

OF THE NAVY
NAVAL OPERATIONS
D.C. 20350

SECRET

IN REPLY REFER TO

S813

20 DEC 1973

P.S.

You may prefer this to go through service channel but I recommend you initiate the action to SECDEF in view of discussion in TANK.

Bud

INT CHIEFS OF STAFF

discussions between the Joint Chiefs and in pursuit of US Navy support for US Navy propose that we pursue now Diego Garcia as the most support. There are obvious advantages to the on the island. Further, it dealing with the Jackson-Nunn offsets.

The Indian Ocean must rely on Bay. Considerable cost, if these operations could. The strategic value of range up to the cost of up in the Indian Ocean. In fact, the range would extend avoidance, i.e. the cost of p or Amphibious Ready Group

on station in a peacetime or low level combat environment, to a first-year cost avoidance of \$.5B under wartime conditions. This cost avoidance results primarily from the shorter distance between the Arabian Sea operating area and Diego Garcia as opposed to Subic Bay (2000 nm vs. 4200 nm) and equates to one fleet oiler (AO) and one ammunition ship (AE). The wartime requirement assumes that the sea lines of communication are interdicted between the support base and the task force, necessitating escort ships and additional support ships. Over a ten-year peacetime utilization, the cost avoidance exceeds \$400M; whereas in a wartime scenario, the ten-year figure surpasses \$1B.

3. (S) All of the foregoing cost avoidance must be diminished by the cost required to build up and operate Diego Garcia.

SECRET

CLASSIFIED BY

SUBJ TO CEB REF NO. 11652
AUTOMATICALLY DOWNGRADED
AT TWO-YR INTERVALS
DECLAS ON 31 DEC 1981

1981

CONTROL NO

11484
06

SECRET

19 DEC 73

OF THE NAVY
AF NAVAL OPERATIONS
I, D.C. 20350

AF-00 FILES: 11000

SECRET

IN REPLY REFER TO

S813

20 DEC 1973

In this official communication I have omitted reference to our back-channel approach to Michael Carver (merely officially notifying UK instead of reopening the Diego Garcia Agreement of 1972).

Until we have a feeling for the feasibility of that approach, I believe we should only propose the four formal ones included herein.

Very respectfully,

Bud
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JOINT CHIEFS OF STAFF

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CP-00
CP-09
CP-09C
CP-002/003
CP-005/006
CP-00C
CP-00D
CP-00F
CP-00G
CP-00H
CP-00K

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IN REPLY REFER TO

S813

20 DEC 1973



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

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MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

Subj: Diego Garcia (U)

OP-00 _____
OP-09 _____
OP-09C _____
OP-002/003 _____
OP-005/006 _____
OP-00C _____
OP-00D _____
OP-00F _____
OP-00G _____
OP-00H _____
OP-00K _____

1. (S) In response to recent discussions between the Secretary of Defense and the Joint Chiefs and in pursuit of our need to improve the logistics support for US Navy presence in the Indian Ocean, I propose that we pursue now the expanded utilization of Diego Garcia as the most feasible means of ensuring that support. There are obvious political, military and geographic advantages to the augmentation of our facilities on the island. Further, it offers an attractive option in dealing with the Jackson-Nunn amendment in terms of available offsets.
2. (S) Current operations in the Indian Ocean must rely primarily on support from Subic Bay. Considerable cost avoidance would result, however, if these operations could be supported from Diego Garcia. The strategic value of that island could reasonably range up to the cost of maintaining a Carrier Task Group in the Indian Ocean. In terms of minimal financial impact, the range would extend from \$200M in first-year cost avoidance, i.e. the cost of supporting a Carrier Task Group or Amphibious Ready Group on station in a peacetime or low level combat environment, to a first-year cost avoidance of \$.5B under wartime conditions. This cost avoidance results primarily from the shorter distance between the Arabian Sea operating area and Diego Garcia as opposed to Subic Bay (2000 nm vs. 4200 nm) and equates to one fleet oiler (AO) and one ammunition ship (AE). The wartime requirement assumes that the sea lines of communication are interdicted between the support base and the task force, necessitating escort ships and additional support ships. Over a ten-year peacetime utilization, the cost avoidance exceeds \$400M; whereas in a wartime scenario, the ten-year figure surpasses \$1B.
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This would range from \$35 - 83M for a 1-10 year period respectively. These figures are dependent on an extensive range of assumptions.

4. (S) As you are aware, the current Diego Garcia Agreement limits our activities to those relating to defense communications. We have examined essentially four avenues of approach for securing the expanded use of Diego Garcia: renegotiation of the presently effective agreement to include a considerably upgraded mission; negotiation for a long-term exclusive-use lease; negotiation for joint sovereignty; and negotiation for transfer of sovereignty to the US through purchase. The first option would, I believe, encounter the least amount of resistance from both Congress and possibly Parliament, and would quite possibly represent the least cost option. However, I do not believe we should overlook the advantages of the other alternatives in reaching a final decision. A summation of the options and legal implications is at Tab A.
5. (S) In light of our urgent need for the operational use of Diego Garcia, I propose that we approach the UK with a plan whereby an expanded use of Diego Garcia would be exchanged, through negotiation of any one of the four options considered most appropriate, for balance of payments burden sharing credits. Diego Garcia's only intrinsic value to the UK is as an alternate site should relocation of their facilities at Gan and Mauritius become necessary. In equating this to a dollar figure, a replacement cost of \$56M (the approximate cost to the US to build Diego to an austere base capability) to develop a site at other than Diego Garcia would appear reasonable. The far more imprecise political value may well equate to what the US perceives it to be, and offers. The UK, in turn, will most likely relate the upper dollar limit to the degree of rights or sovereignty relinquished. On balance, the intrinsic or political value of Diego Garcia to the US would appear to cover a range from about \$200M to over \$1B, depending largely upon the scenario considered to be most relevant to the extant circumstances. I believe such an arrangement would be attractive to the UK for it would help ease their balance

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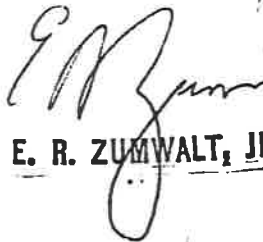
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of payments burdens. Further, it would permit the US a far greater operational capability in the Indian Ocean at a considerably reduced cost.

6. (U) I recommend that you sign the attached letter to the Secretary of Defense which solicits his support for these concepts and encloses a letter to the Secretary of State. ←


E. R. ZUMWALT, JR.

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TAB A

ALTERNATIVE OPTIONS AND LEGAL CONSIDERATIONS FOR EXPANDED
US USE OF DIEGO GARCIA

I. RENEGOTIATE CURRENT AGREEMENT, TO REMOVE RESTRICTIONS
ON US USE

PRO

a. BIOT Agreement already permits this action at relatively low key level. BIOT Agreement remains in effect indefinitely. It has an initial period of 50 years at the end of which either party may terminate arrangement.

b. Would create least difficulty with Congress/Parliament in that no sovereignty change would be involved.

c. Least objectionable to littoral states.

d. British might be more receptive to this option if it provides for BOP debits in connection with NATO expenditures.

CON

a. UK might be unwilling to remove limitations because of plans for future use of island for own purposes (BIOT provides for use of islands for defense needs of both countries).

b. UK could resist a major mission expansion because of concern over objections from Parliament/littoral states.

LEGAL CONSIDERATIONS

- a. No alteration of BIOT required
- b. Would supersede Diego Garcia 1972 Agreement
- c. Congress would have to be notified within 60 days after signing
- d. Any MILCON would require Congressional approval
- e. Executive Agreement - prior consultation with interested Congressional parties before negotiations begin

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II. NEGOTIATE A 20-YEAR LEASE FOR EXCLUSIVE US USE

PRO

- a. Would remove limitations on US usage

CON

- a. BIOT Agreement provides for usage of islands by both governments. Agreement might have to be renegotiated.
- b. Objectionable to many littoral states.
- c. Could provoke stronger IOPZ action in UN.

LEGAL CONSIDERATIONS

- a. Probably no alteration to BIOT required
- b. Would supersede Diego Garcia 1972 Agreement
- c. Congress would have to be notified within 60 days after signing
- d. Any MILCON would require Congressional approval
- e. Executive Agreement. Prior consultation with interested Congressional parties before negotiations begin.

III. OBTAIN JOINT US/UK SOVEREIGNTY

PRO

- a. US would have equal say and veto power over use of island.

CON

- a. UK would have equal say and veto power over use of island, possibly resulting in impasse/conflict of interest.
- b. Very limited precedent (Canton islands)
- c. Involves relinquishment of degree of sovereignty by UK which could be unpalatable to government.
- d. Probable Congressional objection to concept and to costs.
- e. Objectionable to many littoral states.
- f. Could provoke stronger IOPZ action in UN.

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LEGAL CONSIDERATIONS

- a. Would require BIOT to be superseded as to Diego Garcia
- b. Would supersede Diego Garcia 1972 Agreement
- c. Congressional approval required
- d. Status would be unclear in international law -- some few cases have existed but very little written on subject
- e. Joint Resolution or Treaty

IV. TRANSFER SOVEREIGNTY TO US THRU DIRECT PURCHASE

PRO

a. Total and permanent removal of all outside restrictions on US use of the island.

b. Has legal precedent (e.g. Virgin Islands)

CON

a. UK may be unwilling to relinquish sovereignty over any part of its possessions.

b. Congress could object to new territorial acquisition, as well as costs involved.

c. Mauritius could object because of belief in own residual rights to yet discovered petroleum resources in the Chagos.

d. Many littorals would strongly object.

e. Would perpetuate stronger IOPZ push by its proponents.

LEGAL CONSIDERATIONS

- a. Would require BIOT to be superseded as to Diego Garcia
- b. Would supersede Diego Garcia 1972 Agreement
- c. Congressional approval required
- d. Joint Resolution or Treaty

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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

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Dear Henry,

(S) Based on the continuing experience in the operation of the Indian Ocean Task Group, the necessity of relying on the cooperation of littoral states and the United Kingdom for adequate aircraft staging locations and fuel has not permitted us the desired operational and logistics flexibility. If we are to continue to use naval forces as an instrument of policy in the Indian Ocean, we must be assured of adequate on-scene operational support. I believe that free and unfettered access to Diego Garcia is the keystone to adequate logistic support. In this regard, Diego Garcia also offers an attractive option in dealing with the Jackson-Nunn Amendment in terms of available offsets.

(S) Current operations in the Indian Ocean must rely primarily on support from Subic Bay. Considerable cost avoidance would result, however, if these operations could be supported from Diego Garcia. The strategic value of that island could reasonably range up to the cost of maintaining a Carrier Task Group in the Indian Ocean. In terms of minimal financial impact, the range would extend from \$200M in first-year cost avoidance, i.e. the cost of supporting a Carrier Task Group or Amphibious Ready Group on station in a peacetime or low level combat environment, to a first-year cost avoidance of \$.5B under wartime conditions. This cost avoidance results primarily from the shorter distance between the Arabian Sea operating area and Diego Garcia as opposed to Subic Bay (2000 nm vs. 4200 nm) and equates to one fleet oiler (AO) and one ammunition ship (AE). The wartime requirement assumes that the sea lines of communication are interdicted between the support base and the task force, necessitating escort ships and additional support ships. Over a ten-year peacetime utilization, the cost avoidance exceeds \$400M; whereas in a wartime scenario, the ten-year figure surpasses \$1B.

(S) All of the foregoing cost avoidance must be diminished by the cost required to build up and operate Diego Garcia.

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SUBJ TO G.D.S. OF E.O. 11652
AUTOMATICALLY DOWNGRADED
AT TWO-YR INTERVALS
DECLAS ON 31 DEC 1981

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This would range from \$35 - 83M for a 1-10 year period respectively. These figures are dependent on an extensive range of assumptions.

(S) As you are aware, the current Diego Garcia Agreement limits our activities to those relating to defense communications. We have examined essentially four avenues of approach for securing the expanded use of Diego Garcia: renegotiation of the presently effective agreement to include a considerably upgraded mission; negotiation for a long-term exclusive-use lease; negotiation for joint sovereignty; and negotiation for transfer of sovereignty to the US through purchase. The first option would, I believe, encounter the least amount of resistance from both Congress and possibly Parliament, and would quite possibly represent the least cost option. However, I do not believe we should overlook the advantages of the other alternatives in reaching a final decision. A summation of the options and legal implications is at Tab A.

(S) In light of our urgent need for the operational use of Diego Garcia, I propose that we approach the UK with a plan whereby an expanded use of Diego Garcia would be exchanged, through negotiation of any one of the four options considered most appropriate, for balance of payments burden sharing credits. Diego Garcia's only intrinsic value to the UK is as an alternate site should relocation of their facilities at Gan and Mauritius become necessary. In equating this to a dollar figure, a replacement cost of \$56M (the approximate cost to the US to build Diego to an austere base capability) to develop a site at other than Diego Garcia would appear reasonable. The far more imprecise political value may well equate to what the US perceives it to be, and offers. The UK, in turn, will most likely relate the upper dollar limit to the degree of rights or sovereignty relinquished. On balance, the intrinsic or political value of Diego Garcia to the US would appear to cover a range from about \$200M to over \$1B, depending largely upon the scenario considered to be most relevant to the extant circumstances. I believe such an arrangement would be attractive to the UK for it would help ease their balance

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of payments burdens. Further, it would permit the US
a far greater operational capability in the Indian Ocean
at a considerably reduced cost.

(U) I urge your support for the implementation of this
proposal at the earliest possible date and I would welcome
your comments.

The Honorable Henry A. Kissinger
Secretary of State
Washington, D. C. 20520

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THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301

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MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subj: Diego Garcia (U)

(S) As a result of your discussions with the Joint Chiefs on 17 December, I have asked my staff to examine feasible alternatives for logistic support of a task force presence in the Indian Ocean. Based on the continuing experience in the operation of the Indian Ocean Task Group, the necessity of relying on the cooperation of littoral states and the United Kingdom for adequate aircraft staging locations and fuel has not permitted us the desired operational and logistics flexibility. If we are to continue to use naval forces as an instrument of policy in the Indian Ocean, we must be assured of adequate on-scene operational support. I believe that free and unfettered access to Diego Garcia is the keystone to adequate logistic support. In this regard, Diego Garcia also offers an attractive option in dealing with the Jackson-Nunn Amendment in terms of available offsets.

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SUBJ TO GDS. OF EO. 11652
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AT TWO-YR INTERVALS 1981
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of payments burdens. Further, it would permit the US
a far greater operational capability in the Indian Ocean
at a considerably reduced cost.

(U) I solicit your support on this increasingly signi-
ficant matter and recommend that you sign the enclosed
letter to the Secretary of State which urges his endorsement
of these concepts and support in their implementation.

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12/17
(Date)

MEMORANDUM FROM THE DCNO (PLANS & POLICY)

NAVY
OPERATIONS

CONFIDENTIAL

IN REPLY REFER TO
Ser 611B/C826

17 DEC 1973

ATIONS

09

CNO called me this morning during adm Cousins' visit and asked that this pkg be worked up for his provision to the Chairman.

from the Chairman, Defense Staff, sing that the formal ization of Diego mplied notification

emo to the Chairman,

ALLEY, JR.
1, U.S. Navy
f of Naval Operations
Policy)

09 4

Original was hand delivered to 00's office. The attached is 09 copy because of quick response desired by 00. ^{VR} (PFE)

CLASSIFIED BY CNO (OP-61)

CONFIDENTIAL

ENCLOS ON 31 DEC 1979

CONFIDENTIAL

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

IN REPLY REFER TO
Ser 611B/C826

17 DEC 1973

CONFIDENTIAL

MEMORANDUM FOR THE CHIEF OF NAVAL OPERATIONS

Via: Vice Chief of Naval Operations

Subj: Diego Garcia (U)

Encl: (1) Memo to CJCS with enclosure

1. (C) Enclosure (1) contains a letter from the Chairman, Joint Chiefs of Staff to the Chief of Defense Staff, Field Marshal Sir Michael Carver, proposing that the formal notification process for increased utilization of Diego Garcia be dropped in favor of a more simplified notification procedure.

2. (U) I recommend that you sign the memo to the Chairman, Joint Chiefs of Staff.

GEORGE C. TALLEY, JR.
Vice Admiral, U.S. Navy
Deputy Chief of Naval Operations
(Plans and Policy)

CLASSIFIED BY CNO (OP-61)

CONFIDENTIAL

DECLAS ON 31 DEC 1979

OP-02 CONTROL NO

11484

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

IN REPLY REFER TO
Ser 611B/C825

CONFIDENTIAL

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

Subj: Diego Garcia (U)

Encl: (1) Letter to Field Marshal Carver

1. (C) In order to eliminate any further delays or confusion in requesting increased utilization of Diego Garcia, I propose that in the future we notify the British of our actions rather than go through the more formal request process when there is a need to increase our activity on the island. We would naturally keep them fully informed of any such action.

2. (U) To this end, I recommend you sign the enclosed letter to Marshal Carver advising him of our intentions.

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SUBJ TO CDS OF E.O. 13526
AUTOMATICALLY DECLASSIFIED
AT FIVE-YEAR INTERVALS 1979
DATE OF REVIEW _____

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CHAIRMAN OF THE JOINT CHIEFS OF STAFF
WASHINGTON

CONFIDENTIAL

Dear Marshal Carver,

I am writing to you regarding our continuing utilization of Diego Garcia in support of current Indian Ocean operations. I deeply appreciate both the cooperation and understanding of your Government in responding so favorably to our requests for increased usage of the island's facilities. Without this cooperation and understanding, our operating capabilities in the Indian Ocean would have been considerably restricted. Diego Garcia has been extremely important to the United States during the difficult weeks of the most recent Middle East crisis, and will continue to be so as we all seek means whereby stability throughout the region can be realized.

In order to permit us greater operating flexibility in the use of Diego Garcia, I believe our lead time and administrative requirements can be eased to a considerable degree if we forego formal requests for each additional phase of support which we may require. Unless you perceive any objection from your Government, I would like to modify our procedures slightly so that in lieu of "consultation", we provide "notification" with regard to activities on Diego Garcia which directly support our naval operations in the Indian Ocean. These activities, for which we seek this streamlined approach, only encompass those supporting operations of the nature which your Government has already approved for recent periods.

I will, of course, keep you fully informed of all of our actions as they pertain to the island.

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Again let me express my sincerest appreciation
for your assistance.

Warmest personal regards,

T. H. MOORER
Admiral, U.S. Navy

Field Marshal Sir Michael Carver GCB CBE DSO MC
Chief of Defense Staff
Ministry of Defense
Main Building, white Hall
London, SW1A 2HB
England

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