

Report on the Anglo-American Survey
in the Indian Ocean, 1964.

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Introductory

1. The Anglo-American survey of Islands in the Indian Ocean was concerned with dependencies of the Governments of Mauritius and the Seychelles. During the first part of the survey, from the 17th - 31st July, investigations were conducted into conditions in the Chagos Archipelago particularly on the island of Diego Garcia which was regarded as the most promising for technical purposes. After disembarking some of the original survey party at Gan, on the 2nd August, and embarking two additional British members, H.M.S. Dampier visited the island of Agalega, a dependency of Mauritius, and Coetivy, Des Roches and Farquhar between the 3rd - 15th August. The last three are dependencies of the Seychelles. All the islands are virtually in private ownership.
2. For the purpose of this report the islands were visited in order to determine the implications on the civilian population of strategic planning, and especially to assess the problems likely to arise out of the acquisition of the islands of Diego Garcia and Coetivy for military purposes. The problem was primarily one of the practicability of providing continued and congenial employment and of evaluating the social and economic consequences of moving island communities. It was also necessary to consider the future administration of the dependencies of Mauritius and, to some extent, of all the smaller islands in the Indian Ocean now administered from Mahe or Mauritius.
3. Following these investigations, including discussions in the Seychelles, certain broad conclusions have been reached. These are:-
 - (i) There should be no insurmountable obstacle to the removal, resettlement and re-employment of the civilian population of islands required for military purposes;
 - (ii) In so far as the islands have a distinctive social and economic life of their own, this life is Seychellois and not Mauritian;
 - (iii) None of the islands, whether dependencies of Mauritius or of the Seychelles, is administered in the modern sense. All, including Aldabra, would benefit from closer administration from the Seychelles;
 - (iv) The Oil Islands now dependencies of Mauritius should be transferred to the Seychelles and the islands required for military purposes should become direct dependencies of the Crown. All the islands should be administered by a Commissioner responsible to the Governor of the Seychelles as High Commissioner. The opportunity should also be taken to include in the duties of the former the administration of the main islands of the Seychelles group other than Mahe.
4. Recommendations have also been made regarding the price that might be offered for Coetivy, and more tentative suggestions made for the basis of negotiations for the acquisition of Diego Garcia, if these islands are required for military purposes. It is understood that the only islands likely to have a strategic interest are Coetivy, Diego Garcia and Aldabra.
5. For the purposes of this report the islands forming the dependencies of Mauritius are collectively described as the Oil Islands, a convenient term in current use which prevents confusion with other dependencies of Mauritius such as the Saint Brandon Archipelago and Rodrigues.

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PART IThe Oil Islands of Mauritius

6. In 1962 a company known as Chagos Agalega Ltd. was formed in Mahe to acquire the interests of the Mauritian companies which at that time owned the islands of the Chagos Archipelago and Agalega in the Indian Ocean. These islands, collectively known as the Oil Islands, are dependencies of Mauritius. They include:

(1) Diego Garcia

a narrow V-shaped island over 30 miles long from tip to tip, some 11 square miles in area and with some 6,000 acres of coconut plantations. 1,171 miles from Mauritius; 1,010 miles from Mahe. Population: 172 Mauritians, 311 Seychellois.

(2) Peros Banhos

a large atoll of 32 islands enclosing a lagoon of some 120 square miles with administrative headquarters at Ile du Coin. 1,344 miles from Mauritius; 960 miles from Mahe. Population 291, all Mauritians except for about 30 Seychellois.

(3) Salamon

an atoll of 11 islands totalling some 2,000 acres with administrative headquarters on Ile Bodan. 1,384 miles from Mauritius; 990 miles from Mahe. Population: 205 Mauritians; 14 Seychellois.

(4) Egmont or Six Islands

although at one time there were said to be seven islands in this group there are now indeed six. In recent years Takameka has become joined to South East island by a sandbank about one hundred yards long on which coconut palms, Veloutier (*Tornefortia argentea*) and Bois manioc (*Scaevola frutescens*) have become established. These islands are uninhabited, densely overgrown and are infested by large crabs. The anchorage is bad. 1,250 miles from Mauritius.

(5) Agalega

Agalega consists of two islands, North and South, joined by a sandbank about 1½ miles long which can be crossed on foot at low tide. North Island is seven miles long and between one and 4 miles wide. South Island is four miles long and three miles wide at its broadest part. The two islands contain about 4,000 acres planted with coconut. There are plans to increase the coconut plantations by at least 1,000 acres on North Island. Agalega lies within the cyclone belt and has at times suffered severe damage from storms. Anchorage facilities are poor. Agalega is about 360 miles from Mahe and 580 miles from Mauritius. Population 371, about 90% Seychellois.

Population

7. In 1964 the composition of the population of the Oil Islands was as follows:-

(1) Diego Garcia

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1. Diego
(a) Mauritians

Administrative	2 men	2 women	total	4
Meteorological station	6			6
Labourers	48	39		87
Children	41 boys	33 girls		74
Unemployed	1 man			1
	98 males	94 females		172

(b) Seychellois

Administrative	5 men	3 women		8
	5 boys	5 girls		10
Labourers	156 men	64 women		220
	32 boys	41 girls		75
	198 males	113 females		311

(2) Peros Banhos

Administrative	1 man	3 women	total	4
Labourers	77 men	62 women	"	139
Children	81 boys	65 girls	"	146
Unemployed	1 man	1 woman	"	2
	160 males	131 females		291

About 30 of the inhabitants were said to be Seychellois. Of the children, 8 boys and 5 girls were employed in light labour.

(3) Salomon

(a) Mauritians	51 men	52 women	total	103
Children (sexes not differentiated)				102
(b) Seychellois	7 men	2 women		9
Children (sexes not differentiated)				5
			total	219

(4) Agalega

	165 men	61 women	226
	65 boys	73 girls	138
	7 men unemployed		7
			371

About 90% of the island's population was said to be Seychellois.

<u>Population Summary</u>	<u>1964</u>	<u>1960</u>
Diego Garcia	483	428
Peros Banhos	291	374
Salomon	219	198
Agalega	371	428
	1,364	1,428

8. At the time of the Anglo-American survey the island managers could not readily provide details of the population in the same form on each /island.

island. It was not always possible to undertake special investigation in the time available. The details as given may be regarded as sufficiently accurate.

Exports

9. The exports from the Oil Islands are primarily copra and other coconut products. For this reason the way of life and economy of the inhabitants pertain to the Seychelles rather than to Mauritius. Copra exports are now at the following level:

Diego Garcia	731 tons per annum
Peros Banhos	180 tons per annum
Salamon	360 tons per annum
Agalega	638 tons per annum

Acquisition by Chagos Agalega Ltd.

10. The Oil Islands were purchased by the Chagos Agalega Co., in 1962, for Rs.1,500,000. The previous owners were two closely associated companies in Mauritius. Diego Garcia Ltd. owned Diego Garcia, Peros Banhos and Salomon. Agalega Ltd. owned Agalega. These companies shared a common chairman, board of directors and administrative organisation. Through their subsidiary the Diego-Agalega Shipping Company Ltd. they owned and operated the M.V. 'Sir Jules' of 711 tons. A second subsidiary, Innova Ltd., operated a factory in Port Louis producing refined oil and soap.

11. By 1958 the Mauritian companies were in debt to the extent of Rs.1,374,873 and were experiencing great difficulty in obtaining further credit. They accordingly sought financial assistance from the Government of Mauritius. It was in consequence of this approach that Mr. Lucie Smith then Director of Agriculture in Mauritius, reported in 1959 on the coconut industry in the island. The islands appear to have been inefficiently administered by the Mauritian Companies. It is also possible that their financial troubles were in great measure due to the cost of operating the 'Sir Jules', which is said to have amounted to Rs.700,000 per annum. No help was forthcoming from the Government of Mauritius. It appears that the directors welcomed the opportunity to rid themselves of a financial embarrassment which could otherwise be remedied only by the additional capital and improved business capacity which were not forthcoming. Accordingly they readily accepted an offer of Rs.1,500,000.

12. According to its articles of association, the Chagos Agalega Co. was formed to acquire Agalega, Diego Garcia, Salomon, Peros Banhos and the Egmont Atoll. It has a share capital of Rs.750,000 in Rs.1,000 units. 250 shares are held by the Colonial Steamship Co. of Mauritius and 200 by Mr. Paul Moulinie, of Mahe. Other shares are held as follows:-

Mrs Therese Moulinie	47
Miss Cecile Frichot	3
Mr. Paul Chensard de la Girodiaz	150
Mrs Alice Frichot	10
Mr. Noel Frichot	10
Mr. Robert Bouille	6
Mr. Ernest Bouchereau	25
Mr. Marc Veevers-Carter	39
Mr. Maxime Jumeau	10

220 shares are in fact held by members of the family of Mr. Paul Moulinie or his business associates in addition to the 200 shares held by /Mr. Moulinie

Mr. Moulinie himself. According to the Articles of Association no shares shall be offered to the public. Shareholders may dispose of shares to other shareholders or to their own wife, husband or children. They may be sold to members of the public only with the permission of the directors and if the shareholders have refused to buy. The Board consists of seven members, two are Mr. Moulinie and a person appointed by him. Two are appointed by the Colonial Steamship Co. as long as the company shall continue to hold one-third of the share capital.

13. The acquisition of any of the Oil Islands for military purposes, and changes in their administration, will almost certainly involve repercussions in the local politics of Mauritius and the Seychelles. Not everything that Mr. Moulinie said in the course of two days' conversation should be accepted at its face value; but his plans and negotiations in the past two years will certainly be used for bargaining purposes. For this reason Mr. Moulinie's version of his negotiations and plans is set out in paragraphs 14-18 below. It is important to emphasise that there is no evidence that Chagos Agalega Ltd. has yet embarked on the capital expenditure required for the realisation of Mr. Moulinie's plans. It is by no means certain that the capital will be forthcoming. It is also probable that some of Mr. Moulinie's associates would be glad to accept a capital appreciation and to be rid of a possibly embarrassing speculation.

Political and Commercial factors

14. Mr. Moulinie, a member of the Seychelles Legislative and Executive Councils, has recently been canvassing the possibility of administrative and economic union between the Seychelles and Mauritius. He sees in such a union the prospect of commercial profit for himself and his associates because he hopes that it would lead to an increase in the carrying trade and passenger traffic between the islands which would justify the acquisition of a second motor vessel by the Colonial Steamship Co. to supplement the M.V. "Mauritius". This second ship would be available to carry to New Zealand the guano or rock phosphate extracted by Mr. Moulinie in St. Pierre and would enable extraction to be increased from about 5,500 tons to about 7,000 tons per annum. Further, Mr. Moulinie has in mind a scheme by which the Seychelles should obtain rice through Mauritius, thus providing cargoes. In return for this business Mauritius should provide Seychelles with 1,000 tons of sugar a year at the price paid by consumers in Mauritius plus freight at 2 cts. per lb. Plans under consideration include the encouragement of the tourist trade from Reunion, Madagascar, Mauritius and South Africa by the construction of an air strip and a hotel in Ile Farquhar. The development of Diego Garcia would form a major part of the plans for the development of the whole complex of islands. Diego Garcia would be rehabilitated, the population could be increased to about 4,000, and business with the island would spread the cost of more regular transport between the Oil Islands and the main island groups in the Indian Ocean. The plans depend on the economics of improved communications and especially on an increased demand for passages and freight.

15. Schemes on these lines have been discussed recently between Mr. Moulinie, Mr. Patureau (Minister for Trade and Industry in Mauritius, Mr. Maingard (of Rogers & Co.), Mr. Ringadoo (Minister for Education in Mauritius) and with various other people in Mauritius. Mr. Moulinie produced copies of the some of the relevant correspondence on the subject during recent months, together with a copy of a French translation of the paragraph in the Economist of the 4th July about Anglo-American strategic interests in the Indian Ocean. It would have been most useful to have had a conversation with Mr. Rene Maingard. It is possible that the proposals have not been received with the enthusiasm described by Mr. Moulinie himself. According to his account an influential

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and potentially vocal group in the Seychelles and in Mauritius have plans for commercial development in both the Seychelles and Mauritius in which Diego Garcia is expected to play an important part. It has been suggested by Mr. Moulinie that Mr. Ringadoo sees in such plans an opportunity to provide employment and increased trade. It would be in accordance with Mr. Ringadoo's character, and in no way imply criticism of him, if he were vigorously to follow up these suggestions. It is clear that Mr. Moulinie, and possibly his associates in Mauritius, had already by the time of the survey made up their minds to profit from any new interest in the area on the part of H.M.G.

16. There is no evidence that Mr. Moulinie's projects have received any influential support in the Seychelles or that the idea of closer union with Mauritius would be welcome in the ruling circles in Mahe. Proposals to improve trade and business contacts with Mauritius would be examined on their merits as a business proposition.

Mr. Moulinie's Report

17. Mr. Moulinie himself made a careful inspection of all the islands in the Chagos Archipelago in March 1963. His conclusions are as follows:-

(a) Diego Garcia

Very badly neglected and mismanaged. Capable of producing 1,500 tons of copra within the next ten years and of reaching a peak of 3,000 tons a year. Labour should be retained at its present level for the time being but 10 good tractors are required. The island should be divided into eight sections to ensure improved maintenance and supervision. The island contains about 250,000 trees of which about 50% require complete rehabilitation at a cost of about Rs.200,000. 800 head of cattle could be maintained on the existing pasture and three times as many with the introduction of elephant grass. Some 60% of the island is suitable for maize cultivation which should be planted extensively pending replanting with coconuts. In general the soil on Diego Garcia is about the best seen on any coral island. The island could support a population of some 4,000 people. Its copra should be produced for the European market.

(b) Percs Barbes

A labour force of 80 is adequate for the whole atoll if supervision is improved and good overseers placed on the principal islands. Production from the atoll should be at the rate of 850-900 tons of copra a year.

(c) Salomon

Improved cultivation methods and supervision should bring production to 225-250 tons of copra a year and ultimately to about 400 tons. The islands could also grow maize as animal food and perhaps for the labourers. The labour force should be kept at the existing level.

(d) Edmont

The atoll could produce rather more than 150 tons of copra a year. On one of the islands, Cipaille, some 15,000-20,000 tons of guano could be extracted before the coconut plantations are rehabilitated.

/(e)

(e) Three Brothers

Perhaps more than 40,000 tons of guano on this island of 20-30 acres.

(f) Eagle Island

Fifteen men under a good overseer could obtain 7-8 tons of copra per month. The cost of rehabilitating the settlement to make it habitable would be about Rs.25,000. More than half this amount would be repaid from the fallen coconuts.

18. Mr. Moulinie's report should not be accepted as an objective appraisal of economic prospects. No serious attempt has been made to estimate costs. It is essentially a prospectus designed to raise capital for a speculation. According to remarks made on Mahe some at lease of the shareholders are concerned at the prospect of relatively heavy expenditure before they can expect an adequate return. No balance sheets have been published and no directors' meeting has been held for over a year. Mr. Moulinie himself claimed that Diego Garcia made a net profit of Rs.90,000 in 1963, but this cannot at present be substantiated and in any case it is uncertain what return this represents on the capital employed.

19. Report by Dr. Octave Wiehe C.B.Z.

Dr. Wiehe visited the islands in 1961. Estimates made on the basis of his report indicate that within five to twelve years the copra production could be increased to:

Agalega	700 tons	(638)
Diego Garcia	1,400 "	(731)
Peros Banhos	550 "	(180)
Salamon	350 "	(260)

The current production figures are given in brackets.

20. Defence Interest in Diego Garcia

Judging by the comments of the Service officers and technicians taking part in the survey the island is eminently suitable for the various purposes under consideration. These include the construction of an airstrip and its appurtenances covering an area of approximately 2½ miles x ½ miles; the construction of naval storage tanks and jetty requiring 41 acres; receiving and transmitting radio installations; recreational facilities, housing and administration. It would appear that the greater part of the area from Marianne to Eclipse Point will be required for the transmitter, airstrip and ancillary installations. The most suitable site for the receiver will be at, or near, South Point. A strip of land half a mile long from Observatory Point will be required for the storage tanks and jetty. The whole of the main settlement at East Point will be required for the administrative headquarters, living quarters and for recreational facilities. If the impressions of the officers and technicians are confirmed, and if the necessary decisions are taken by the British and American Governments, the whole of Diego Garcia will be required for defence purposes. This will involve the eviction of the existing civilian population.

21. Implications of the acquisition of Diego Garcia for defence purposes

Diego Garcia is still in the state described by Mr. Lucie-Smith when he visited the island in 1959. The hot and humid climate, with an annual rainfall of 99", has created the luxuriant vegetation that is

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characteristic of that island alone among the occupied islands of the Chagos Archipelago. Behind an almost continuous belt of Bois manioc (*Succovola frutescens*) and Veloutier (*Tornefortia argentea*) there is a thick growth of coconuts palms and forest trees, ferns, bushes, lianas and rotting stumps and debris. The area of clean coconut plantations is small and even that compares unfavourably in appearance with the plantations on other islands. Mr. Lucie-Smith commented in paragraph 162 of his report that "the cultivations at Diego are in so deplorable a state that there is hardly a normal palm in the entire island, while the whole matter is complicated by the massive infestation of the Rhinoceros Beetle". In paragraph 163 Mr. Lucie-Smith referred to the possibility that Diego Garcia might be thought "a doubtful proposition in view of the bad condition of the coconuts, the overgrown state of the island and the problematic control of the Rhinoceros Beetle. His suggestion that coconuts in the oil islands, especially in Diego Garcia, represent a natural secondary plant community rather than a cultivated plantation crop is strengthened by comparison with the admirable cultivation and flourishing appearance of the plantations on islands such as Farquhar or Des Roches. Mr. Moulinie's impressions are much the same. Nevertheless, Mr. Lucie-Smith considered that with an expenditure of some Rs.5.1 million over five years, better methods of cultivation and more mechanisation the island could be made into a highly profitable concern. In general the conclusions of Mr. Lucie-Smith Mr. Moulinie and Dr. Octave Wiehe coincide.

22. Diego Garcia is already making some progress as compared with conditions under the former owners. Exports of copra increased from 521 tons in 1962 to 677 tons in 1963. 430 tons were exported to the end of July and were expected, with every justification, of reaching over 700 tons by the end of the year. The exploitation of guano has ceased. Exports are now confined to copra and other coconut products, mainly to Mauritius. The copra is exported to the United Kingdom.

(a)

Exports from Diego Garcia to Mauritius 1963-1964

March 1963	227 tons copra
	62,000 coco barbes
	8,320 brushes
	12,000 brooms
October 1963	425 tons copra
	77,000 tons coco barbes
	13,000 brushes
	1,000 brooms
April 1964	273 tons copra
	80,000 coco barbes
	35 tons coconut oil

(b)

Exports from Diego Garcia to Mahe

February 1963	75 tons copra
July 1963	33 tons copra

Coco barbes are coconuts as sold in grocer's shops. The coconut oil shipped to Mauritius in April 1964 was expressed on the island and was a trial shipment.

23. Today on Diego Garcia an average of 8,000 coconuts is required to produce a ton of copra, as compared with 8,500 in the past - though this is not necessarily a proof of improved cultivation. Some of the younger

/plantations

plantations were being properly manured. Young palms are beginning to be productive. There are plans for the introduction of cattle. The net profit in 1963 is said by Mr. Moulinie to have been some Rs.90,000 in contrast to a loss of Rs.53,427 in 1955-56 and Rs.196,356 in 1957-58, and to a small profit of Rs.5,868 in 1956-57. No figures have been made available to confirm or explain the alleged profit in 1963.

24. The total population of Diego Garcia in 1964 was 483, comprising 311 Seychellois and 172 Mauritians or Ileois. In 1958 the population of the island was 589. In 1960 was 428. In 1963 it had fallen to 422. The decline in 1964 as compared with 1958 was not due to any marked difference in the labour force. Mr. Lucie-Smith recorded a total of 216 male labourers in 1958. In 1964 the total was 205. The present manager, Mr. Pouponneau complained about the great difficulty in recruiting labour. He said that the neglected state of the island, especially the unkempt bush area about Marianne and Eclipse Point, was due to lack of labour. In Mr. Moulinie's view what is required is more mechanization and improved supervision. Labour in Diego Garcia is recruited from Mauritius and the Seychelles. All the Seychellois labourers are under contract, married men for two years and bachelors for 18 months. 7 Mauritians were also under contract. It is noteworthy that in the better managed islands belonging to the Seychelles there were no serious complaints about the difficulty of obtaining labour from the Seychelles though there were suggestions, of very doubtful validity, that the American installations were attracting labour at the expense of the islands. Diego Garcia, however, is undoubtedly suffering from rivalry between Mauritians and Seychellois, and from bad management. Mr. Moulinie complained of the campaign directed against his company which was said to be impeding recruitment in Mauritius. Mauritian officers on the island spoke of the deliberate "Seychellization" of Diego Garcia. There is certainly little trace of the sense of a distinct Diego Garcia community described by Sir Robert Scott in his book "Limuria". Sir Robert Scott holds that "the physical characteristics of the island have made the Diego Garcians more down and hard-headed than the residents in the other islands." They are said to be "more diligent in supplementing their basic rations and their cash resources than the other islanders." In the postscript to his book Sir Robert Scott discusses the impact of change and makes a plea "for full understanding of the islanders' unique condition, in order to ensure that all that is wholesome and expansive in the island societies is preserved."

25. Sir Robert Scott's visits took place nearly ten years ago. It is already apparent that already little is left of the distinctive life of Diego Garcia which he described. Judging by conversations with the manager, and with others on the island, most of the inhabitants of Diego Garcia would gladly work elsewhere if given the opportunity. The doctor on Dampier, Surgeon-Lieutenant Maclean, who spoke French well and spent ten days on the island, endorsed these comments on Sir Robert Scott's observations. At the time of the survey there was little evidence of any real sense of a distinct community evolved by the special local environment. Since four-fifths of the labour force are Seychellois under 2-year or 18-month contracts, the evocation of a distinctive attitude to life from the appearance of a chance-met individual on Diego Garcia is hazardous. Difficulties in establishing the paternity of some children was a further indication of a loose social structure - since it could not be attributed to the evolution of a matriarchal society. There are grounds for the conclusion that life on Diego Garcia evolved to meet the special conditions of the 19th century and that attachment to the island in recent years was fostered by the easy-going ways of the old company rather than to the island itself. The impact of the new company has loosened the old ties, and if there is a distinctive way of life on the islands it is Seychellois rather than Mauritian being African in origin and evolved round the coconut palm.

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26. Of the total population of Diego Garcia, perhaps 42 men and 38 women, with 154 children, might be accepted as Ileois. According to the manager 32 men and 29 women made relatively frequent visits to relatives in Mauritius and perhaps no more than 3 men and 17 women, including a woman of 62 who had never left Diego Garcia, could really be regarded as having their permanent homes on the island. The problem of the Ileois and the extent to which they form a distinct community is one of some subtlety and is not within the grasp of the present manager of Diego Garcia. But it may be accepted as a basis for further planning that if it becomes necessary to transfer the whole population there will be no problem resembling, for instance, the Hebridean evictions. Alternative employment on a new domicile under suitable conditions elsewhere should be acceptable. X

27. Wages for the ordinary labourer on Diego Garcia amounted to Rs.18 per month and women received Rs.10.50. Bonuses amount to Rs.6.0 per month and Rs.2 per month in addition are paid to newly engaged Mauritians in lieu of the customary issue of bouillon. A day's work is based on an allotted task which can be completed between 10.0 a.m. 11.0 a.m.

28. The costs of acquisition

It has not been possible to produce informed estimates because the basis of estimates has been either the conditions of bankruptcy revealed by Mr. Lucie-Smith or Mr. Moulinie's plans. In the Seychelles the acquisition of a coconut estate is based on the 10 years purchase of the net profit plus the purchase on valuation of installations and building and compensation for young trees not in bearing. Compulsory acquisition also involves compensation for loss of development potential. Diego Garcia was bought as a speculation from a bankrupt company that had lost interest in the oil islands. It was acquired by Chagos Agalega Ltd. very cheaply. The islands' recent financial history has been a story of losses and its development potential has still to be proved. Mr. Moulinie repeatedly emphasized in conversation that in his view Diego Garcia was the key to the economic development of Chagos. The other islands, especially Agalega, which lies in the cyclone zone, are said to be regarded by new company as marginal. Plans for the development of the Oil Islands by Chagos Agalega Ltd. depend primarily on Diego Garcia which, according to Mr. Lucie-Smith, could achieve an annual production of some 3,400 tons of copra and according to Mr. Moulinie might provide a livelihood for a population of 4,000.

29. To attempt to frame a rough estimate of the cost of the acquisition of Diego Garcia in the present circumstances therefore involves a valuation of what was recently a bankrupt concern with a potential value depending almost wholly on still hypothetical circumstances and on relatively large capital expenditure. Two years after the Chagos Agalega Co. acquired the island there are few signs of improvement as compared with the conditions described by Mr. Lucie-Smith, though there are some. Moreover in Mr. Moulinie's mind the full exploitation of the island is part of a comprehensive plan for the economic development of the Oil Islands and other islands in the Indian Ocean, this development envisages the construction of an air strip and a hotel on Farquhar Island. Some form of union between Mauritius and the Seychelles, and the enlistment of interest on the part of Mauritian Ministers, are also contemplated by Mr. Moulinie.

30. Mr. Moulinie himself gave no indication of any willingness to suggest a possible basis for negotiation. He will undoubtedly consult Mr. Maingard as soon as possible and he will certainly attempt to derive full advantage from H.M.G.'s interest in the island. The company's accounts are not available. In these circumstances it seems that an offer from a potential purchaser must be forthcoming before any progress is made. The price of coconut land in the Seychelles varies /between

between Rs.1,000 and Rs.500 an acre according to its situation and accessibility. Accepting 6,000 acres as the area under coconuts in Diego Garcia an offer of Rs.500 an acre would amount to Rs.3,000,000 or £225,000.

31. Any such offer would be generous. If Diego Garcia were to export 800 tons of copra annually at an average price of £65 a ton and allowing 70% as representing fair costs of production, ten years purchase of the profit would be of the order of £156,000. Mr. Moulinie has estimated that the number of coconut palms on Diego Garcia might amount to 250,000 trees of which 2% might be young trees or 6,250. Many of these trees may never be productive on account of bad planting, disease and pests. A purchase price of Rs.3,000,000 would in practice represent a very adequate offer to include young trees, buildings and loss of development potential, in so far as it is most unlikely that any development will be undertaken in the next few months. It would be optimistic to assume that Diego Garcia is likely to produce 1,000 tons of copra a year in the near future despite Mr. Moulinie's estimate that "Diego could easily bounce to the 1,500 tons per year within the next ten years." A purchase price on the basis of Rs.500 per acre should be regarded as in fact covering the full value of the island including compensation for young trees, buildings and development potential.

32. Mr. Moulinie and his associates, however, are in the position of owning property which, in the eyes of the purchaser, might be regarded as having unique advantages. To acquire the property under the Land Acquisition Ordinance of Mauritius would involve the consent of Mauritian Ministers which would not necessarily be forthcoming, especially if it were represented to them that Mauritius was being deprived of opportunities for improved trade and employment. It is very possible that Mr. Moulinie has over-emphasized the interests of Mauritius in his plans, perhaps to assist him to drive a bargain; but the correspondence he has conducted during the past few months strongly suggests that it would be prudent to foresee the possibility of opposition organised specifically in order to extract better terms or subsidiary advantages. The Governor of Mauritius will be in a position to advise on this point.

33. Re-employment and resettlement of the Labour Force

Acquisition of Diego Garcia for defence purposes will imply the displacement of the whole of the existing population of the island. If the administrative and meteorological staff are disregarded the numbers involved will be approximately

	Men	Women	Children	Total
Mauritius	49	39	74	172
Seychellois	156	64	73	293

All the Seychellois males and 7 Mauritians are under contract.

34. It is assumed that neither the Government of Mauritius nor the Government of the Seychelles should be put to additional expenditure by reason of defence plans in the Indian Ocean which might result in loss of revenue, unemployment or relatively expensive resettlement. Employment for the existing population of Diego Garcia in other islands is a practical possibility, especially if there is more intensive and more diversified development. Further employment, though not necessarily for the existing population, will also be provided if labour from Mauritius and the Seychelles is employed on constructional work. Suggestions were made by members of the survey team that it might

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be necessary to employ Pakistanis, as on Gan. This recourse should be a last resort if the employment of Mauritians and Seychellois proves impracticable, and then only after adequate explanations. There is, however, no reason in principle why the bulk of the labour force from Diego Garcia should not be employed on other islands.

35. H.M.G. should therefore accept in principle responsibility for facilitating re-employment of the Mauritians and Seychellois on other islands and for the re-settlement in Mauritius and the Seychelles of those unwilling or unable to accept re-employment. Settlement schemes would have the additional advantage of retaining the Diego-Garcian labourers as a community subject to supervision and guidance. Very few are wholly ignorant of life in the main islands and the conditions of the Black River area of Mauritius might well be suitable for dispossessed Ileois. Even so, some guidance will be required. The cost will be relatively heavy. In the Seychelles, where it is considered that land settlement should be based on 5-acre plots, the capital cost of the acquisition of land and the provision of access and services might amount to Rs.2,000 an acre. The resettlement of the adult Seychellois from Diego Garcia might therefore cost something of the order of Rs.1,500,000 for land to settle about 150 households and perhaps .. Rs.300,000 for housing at Rs.2,000 per house, some £135,000 in all. The resettlement of Mauritians would involve much smaller numbers, say 50 families; but costs per head would be higher. It would be wise for planning purposes, and subject to the provision of detailed estimates, to envisage a total of £200,000 for resettlement in both islands. This sum would of course be substantially reduced if alternative employment on the other islands can be provided.

36. Resettlement on other islands in the Chagos Archipelago and on Agalega will require further detailed investigation on the spot before the problem can be usefully discussed. Mr. Moulinie has plans for increasing his labour force, especially on Agalega. All labourers are under contract. As far as the Seychellois are concerned there is no reason why they should not accept work either in the islands owned by the Chagos Agalega Ltd. or elsewhere on islands controlled by Mr. Moulinie. A handful of Ileois might be reluctant to move - this will have to be determined by a detailed survey - but might well accept transport to, and houses on, other islands if they do not wish to return to Mauritius. Mr. Moulinie's plans for the other islands could provide work for all.

37. Those of the dispossessed labourers who are beyond working age should be paid a pension. The present rate in Mauritius is Rs.22 a month. There is no old age pension in the Seychelles.

PART IICoetivy

38. An island about 6 miles long and $1\frac{1}{2}$ miles wide under the administration of the Seychelles. It is owned by Mr. Andre Delhomme, of Mahe. The island is almost entirely planted with coconuts. Coetivy has been surveyed by the R.A.F. The island comprises some 2,000 acres of coconut plantations. Its yield over the past ten years is as follows:-

Year	Average price f.o.b.	Tons
1954	£74	319.136
1955	£60	325.416
1956	£62	312.515
1957	£61	295.886
1958	£68	300.657
1959	£88	304.265
1960	£71	328.388
1961	£60	295.216
1962	£59	268.749
1963	£67	277.564

Costs of acquisition

39. Mr. Andre Delhomme has had in mind for some time the possibility of selling the island, particularly after the R.A.F. survey. Mr. Delhomme, like others in the Seychelles, is worried by the recent developments in Zanzibar. He fears that H.M.C. has no serious interest in the future of the Seychelles and he would welcome the assurance to be derived from the British or allied activity in this part of the Indian Ocean. In April 1964 Mr. Delhomme suggested negotiations on the lines that:-

- (1) If Coetivy were to become an R.A.F. Base he would not seek compensation for the necessary felling of coconut palms;
- (2) He himself should remain the owner of the island which should be leased to the government, either to the Government of the Seychelles or to H.M.C. in London for 30-50 years at a rent based on the local value of 150 tons of copra, after deduction of export duty, and providing that the rent is also free of income tax.

Mr. Delhomme suggested that the exemption from Income Tax would represent the equivalent compensation for compensation normally paid for the felling of coconut palms. He pointed out that such compensation is exempt from Income Tax.

40. Exemption from Income Tax in the manner proposed is clearly undesirable in principle and would be unsatisfactory in practice. This was indicated to Mr. Delhomme at a discussion in Mahe on the 18th August. At this discussion, however, Mr. Delhomme expressed his willingness to sell the island. It also emerged in due course, that he would accept a price of Rs.2,500,000 or £187,500.

41. The average net profit of Coetivy during the past five years amounts to Rs.145,000 per annum, an income representing a return of 6% on a capital of Rs.2,500,000. These figures are supported by the balance sheets for the past five years which have been checked by the Income Tax authorities in the Seychelles for the purpose of this report and which may be summarised as follows:-

Financial position of Coetivy 1959-64

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	Expenditure Rs.	Income Rs.	Net Rs.
1959	135,423	354,406	218,983
1960	160,866	811,242	150,376
1961	114,784	221,136	106,352
1962	107,814	199,315	91,501
1963	<u>117,751</u>	<u>255,856</u>	<u>142,105</u>
	1,345,955	636,638	709,317
Average	269,191	127,328	141,863

Good coconut land such as exists at Coetivy would fetch Rs.2,000 an acre in Mahe. But Coetivy is 160 miles from Mahe. The price proposed amounts to Rs.1,250 an acre for 2,000 acres comprising coconut plantation in excellent condition. It appears reasonable in all the circumstances. It is therefore recommended that if it is decided to proceed with defence plans on the island negotiations should begin with an offer of Rs.2,500,000. The Seychelles Government at present derives Rs.11,138 a year from Coetivy in the form of 5% export duty.

42. Labour on Coetivy

Apart from the administrative staff the population of Coetivy consists of a labour force made up as follows:-

married men	25
single men	36
married women	25
boys	<u>15</u>
	91

There are also 47 children.

43. Conditions of employment

Married men are under contract for two years; single men for eighteen months. Labourers' wages are:-

Men	Rs.15	and Rs.1.50 bonus per month
Boys	Rs.7.50 and	and 75 cts. bonus
Women	Rs.7	and Rs.1.50 bonus

Women are employed in cleaning duties, which are not particularly arduous. Carpenters are paid Rs.45 a month and Rs.1.50 a day for overtime after 4 o'clock. The head carpenter is paid Rs.60 per day. Masons are paid Rs.45 a month and Rs.1.75 a day after 4.0 p.m. Foremen are paid Rs.38-Rs.50 a month according to their length of service. Some have worked on the island for 40 years. Rations and rent free houses are provided. As in the other islands under the Government of Seychelles, and in marked contrast to the Mauritian Oil Islands, there were no complaints about the difficulty of obtaining labour.

44. Re-employment and Re-settlement

Men such as these are more likely to be readily employed elsewhere than are the labourers on Diego Garcia. Mr. Delhomme himself owns the neighbouring island of Des Roches, with a population of 91, as well as property elsewhere in the Seychelles islands. If, however, there is any difficulty in obtaining alternative employment the provision of a resettlement scheme is essential. The British Government should not be exposed to charges of adding to local economic difficulties by the removal of some 90 men and women from useful employment without assisting them to find a niche in the main islands. It is, however,

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quite impracticable at this stage to guess at the financial implications. In principle there should be no obstacle to providing alternative employment on other islands for labourers no longer required on Coetivy especially if they are given priority over other Seychellois seeking employment on the islands.

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PART IIIAldabraFinancial

45. Aldabra does not present any serious financial problems in so far as this inquiry is concerned. The island was not visited by H.M.S. Dampier during the Anglo-American survey. Aldabra is leased by the Government of the Seychelles for a term of thirty years renewable at the option of the lessee at a rent of Rs.6,666.67 p.a. The agreement requires South Island to be retained as a nature reserve. According to Clause 21 of the agreement the lessor has a right to secure possession if the islands are required for a public purpose. Public purpose includes Admiralty and W.D. requirements.

Nature conservancy

46. It is unfortunate that Aldabra, as Darwin once pointed out, is the last refuge of the ~~great~~ sea turtles of the Indian Ocean which elsewhere have been exterminated in accordance with man's customary methods of exploitation. In this respect the island is unique. The ornithology of the island is also of considerable interest, particularly in view of the abundance of the Sacred Ibis (*Threskiornis aethiopica*) and the presence of the Flamingo (*Phoenicopterus ruber*). According to the Smithsonian Institutes "Preliminary Field Guide to the Birds of the Indian Ocean (Washington, 1963)" some species of birds on the islands still retain a primitive tameness which would handicap their survival if the islands were developed on modern lines. It is not intended to imply that the conservation of unique fauna should outweigh essential strategic requirements, still less that the R.A.F. would not take an enlightened view of its responsibilities for the protection of local fauna. If adequate precautions are taken, the use of the atoll for military purposes would facilitate the enforcement of preservation measures attempted or contemplated by the Seychelles Government, including the effective preservation of the green turtle.

47. Adequate nature conservancy on Aldabra requires a detailed study of fauna and avifauna, especially the ecology of the tortoises. It will also require rigid measures against the introduction of dogs, cats and rats on the lines adopted recently for St. Kilda. It is imperative that these measures are taken before large-scale constructional works are begun and that they should be based on a detailed ecological study. The Director General of the Nature Conservancy Trust might be consulted.

PART IVAdministrativeThe administrative future of the Islands

48. The following proposals for the administrative future of the islands are based on the assumption that it is essential to remove them from the unpredictable course of politics that tends to follow independence. The islands should therefore become direct dependencies of the British Crown. Similar action has been taken by the French in the off shore islands of Madagascar, Glorieuse, Tromelin and Juan de Nova which, it appears, are now the property of Metropolitan France.

49. Until recently the Oil Islands of Mauritius have been of little interest to Mauritians except to the commercial companies who were so unsuccessfully exploiting them. This lack of interest was apparent at the time of the examination of the problem undertaken in Mauritius some five years ago. Conditions in Mauritius have obviously changed a great deal in recent years. It appears, as explained in paragraphs 14-15 of this report, that some Ministers and business men in Mauritius are beginning to regard the Oil Islands as potentially valuable assets. Hence there is a risk that to remove the islands from the jurisdiction of Mauritius would give rise to considerable political difficulties. The issue is primarily one of relative advantages and disadvantages in regard to long-term strategy and is not a matter that can be examined in this report. It can be summarised in the question, how far adverse, but doubtless temporary, reactions in Mauritius should outweigh the need for security of tenure in certain of the islands, or at least in Diego Garcia. A further issue is the assessment of the extent to which Mauritius might embarrass E.M.G.'s existing interests in the island before they can be replaced. Stated thus, the problem may appear over-simplified. The final decision cannot be independent of any obligations or commitments that E.M.G. might have towards Mauritius arising out of past history or any beneficial interest of Mauritius in the Oil Islands.

50. The islands under discussion and their population are:-

	<u>Mauritians</u>	<u>Seychellois</u>	<u>Total</u>
Diego Garcia	172	211	483
Peros Banhos	269	14	283
Salomon	205	14	219
Agalega	37	301	371
Egmont	-	-	-
	<u>683</u>	<u>640</u>	<u>1,356</u>

The Egmont atoll is uninhabited. It is capable of rehabilitation and resettlement.

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51. These islands came under the British Crown in 1810 after the conquest of Mauritius. As Sir Robert Scott has pointed out, "it is doubtful whether the French governors had a very clear notion of the number and situations of the islands for which they were assumed to be responsible". Since 1810 the Oil Islands have been administered, more or less, by Mauritius. The Seychelles and the Amirantes group became a separate colony by Letters Patent in 1903. Coetivy and the Farquhar islands were added to the Seychelles by Letters Patent in 1908 and 1921 respectively.

52. The administrative connection of the islands with Mauritius is tenuous. The replies to questions in the Mauritius legislature on the 19th May and 2nd June, 1964, indicate that knowledge of the islands is fragmentary and that effective governmental contact does not exist. Governors visit them from time to time whenever a frigate has been available. Magistrates from Mauritius make visits of inspection about once a year in accordance with the Courts Ordinance of 1945. It is their duty to ensure that the prescribed conditions of employment are observed, to enquire into grievances and generally to ensure that the islands are properly administered. Technical officers pay infrequent visits. The Government of Mauritius maintains meteorological stations in Diego Garcia and Agalega, both of which are in the cyclone zone, and also provides school-teachers, midwives and dispensers on the main islands of each group. Administration in any practical sense is confined to the paternal responsibility of the manager of each island. In general it is adequate for the needs of the islands though too much depends on the personality of each manager. Sir Robert Scott comments that "the general well-being of the communities derives from their own sense of order and capacity to produce and from the ability of their managements to keep them welded together". This comment suggests that the island communities have not yet successfully evolved their own way of life and self-discipline. It is indeed the ability of the management that is the predominant factor in establishing an ordered life and it is probably some lack of managerial ability that is the cause of much of the palpable malaise in Diego Garcia today.

53. The islands are in fact estates organised and administered on much the same principles as were, for example, the German plantations in the Cameroons some thirty years ago. The essential difference between the Oil Islands and the German plantations of thirty years ago is that the former are so inaccessible to the supervisory administration. Apart from the occasional visit of a warship their contacts with Mauritius are confined to the visits of the M.V. "Mauritius" about twice a year. The schooner "La Perle", which used to form another link between Mauritius and its dependencies, is now Seychelles owned and calls, under the name of "Isle of Farquhar", perhaps once every two and a half months. The only regular link between the islands was the motor vessel "Sir Jules" which was sold because it was too expensive to maintain, an indication that effective control on the islands by means of regular visits is not yet a commercial proposition.

54. The direct interests of Mauritius in the Oil Islands are confined to the livelihood they provide for some 683 Mauritians, men and women and children. They are a source of business and profit to a Mauritian company - the Colonial Steamship Co. They provide some coconut palm

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products for the Mauritian consumers. They are also essential points in the weather reporting system in the Indian Ocean. Their reports are of crucial value in warning Mauritius of the formation and course of cyclones. The islands have not hitherto been a factor in Mauritian politics and until recently no Mauritian has expressed any interest in them. Few Mauritians welcome posting to the islands and there is only one Indian among the Mauritian population, the respected and devoted Mr. Suleiman, dispenser on Diego Garcia.

55. Such Mauritian interests in, and connections with, the Oil Islands as exist are no conclusive reason for the retention of Mauritian administration, especially if it could be guaranteed that the islands would provide a source of employment and supply for Mauritians to the same extent as obtains to-day; and provided that the maintenance of the meteorological stations are ensured.

56. The islands are at present being drawn more closely into the the Seychelles sphere of influence. Only one of the Managers is not a Seychellois. Labour is being brought increasingly from the Seychelles, partly because it is said that Mauritians do not now wish to work on the islands. If this objection exists it is perhaps due in part to dislike of the new company. It is also probable that the amenities of life in Mauritius, with its cinemas and shops, exercise a powerful attractive force. Out of about 505 male labourers in the Oil Islands some 325 are Seychellois and 180 are Mauritians.

57. The pull of the Seychelles is likely to continue with the advent of Chagos-Agalega Ltd. Mr. Moulinié has stated his intention of recruiting 800 additional Seychellois, partly for new development work and partly to replace Mauritian labour. Mr. Moulinié himself has pointed out that at least 50% of the Oil Islands copra is not up to the Seychelles quality. He took the initiative in recommending that to encourage improvement and development, the export duty on copra sent through Mahé should be waived for five years and then should be subject to a maximum of 5% instead of 9%. Recently the duty has been reduced to 5% for the outer islands, including Coetivy. For these reasons, and until recently, Mr. Moulinié has urged that the Seychelles should administer the Oil Islands of Mauritius.

58. The way of life on the Oil Islands and the economy on which that way of life is based are certainly Seychellois rather than Mauritian. For this reason, and because the Seychelles understand coconuts as Mauritius understands sugar, though perhaps not to the same degree of technical excellence, there are good grounds for recommending the transfer of the islands to the Seychelles. The features of island life emphasised by Sir Robert Scott are primarily Seychellois, judging by conditions on the other islands for which the Seychelles Government is responsible. Sir Robert Scott's comment, "the existence of small communities in which a rhythm of life proper to a past age has persisted, by reason of their remoteness and lack of incentive to change" is as applicable to the Seychelles as to Diego Garcia or Agalega. There is nothing in the Oil Islands remotely resembling life in modern Mauritius. Diego Garcia and Farquhar Island, Des Roches and Agalega, are one world with the Seychelles.

59. If the Oil Islands were transferred to the Seychelles the transfer could be justified by the greater security given to any defence interests

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established there and because it would be a transfer of like to like. Personalities and politics in Mauritius do not offer a firm basis for strategic planning. It does not now appear that the Seychelles are likely to be as immune to change and to unpredictable policies as has hitherto been assumed. This comment is not intended to attach undue weight to the views and fears of property owners upset by the fate of Zanzibar. But if there is constitutional advance in the Seychelles, and if direct British control is relaxed, it would be idle to pretend that stability in the islands can be assumed.

Administrative Recommendations

60. It is therefore recommended that the Oil Islands should become direct dependencies of the British Crown and administered under the authority of the Governor of the Seychelles as High Commissioner. The opportunity should be taken to arrange for the closer administration of the smaller island dependencies of the Seychelles in the Amirantes and elsewhere.
61. If Diego Garcia, Coetivy and Aldabra are required for military purposes the two former will have no problems of civilian administration other than the recruitment and employment of labour as at Gan. Aldabra is a large atoll where only one island would be required by the R.A.F. and there would be much advantage of an opportunity to make effective the attempts of the Seychelles Government to preserve wild life, including the Green turtles as well as the tortoises. Both the Governments of Mauritius and the Seychelles will in any case retain an interest in labour recruited from the islands and must be satisfied that the terms of employment are properly observed. This should be one of the duties of the future administration of the islands.
62. The administration of the Oil Islands of Mauritius that is the Chagos Archipelago and Agalega, should be combined with that of the outlying islands of the Seychelles. It also appears that Praslin and La Digue in the main Seychelles Group require closer supervision. If an officer were appointed as Commissioner for the Crown's possessions in the Indian Ocean, Chagos, Aldabra, and Coetivy, he should be stationed at Mahé and in return for suitable information from the Seychelles he should also hold the post of Civil Commissioner for the outlying islands in addition to being Commissioner of the Crown Islands. Transport could be based on existing means, by schooner and the M.V. Mauritius, and on R.A.F. aircraft. Commercial schooner communications are highly uncertain and slow. There is abundant need in this part of the Indian Ocean for a modern schooner-type vessel to be used for transport of a High Commissioner based on Mahé, as well as for the various technical experts required by the islands. Such a vessel could be used for fisheries control and research and might also be chartered from time to time by private individuals or firms.
63. If administrative proposals on these lines are not adopted Aldabra, Diego Garcia and Coetivy would have to be administered by a Service Officer in much the same manner as is Gan. The remaining islands would have to be placed directly under the Governor of the Seychelles, as Governor, to be administered or left alone in much the same manner as the Amirantes and Farquhar islands are treated to-day.
64. The Seychelles will in any case require relatively substantial assistance from H.M.G. before they can be regarded as having an economic base, however, insubstantial, for further economic advance and some degree of autonomy.

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of autonomy. Their isolation and the uncertainty of air communications are not only seriously limiting factors but are a reproach in an age when air transport has become the normal means of transport in the interior of Australia or the Far North of Canada. As a subsidiary issue further consideration should be given to the possibility of an air link between Mahé and Coetivy by commercial air lines to enable tourists to reach the Seychelles.

65. The foregoing paragraphs are primarily concerned with the Seychelles connection and are perhaps liable to the criticism that insufficient attention has been paid to the position of Mauritius. Judging by the history of the Mauritian companies in recent years the islands have not been a source of profit to Mauritius. They have also provided more or less unwilling exile for a few Mauritian officers. They have offered livelihood to some Mauritians who might otherwise have been unemployed or under-employed in Mauritius.

Constitutional issues

66. According to precedents, if these are still valid, the transfer of the islands from Mauritius to the Seychelles will require the assent of Mauritian Ministers. In 1906, after some three years of correspondence between Mr. Joseph Chamberlain and the Governor of Mauritius, Lord Elgin enquired whether any serious opposition was to be anticipated if the proposal for the transfer of Coetivy were placed before the Council of Government. Only if Sir Charles Boyle was of the opinion that the Council would receive the suggestion of transfer favourably, or at least without any strong opposition, would the Secretary of State give further consideration to the matter. In 1921 Sir Hesketh Bell reported that the Council of Government had recommended that "the Farquhar Islands should cease to be a dependency of the colony of Mauritius and should be transferred to, and form part of the Seychelles." The Letters Patent of 13th January 1908 expressly cited the fact that the Council of Government of Mauritius had by resolution recommended the transfer of the island of Coetivy. The Letters Patent of the 2nd December 1921 made a similar reference when the Farquhar Atoll was transferred to the Seychelles. Unless the constitutional position has been changed in recent years it appears that the Mauritian Ministers should be formally consulted. These, of course, are problems requiring legal advice and the views of the Governor of Mauritius. They are mentioned merely as an indication of some of the subsidiary problems which the proposal to transfer the islands will inevitably entail.

Compensation for Mauritius

67. In any event it would scarcely be politic to deprive Mauritius of its dependencies without some quid pro quo. In strict terms of compensation it is doubtful whether it would be possible to base any case for Mauritius on the grounds of loss. H.M.G. should assume responsibility for Mauritians evicted from the islands and likely to lose their traditional livelihood. The cost of transfer to other islands and of the construction of houses should be borne by H.M.G. as part of the disturbance element in compensation due to the Company. Otherwise the cost of resettlement in Mauritius should be met. Payments, of this nature however, are obligations towards private persons rather than to the Government of Mauritius.

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Since the Mauritian objections to the transfer may be based on the loss of some economic potential, H.M.G. might well offer a contribution towards capital works likely to be of commercial value to Mauritius; for example, the payment of a capital sum towards the improvement of labour facilities at Port Louis on the improvement of Plaisance Airport. Any such payment should be entirely ex gratia.

Meteorological Services

68. The continued existence of meteorological services on Diego Garcia and Agalega will be essential for Mauritius and for the Mascarene islands generally. It is to be assumed that such services will be retained on Diego Garcia by the British or U.S. authorities. If so there must be a firm undertaking to continue weather reports to Mauritius on at least the present basis. The Government of Mauritius should also be reimbursed the full capital cost of its station on Diego Garcia if this is replaced by British or U.S. government installations.

69. There would appear to be no reason why the Mauritius Government should not retain staff and equipment on Agalega even if that island were transferred to the Seychelles. It is possible that it may be necessary for H.M.G. or the Government of the Seychelles to provide transport for staff in the event of sea communications between Agalega and Port Louis becoming even more tenuous than is the case at present.

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PART V

Procedural

70. As soon as the final decisions have been taken it is essential that negotiations should be opened with Mr. André Delhomme and the Chagos Agalega Company as soon as possible. The management of both groups of islands will require time to reduce and eventually to terminate their operations. Chagos Agalega Ltd., should not be provided with an opportunity to increase their capital commitments as a bargaining factor.

71. Defence plans on Diego Garcia will probably require a year of preliminary works, such as detailed surveys, before constructional work can begin. This should give time for the evacuation of the island and the gradual cessation of the existing labour contracts. It is probable that the full period of evacuation can be extended over two years.

72. It would be advisable to appoint a Commissioner for the islands at the outset in order to supervise the arrangements for evacuation, to act as a liaison officer between the constructional organisations and the governments of the Mauritius and the Seychelles, especially in regard to the employment of labour, and to prepare the figures on which the final costs of resettlement and other forms of compensation should be based. This officer should be based on Mahé and it would be convenient if he were to be the future Commissioner for the Crown Islands and the outlying islands of the Seychelles. The whole project will inevitably give rise to innumerable minor problems and difficulties as well as detailed enquiry on the spot. It is essential that these matters should be handled by a suitable administrative officer with direct contact with the governments of the Seychelles and Mauritius.

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PART VI

Summary

73. This report, while attempting to set out the various problems which the execution of the schemes now under consideration will involve, cannot pretend to attempt any detailed estimate of the costs. The cost of acquiring Diego Garcia certainly cannot be estimated since it depends on the extent to which the owners of the island can use the bargaining strength of their position. Further, the indirect costs, in the form of resettlement and pensions, the costs of future administration and of direct or indirect compensation to Mauritius and the Seychelles can be accurately assessed only after negotiations and discussions with the governments and individuals concerned have been directed specifically to these objectives.

It is clear that expenditure must envisage for planning purposes:

- (1) the direct cost of acquisition;
- (2) resettlement of dispossessed labour unable or unwilling to find work in other islands;
- (3) pensions for islanders beyond active work;
- (4) reimbursement to the Seychelles of revenue lost in copra export duty;
- (5) the cost of an ex gratia grant to Mauritius in the form of a development grant in return for the transfer of the Oil Islands;
- (6) the salary and allowances of a Commissioner of the Islands and the provision of the necessary transport;
- (7) the reimbursement to the Government of Mauritius of capital expenditure in installing a meteorological station on Diego Garcia and perhaps on Agalega.

If offers of Rs.2,500,000 for Coetivy and Rs.3,000,000 for Diego Garcia were accepted the cost of the acquisition of the two islands would amount to £412,500. Resettlement costs, subject to detailed estimates, should not cost more than £200,000. Pensions should not exceed £1,000 a year initially. The figures suggested for resettlement and pensions are generous.

74. Resettlement schemes on the scale indicated may not be necessary since there should be no obstacle in principle to the transfer of labour from Diego Garcia and Coetivy to other islands. Chagos Agalega Ltd. have under consideration plans for the development of Egmont, Three Brothers and Eagle Island. According to the manager of Agalega it is at present planned to increase the labour force on Agalega to over 500. Resettlement on Mauritius or Mahé need not therefore involve more than a small residue of the existing population of the islands acquired for defence purposes. It is essentially a question of negotiation and enquiry which should be begun as soon as practicable.

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75. It has not been attempted to do more than set out in general terms the problems involved and to suggest the lines on which further action might be taken. The cost will depend on direct negotiations with the owners of the islands and with the governments of Mauritius and the Seychelles and on further investigations by the appropriate officers of the two governments.

76. It has been possible to suggest the basis of a firm offer for the acquisition of Coetivy. The basis of an offer for Diego Garcia has also been proposed in the absence of any suggestions, however tentative, from the Company and without the benefit of balance sheets. The financial basis for the purchase of Diego Garcia is indeed peculiarly difficult because the island was acquired as a speculative take-over of a bankrupt concern and its economic value is still largely potential.

77. The acquisition of Diego Garcia and Coetivy cannot be regarded as a matter affecting only the present owners of those islands and their employees. Some *quid pro quo* on the lines suggested in this report, and subject to the views of the Governor, may be required to make the transfer of the Oil Islands acceptable to Mauritius. As regards the Seychelles, this government cannot be expected to absorb any adverse economic and administrative consequences without assistance. Any cessation of recruitment for work on the islands caused by the redistribution of Seychelles now under contract on Diego Garcia and Coetivy must affect the Seychelles. Defence plans for the outlying islands could also be more easily defended and made acceptable if they were to be accompanied by measures for the economic and social advancement of the Seychelles; but any such measures should be regarded as a separate issue.

Robert Newton,
23rd September, 1964.

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SECRETARY OF STATE

Defence Interests in the Indian Ocean

We understand that the U.S. authorities are likely to raise with the Foreign Secretary, when he visits Washington, certain questions about UK/US defence collaboration in the Indian Ocean. Officials are meeting tomorrow (Wednesday) afternoon to prepare the Foreign Secretary's brief. The Colonial Office is concerned because certain facilities may be desired in Mauritius and Seychelles.

2. I attach a note on this subject and would invite your particular attention to paragraph 6(a) which sets out the Colonial Office view on the political implications for Mauritius and Seychelles. It would be helpful to the C.O. officials who will be going to the meeting if they could know whether the line taken in the attached note would have your concurrence.

20th October, 1964

Sm. H. Poynton

*S/S agrees x I have informed
the Halifax Smith Office*

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