



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

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IN REPLY REFER TO

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MEMORANDUM FOR THE SECRETARY OF THE NAVY

Subj: US-UK talks in London 15-16 November on the British
Indian Ocean Territory (BIOT) (S)

1. At the conclusion of the two days of talks, the three agreements governing US access to and use of the islands of the BIOT were initialled by Mr. Geoffrey Arthur for the UK and Mr. Jeffry Kitchen for the US. The agreements are to be submitted to both governments, and the British, because of financial benefits accruing to them under the arrangements, would like final agreement by 15 December. There is no reason to hold them up longer.
2. The basic agreement provides for US use of the islands on favorable terms and defines US base rights. The only outstanding issue is the length of time the agreement is to run. The proposed period is fifty years, but the British have cautioned that the Cabinet may not, for domestic political reasons, be able to accept such a long period. In that event, the US has agreed to consider a reasonable UK counter proposal which would probably be between thirty and forty years.
3. A subsidiary agreement concerns the US commitment to finance one half the UK costs associated with formation of the BIOT (payments to governments and private landowners) up to a maximum of fourteen million dollars by foregoing R and D charges on the UK POLARIS sales agreement.
4. The third agreement concerns the US Air Force telemetry station on the island of Mahe' in the Seychelles. This agreement is not directly associated with the other two but is related because some of the fourteen million dollars is to be used for constructing an airfield on Mahe'. This is in part payment for detaching several BIOT islands from the Seychelles and as a quid pro quo for the tracking station.
5. In addition to the formal talks on the BIOT agreements, informal conversations were held with both Foreign Office and Royal Navy representatives on the questions of the combined engineering and hydrographic survey of Diego Garcia and US Navy plans for a limited facility on the Island.

DOWNGRADING AT 12-YEAR INTERVALS

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6. With respect to the latter, the components of the US facility were sketched for the British with the caution that no final approval had been obtained for the project and that no funds had been approved for construction at this time. US representatives indicated they would like to discuss these plans in greater detail at a later date--still informally--at the Service-to-Service level to ascertain the extent of RN requirements in the area. The British were interested and would like to talk further but, as was to be expected, made no substantive comment.

7. With respect to the survey, the British are anxious to discuss joint plans in detail as soon as possible. They have proposed the week of December 12 in London in order that the U.S. Navy representatives may see the vessel involved, the VIDAL, before it sails on 9 January 1967. We propose to accept this invitation and will designate Admiral THACH as the principal US representative with adequate support from Washington. It is our intention to explore at that time the degree of British interest in participating in the proposed facility including possible UK share in construction funding, additional facilities which they might desire in addition to current US plans, and questions as to operating personnel and command relationships.

8. A major hurdle has been cleared in the initialling of the agreements. Barring some unforeseen difficulty, the final exchange of notes should take place next month. This will give us a solid base for continuing efforts, both within our own government and with the UK, to establish a naval facility on Diego Garcia. Although SECDEF's decision to withhold approval at this time has delayed realization of the facility, we have clear UK interest in proceeding with the survey and have laid the groundwork for proposing a specific joint project to them.

9. All the above paragraphs are classified Secret.

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