland Islands climate.

All potential imports mentioned throughout the stakeholder consultation process are listed below:

- | | | |
|---|---|--|
| ➤ Animal Feed | ➤ Vehicle spares | ➤ Fruit and Vegetables |
| ➤ Bulk fuels, oils, and gases | ➤ Plant and machinery | ➤ Vehicle spares |
| ➤ Construction materials | ➤ Vehicles | ➤ Furniture and furnishings |
| ➤ Road Salt | ➤ Livestock | ➤ Prefabricated buildings |
| ➤ Eggs and dairy products | ➤ Pets | ➤ Clothing |
| ➤ Fertilisers | ➤ Electrical components | ➤ Shelf stable food products |
| ➤ Alcoholic and non-alcoholic beverages | ➤ Packaging for local and export products | ➤ Protein products (beef, chicken, turkey, fish, pork) |

It was noted by stakeholders during the consultation that one difficulty would be the 'backfilling' of such a service, with well-established routes for export via Uruguay already in place. It was noted that there was scope for the disposal of waste or export of products that could be recycled in South America, such as scrap metal. The FIG Waste Management Plan 2020 refers to opportunities for recycling waste streams in South America.

Of the three main exports from the Islands; fish, wool and meat, only the wool industry expressed interest in potential export via Chile, if the route was more cost effective than the existing export routes.

Requirements for Additional Service

Overall respondents felt that there was enough demand in the Islands for an additional service, particularly from the construction sector with retail items as an add-on. Recent shipping delays

and break downs in supply chain have meant that there have been periods of time where there have been shortages of core products, both in retail and in construction. A tertiary shipping route it was felt, would mitigate this risk, strengthen the supply chain, and provide additional food security.

When asked about the frequency of an additional service via Chile, there was a variety of responses ranging from monthly to annually. However, most respondents felt that in the first instance, either a bimonthly or quarterly sailing would be most appropriate, with the ability to increase frequency as demand increased.

The construction industry was identified as the primary user of the service to import building materials, prefabricated buildings, plant, and machinery – all larger scale items that are imported regularly. It was noted that retailers would utilise the service, but the level of imported goods compared to the construction sector would be significantly lower, especially in the infancy of the route.

Many of those interviewed stated that they felt in the first instance they would utilise local agents in South America and would be content to look at options of sourcing through a company based there. However, some businesses would seek to source their own product, particularly fresh produce for retail, re-establishing old business relationships.

Consolidation of goods is necessary, and stakeholders highlighted the need for it to be done efficiently, which would improve freight costs. It was noted that containers that were not consolidated properly meant that there was a lot of unutilised empty space being paid for by the end user.

As to be expected, potential users of the service indicated that preferably an additional route would have competitive freight costs as well as be a reliable service, strengthening the supply chain to the islands. However, during the consultation it was also noted that if the quality of products and reliability of the service were of a high standard, some concession could be made in terms of costs and vice versa if the costs were lower but the service was less regular.

Regular importers operating in the Islands already have import permits in place and they noted biosecurity requirements, however highlighted that Chile has a high standard of biosecurity in place. Other consideration in terms of the types of goods that could be imported included Red Kite standard certification for building materials, to ensure that they are compliant with local regulations.

As noted later in this document, passage through the Straits of Magellan and requirement for pilotage was raised as an issue especially when related to costs of a service.

Barriers, Threats or Concerns

Stakeholders noted that the route had historically become financially unviable, raising issues such as high costs associated with the port in Punta Arenas, for non-Chilean flagged vessels and additional costs from pilotage and tug charges in the Straights of Magellan. Other notable barriers included the costs of products, including fresh produce when purchased from Punta Arenas, due to the remote nature of the area, where there were already costs being recovered from transporting goods from further north in Chile. Further concerns were made regarding the quality or longevity of fresh produce if it had already had to travel a significant distance to markets in Punta Arenas if being source there for onward shipping to the Falkland Islands.

FIG has a large capital works programme in place over the coming years, which alongside the existing needs for more housing and the potential for Oil and Gas extraction on the horizon means that there is scope for growth in the construction sector, which will have additional supply chain needs. Potential population growth related to Oil and Gas, including temporary contract workers, will also put pressure on existing retail outlets, and increase the demand for products on the selves.

Stakeholders noted that any additional route could have a detrimental impact on the existing shipping link and raised this as a concern, stating that the existing shipping route was well established, and although they considered that there was space in the market, they would not want to see the cessation of the routes already operating. It was felt that any additional route should complement the existing routes, however some stakeholders noted that competition would be healthy and could drive the needs for more favourable freight prices.

There were some additional concerns raised regarding the geo-politics of South America and risks around pressure on Chilean government and businesses from sources outside of Chile.

SWOT Analysis: Chile to Falkland Islands Shipping Link

<p>Strengths</p> <ul style="list-style-type: none"> • Proximity to Falklands/location • Cultural connection and Chilean community in the Islands • Considered good levels of biosecurity in place • Access to a variety of products • Some existing business relationships 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Potential High Port fees for non-Chilean flagged vessels • Types of goods available and costs associated with purchasing them from Punta Arenas as opposed to further North in Chile might not be ideal • Difficult to identify products for backfilling the service • Already established route via Uruguay
<p>Opportunities</p> <ul style="list-style-type: none"> • Potential for add-on to an existing Chilean supply route from Valparaiso to Punta Arenas • Capital programme in Falklands – more large-scale construction • Oil and Gas – increase in supplies to the sector plus additional construction such as housing and potential for population growth 	<p>Threats</p> <ul style="list-style-type: none"> • Geopolitical pressure on Chilean businesses not to trade with the Falkland Islands • Already established route via Uruguay

Regulations, Requirements, and other Considerations

Importation of Goods, Import Licensing and Biosecurity

Importation of goods from Chile would not differ from the current importation and biosecurity regulations and measures in place for Uruguay.

Import permits would need to be in place, most retailers or regular importers of goods have annual import permits already.

All fresh produce, frozen meats, eggs, and dairy would also need to have a sanitiser certificate issued by the Chilean authority or alternatively in the case of meat be EU/UK approved.

Building materials and furniture being imported to the Islands would be 'bombed' (fumigated) on arrival.

Any importation of domestic pets or livestock import licenses from the FIG Veterinary Department would need to be applied for. There are up to date protocols in place for the importation of some small animals such as guinea pigs, hamsters, cage birds, tropical fish, and hatching eggs/day old chicks. Other larger livestock protocols have not been updated since 2006 and would need to be reviewed before importation could commence this includes horses, sheep, and cattle.

Port Facilities and Maritime Authority

The Falkland Islands Maritime Authority (FIMA) enforces maritime standards for vessels operating in Falkland Islands waters and those flagged to the Falkland Islands.

Due to restrictions with the current ageing port facility, any vessel would need to have its own crane. It should be noted that there is no operational roll-on/roll-off (RoRo) facility at FIPASS.

Potential for Future Growth – Oil and Gas Industry

The HATCH Social Impact Assessment of the Sea Lion Northern Development Phase 1 and 2 Project for the Falkland Islands states that *“peak onshore employment from 2026-2028, and again from 2031-2032, Project-created employment could increase the total number of employed people in the Falkland Islands (including MPC) from 3,142 (2021 Census data) to 3,372-3,389, representing a 7-8% increase.”* With migration related to the oil development project having the potential to increase the population of the Islands by approximately 250 residents by 2032, with the peak rise seen between 2026-2028.

The report notes that during the third stage of the Development (Steady State Production) there will be employment, contract and supply chain opportunities in the Islands such as *“base personnel and administrative support, site security, accommodation management and services, TDF operations and maintenance, environmental monitoring and management services, carbon and biodiversity fund support, land transportation, helicopter operations support, communications and IT, emergency response, aviation fuel and marine bunkering, inshore marine tender vessels, medical services, and provision of food supplies, and catering services.”*