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OUTGOING TELEGRAM Department of State

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STATE

JOINT STATE/DEFENSE MESSAGE

SUBJECT: Diego Garcia-Transfer of Copra Workers

London 894; B. State 015629; C. London 981; D. London 937 1. Our reluctance to stimulate movement of workers from Diego Garcia to Peros Banhos and Salomon at present time (Ref A, para 2) results from our attempt to cooperate in effort meet both UK desires and our 1966 commitment to employ DG workers to maximum extent with regard to facility development. Currently we are not rpt not in position determine extent, if any, to which development plans will support UK desires. Congress will not act on budget item until March/April. Accordingly, we continue to believe that movement of workers at this time is premature.



Drafted by: OSD/ISA: Mr. Barringer Tel. Ext. Telegraphic transmission and J/PM: Capt. From: ncs: 2/18/69 2511 classification approved by: J/PM - Joseph J. Wolf OSD/PP - Capt Hale OSD/OGCIA - Mr. Almond SAFUSI - Mr. Hilbert KXMKKXXXXX IO/UNP - Mr. Gleysteen (subs) AF/I Col. Megna DAF/E Mr. Remole P/PG-Mr. Tobey EA/RA-Mr. Padelford EUR/BMI-Mr. Cheslaw SECRET NEA/INC-Mr. Schaeffer Classification

FORM/MER-Mr. Huang D 8-65 FORM DS-322

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2. UK proposal for 20-year self-denying covenant regarding Peros Banhos and Salomon (Ref C, para 2) would seriously derogate from principles underlying 1966 agreements. In view their negotiating history, we interpret those agreements, if the UK consents to use of any island for defense purposes, as (1) Authorizing transfer of local workers elsewhere, together with curtailment or closure of copra plantations and any other economic activity, and (2) Placing responsibility on UK for both relocation costs and compensation to private interests involved. It was for these reasons that we agreed to forego \$14 million in UK Polaris R&D account. Moreover, latest FonOff proposal appears to introduce wholly new element, by requiring us to compensate for any additional civil development that transpires between date of covenant and any possible future decision to use Peros Banhos or Salomon. Accordingly, we do not wish to enter into 20-year commitment regarding those islands.

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those islands for defense purposes, even to exclusion of workers, if that should some day be necessary. You may assure UK, however, that neither such use nor such exclusion is presently foreseen. We recognize the desirability of solving resettlement problems within the BIOT in order not to contribute to labor problems on Mauritius and Mahe and will bear this in mind as planning

4. We regret misunderstanding re destination of Mauritian workers cited in Ref D, and confirm we would have no objection to their proceeding Peros Banhos and Salomon.

END

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