

BRITISH INDIAN OCEAN TERRITORY

14 Dec - 1966

Recommendation.

That (a) the Secretary of State should approve the draft of an agreement with the United States on the Use of the British Indian Ocean Territory for Defence purposes. (The draft text is in the attached folder and consists of

(i) Negotiating Record - [Paragraphs (a) to (c)]
(Confidential - Not to be published.)

(ii) British Indian Ocean Territory, Use of Islands for Defence purposes (Agreement with two annexes).
To be published.

(iii) Financial Arrangement. (Secret, Not to be published.)

(iv) Agreed minute. (Confidential, Not to be published,) and

(b) the Secretary of State should inform the Foreign Secretary that he agrees with the terms of the Draft Minute which he proposes to send to the Prime Minister.

2. Following negotiations between American and United Kingdom officials last month a draft agreement which will govern our joint defence use of the islands of the British Indian Ocean Territory is now ready, subject to Ministerial approval, for signature. It is proposed that the Foreign Secretary should seek the Prime Minister's approval for the agreement; but before doing so he will naturally wish to assure the Prime Minister that those of his colleagues who are affected by these arrangements, are content that the Agreement is in order. For this reason the attached draft of the Foreign Secretary's minute to the Prime Minister has been circulated so that Ministers may have an opportunity of signifying their concurrence with its terms. You will see from paragraph 6 of the Foreign Secretary's draft minute, that it is most important that a decision on this agreement should be made by December 15th, in order to avoid dollar expenditure of £5 m. in this financial year otherwise due to the Americans under the Polaris arrangements.

Background

3. This is contained in the summary given in paragraphs 1 to 4 of the draft minute to the Prime Minister and also in the Departmental Submission to the Foreign Secretary of which a copy is attached. I would only supplement the account given there by reminding you that, although agreed to by Mauritian Ministers in consultations prior to detachment, the B.I.O.T. concept was bitterly opposed by Mr. Duval and

/the

the Parti Mauri mount of compensation paid was the reason given for their breakaway from the Coalition Government last year. While we have heard very little recently from the Parti Mauricien about B.I.O.T., the compensation issue is one that may well be brought up by the opposition during the coming election campaign in Mauritius.

4. The Foreign Secretary proposes in his minute to draw the attention of the Prime Minister to certain aspects of this Agreement and on these we have the following Departmental comments to offer. The first question is the duration of the Agreement. As explained in paragraph 4 of the draft minute to the Prime Minister, we have agreed to 50 years, as the Americans wish, rather than 30 years, as we should have preferred. This is not an important point and its presentational significance is marginal from our Departmental point of view, our only consideration being that a shorter, rather than a longer, period might have been preferable to reduce the impact of the Agreement in the territories, particularly Mauritius. However, the O.A.G. Mauritius has made it clear that the period will make no difference to the tactics of the Parti Mauricien whose plans to make political capital out of detachment would be unaffected by the nice distinction between a 50 and 30 year period. Lord Oxford also believes that this point is not important for Seychelles. We need not therefore object to 50 years.

5. The second point, and of more importance to us, is the American insistence that the Financial Arrangements must remain secret. This is dealt with in paragraph 5 of the minute to the Prime Minister. The Americans attach great importance to secrecy because the United States Government has, for cogent political reasons of its own, chosen to conceal from Congress the substantial financial assistance which we are to get in the form of a remission of Polaris Research and Development dues. However, non-disclosure might be a source of embarrassment for Ministers here (though admittedly not so serious as disclosure for the Americans). First there is the difficulty of explaining away our acquiescence in concealment, should these arrangements ever come to light. Secondly, there may be pressure that in these days of financial stringency the United States should be pressed to help towards the initial costs of constituting B.I.O.T. (as distinct from anything that the Americans might contribute to the provision of joint defence facilities at a later date). While both these possibilities would be embarrassing for Ministers generally, the brunt of any questioning in or outside

/Parliament

Parliament would be likely to fall on the Ministry of Defence who are meeting the cost of the B.I.O.T. operation. A further practical disadvantage of non-disclosure is that the seeming lack of an American contribution is going to make our task, and that of the Commissioner of the British Indian Ocean Territory, all the more difficult when the time comes to implement the terms of the agreement by public legislation; it may very well then be asked what quid pro quo is to be received from the Americans for this favourable treatment, and of course the Americans themselves, already none too popular in Seychelles, will not then be helped by secrecy. Having said all this, however, it is clear that the Americans will not budge, and that to press this point further would imperil the prime objective of American participation in the B.I.O.T. scheme. It would almost certainly lead to a withdrawal of the financial assistance which they have offered.

6. Our main concern as a Department is that the Agreement should, within the context of defence requirements, provide us with the maximum safeguards for those persons, (mostly contract labourers working on the copra plantations) who remain in the B.I.O.T. islands. Although these are, we maintain, for the most part, transient Mauritians or Seychellois, we cannot contemplate any arrangement which might prejudice their well-being. In the negotiations the Americans were of course concerned lest any safeguards which we might wish to preserve would unnecessarily delay and inhibit any future defence plans they might have; nevertheless we feel that, despite some hard bargaining in the course of the negotiations, we have managed to achieve our object. The Agreement (paragraph 2) provides that the Americans must consult with us, should they wish to use an island, so that necessary administrative measures can be taken and these measures are specifically described in the Agreed Minute (Paragraph I) as "those necessary for modifying or terminating any economic activity [and] resettling any inhabitants". The Agreement also (Paragraph I of Agreed Minute) provides that normally the Americans must make it possible for us to give at least six months notice to a lessee before we make over any particular area to them for defence purposes. This is essential, since we hope that the islands will continue to support some economic activity when, after the acquisition of the plantations, we have re-leased them either to their present owners or other persons on a caretaker basis terminable by ourselves on six months notice. In this connection we realise, (and Lord Oxford has recently drawn our attention to the fact) that it will be difficult to develop the economic potential of islands not actually required for defence installations in view of the temporary nature of future leases. But we cannot make a sticking point of this.

It is possible that the Americans, and we ourselves may be able at some later date to say definitely whether a particular island will not be needed so that a more satisfactory and longer-term lease could be given to a would-be developer. The procedure described above applies to the long-term use of an island.

7. More difficult of course is the requirement in the case of an emergency. Our concern here is to prevent needless disturbance of the islanders in order to facilitate some unforeseen military disposition. The Americans would have liked us to be content with a statement that they would bear in mind the need to ensure the welfare of the inhabitants when making their emergency dispositions. But this was, in our view, not enough and we have retained in the body of the Agreement (Paragraph 2(c)) a stipulation that, if the Americans for reasons of emergency, require an island, or part of it, for their purposes, measures taken "to ensure the welfare of the inhabitants" must be "taken to the satisfaction of the Commissioner of the territory". During our discussions we emphasised to the Americans that we attach importance to forward planning, on a contingency basis, for the sort of emergency situations which might arise so as to avoid any last minute rush to devise plans. To this end we have included in the Agreed Minute (Paragraph III) provision for letting the Americans know what our requirements for ensuring the welfare of inhabitants may be so that they may now draw up plans. Clearly, we may be largely dependent on American help for transport (e.g. for moving islanders).

8. There are other features of particular Departmental interest. In Paragraph 7 of the Agreement the Americans have agreed, subject to certain stipulations customary in these matters, that they will do what they can to employ Mauritian and Seychellois labour. We attach importance to this but, particularly as we know that the idea of employing civilian labour from Mauritius and Seychelles on the construction of defence facilities poses difficulties for the Americans, we do not think that we can go much further than the provisions of this paragraph. Apart from any practical consideration, this provision should help to make the Agreement presentationally more acceptable in Mauritius and Seychelles than otherwise it might be.

9. A valuable concession which we gained only after some resistance from the Americans is that touched upon in paragraph 4 of the Submission to the Foreign Secretary, relating to the right to allow landings of British civil aircraft in exceptional circumstances at major airfields in B.I.O.T. This is a real concession by the Americans who were disposed only to agree to the landing of British commercial aircraft on

military airfields in "emergency" circumstances. Now we have the right in "exceptional" circumstances (such as, for example, the closing to our aircraft of airfields in India) to expect that British aircraft would be allowed to land on the military airfield that may be built at Diego Garcia. This concession may be of considerable value to aircraft flying to Seychelles when the airfield has been built there. It is also a matter to which the Premier of Mauritius attaches importance.

10. The special arrangements relating to customs duties, taxation and criminal jurisdiction, etc. provided for in paragraphs 8 and 9 and also the two accompanying annexes accord with precedent in these matters and have been examined by our Legal Advisers who consider them acceptable in the circumstances. The Commissioner B.I.O.T. has seen these documents and concurs in their acceptance.

11. We consider that this Agreement is satisfactory and suggest that in terms of the Recommendation at the head of this Submission, you should signify your concurrence in the terms of the Draft Minute which the Foreign Secretary proposes to send to the Prime Minister as soon as possible.

E

14th December, 1966.

*I agree
YH*