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MINORFHOUR FOR THE SECRETARY OF THE MAVY

Subja Diego Garcia; Proposed Joint US-UK Survey (S)

Ancl: (1) Unofficial copy of undeted UK note

1. Mr. Kitchen has given us an unofficial copy of a diplomatic note relating to the proposed joint survey of Diego Garcia which he received late yesterday afternoon from the British Embassy. Official copies are coming to us through regular channels.

- 2. In the note, the UK Ministry of Defence has asked for more detailed information about our plans for Diego than we have provided up to this point. The Secretary of Diense has not yet received our Program Change Request for decision. The Assistant Secretary of Defense for Installations and Logistics is reviewing it now prior to sending it to the Secretary with a recommendation for approval.) We should respond to the UK note in the near future and I think that, with appropriate cautionary language, the information requested can be furnished. We will work closely with IDA in proporting the response.
- 2. Moither Mr. Mitchen nor Mr. Bronez think the VM comment about a possible rise in land prices on Diego Gardia is any reason to consider deferring the survey. Given the post history of this project, we can have no assurance that the purchase of Diego Cardia private land would be completed in any reasonable time even if we did defer the survey. I think we should continue our preparations and conduct the survey as seen as possible. The British are well aware of the Sund limitations the U.S. Government is under in finemating the Indian Ocean Islands and Mr. Mitchen is prepared to make clear to the British that enything above the \$14 million we have committed must come from their own resources. He foot not
- 4. The foregoing paragraphs ore classified Scarck.

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rarchase of Diego Carcia. Presumably, the United States will not wish to defer the survey until after this has been accomplished, but it should be noted that a survey of the Thoroughness apparently proposed may well lead to calinic to raise charply the price that he will expect

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DIECO GARCHA

The British Government have agreed in principle that the survey of Diego Garcia should go forward and are glad to accept the invitation to send observers. They would like to include in the party two representatives of the Navy Department. When and where are these observers to join the party?

- 2. Then the United States abandoned their original idea of notablishing communications facilities on Diego Carcia, the Novy Lepartment come to the conclusion that a purely Critish refuelling depot there would be more expensive than using chartered tankers to ensure all supplies for ships of the Royal Navy in the area. The presence of Critish observors during the survey should not therefore be regarded as in any way commitment to British participation in any project which the United States may decide to undertake as a result of the survey.
- 5. To enable the Ministry of Defence to brief the two Navy Department observers the Embassy would be grateful for the answers to the following questions:-
 - (a) Can any idea be given at this stage of the size and type of the oil installation