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DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON, D.C. 20350

IN REPLY REFER TO

Op-61FS/gsb  
Ser 001579P61

1 MAR 1966

MEMORANDUM OF INFORMATION FOR THE SECRETARY OF THE NAVY

Subj: Fleet Support Activity on Diego Garcia (S)

Encl: (1) Point Paper: "Status of Negotiations with UK  
on British Indian Ocean Territory" (S)

1. Mr. Ray Bronez, Director of the Foreign Military Rights Affairs office of OSD/ISA has just returned from a trip to London and the Seychelles. His primary purpose was to discuss the draft agreement covering the U. S. Air Force tracking station in the Seychelles. We are interested in this problem because the financial arrangements are tied in with the financial arrangements concerning the British Indian Ocean Territory. Mr. Bronez discussed the draft agreements covering access and use of the Territory while in London.
2. Mr. Bronez thinks negotiations over the tracking station agreement will proceed without difficulty. This is a welcome report because we have been concerned that the tracking station agreement might delay the conclusion of our agreements with the U. K. over the use of the British Indian Ocean Territory.
3. From our point of view, the most interesting report which Mr. Bronez brought back is that the U. K. is going forward with its plans for the administration of the Territory and for the acquisition of title to the private lands.
4. Present U. K. plans call for administration of the Territory from the Seychelles--the Governor of the Seychelles would also be Governor of the Territory. The Ministry of Defense is budgeting for purchase of a ship of about 500 tons for use in the Territory.
5. The Colonial Office is going ahead with plans to acquire land titles (Chagos-Agalega Ltd. is the only private land owner on Diego Garcia). Economic activity would continue on the islands on a lease basis with some form of termination clause until the land was required for defense use. A survey will be made of other islands in the area where inhabitants of the

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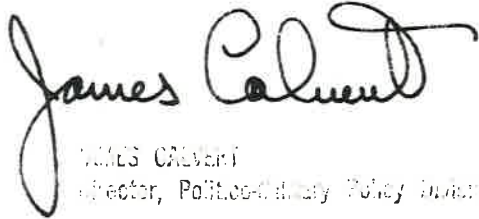
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Chagos Archipelago (Diego Garcia is the principal island) might be resettled. Temporary residence permits will be issued to all present inhabitants of the Chagos to forestall any later claims that they had acquired rights of permanent residence in the Territory. }

6. On the draft agreement governing our use and access to the islands, Mr. Bronez said he thought the U. K. would make a formal reply to our proposed draft in a few weeks. The points at issue are outlined in enclosure (1). At this stage none of the points pose real obstacles and we are hopeful that the negotiations will proceed rapidly to a conclusion.

7. The most encouraging thing about these developments is the evidence they provide of continued U. K. military interest in the Indian Ocean Area. }

  
JAMES CALVERT  
Director, Political-Military Policy Institute

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STATUS OF NEGOTIATIONS WITH UK ON BRITISH  
INDIAN OCEAN TERRITORY (S)

Background - Negotiations on access and use of islands  
subsequently designated British Indian Ocean  
Territory began in London in September 1965.

Objective - Obtain a base rights agreement to ensure that the  
islands are available for U. S. defense needs as  
these develop.

Current Status

- There are three related agreements.
- We are waiting for UK reaction to current U. S. drafts.
- A. Agreement on U. S. contribution of up to one-half  
of UK costs on detaching islands from former adminis-  
trations and associated costs.
  - Not to exceed \$14M
  - Financed by foregoing R&D charges on UK POLARIS  
procurement
  - No problems foreseen
- B. Agreement on U.S. Access to Islands. Two  
possible problems.
  - Duration of Agreement. U.S. wants 50 yrs. and  
automatic extensions of 20 yrs. unless be  
given. U.K. may ask 50 yrs. with subsec right  
for unilateral termination on 5 years e.
  - U.K. Veto over U.S. Projects. U.S. believes once  
financial payment made, only consultation required  
with U.K. is at defense level to ensure orderly  
and coordinated use of islands. U.K. may request  
that, since U.S. & U.K. policies might diverge  
in long run, U.K. political approval required for  
each use.
- C. Agreement on USAF Tracking Station Operating in  
Seychelles.
  - Station not part of British Indian Ocean Territory
  - Agreement is linked to financial arrangement  
because money goes in part to provide quid pro quo  
to Seychelles.

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COORDINATION: Op-601F

ENCLOSURE (1) to CNO Ser/Memo

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