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(10) DEPARTMENT STATE
AIRGRAM

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FORM
4-62 DS-323

Drafted by:

PM:PEBarringer:es 6/30/66

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Clearances:

POL/N:Mr. Coot

Contents and Classification Approved by:
PM - Ronald I. Spiers

mited TJ 7/8

A-28

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REF ID: A65425
DEPARTMENT OF STATE

HANDLING INDICATOR

TO : Department of State Washington

INFO: Department of Defense, Washington;
American Embassy, Tananarive;
American Embassy, Nairobi

RS/AM

FROM : American Embassy, London

DATE: 2 July 66

SUBJECT: British Indian Ocean Territory

 Proprietary Change/Classify to With concurrence of UK Declassify In part and excise as shown

ED 12896, Sec. 1.3(a)

FFC/HDR by RS/AM 21 TO 195

Withdrawn No. DEF 1758

Attached for addressees are copies of three documents provided to the Embassy by the Foreign Office on June 29, relating to the newly-created British Indian Ocean Territory (BIOT). As noted in the referenced message, these are as follows:

Enclosure A - Amended Draft: Use of Islands for Defense Purposes, with

Annex I: Customs Duties and Taxation

Annex II: Jurisdiction and Claims for Compensation

Enclosure B - Amended Draft: Financial Arrangement

Enclosure C - Unofficial explanatory memorandum covering changes proposed by the U.K. from previous U.S. drafts of Enclosures A and B.

It will be noted that the order in which these documents are listed, and discussed in the explanatory memorandum, is reversed from that of previous U.S. correspondence on the subject. The Foreign Office has explained informally that this reversal is deliberate, on the ground that HMG considers the proposed agreement regarding use of islands

Enclosure: As stated.

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in the BIOT for defense purposes should take precedence to financial arrangements on the subject.

The British amended draft agreement governing the USAF satellite tracking station and related facilities at Mahe in the Seychelles will be forwarded as soon as received from the Foreign Office.

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British Indian Ocean Territory

Amended draft: Use of Islands for Defence Purposes

I have the honour to refer to recent discussion between representatives of the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland concerning the availability, for the defence purposes of both Governments as they may arise, of the islands of Diego Garcia and the remainder of the Chagos Archipelago, and the Islands of Aldabra, Perquhar, and Desroches. The United States Government has now authorised me to propose the following procedures and conditions in furtherance of those purposes:

- (1) The islands shall remain under United Kingdom sovereignty.
- (2) Subject to the provisions set out below the islands shall be available to meet the needs of both Governments for defence. In order to ensure that the respective United States and United Kingdom defence activities in the islands are correlated in an orderly fashion,

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- (a) In the case of the initial United States requirement for use of a particular island the appropriate governmental authorities shall consult with respect to the time required by the United Kingdom authorities for taking those administrative measures that may be necessary to accommodate defence requirements.
- (b) Before either Government proceeds to construct or install any facility, both Governments shall first approve the requirement in principle, and mutually satisfactory arrangements concerning specific areas and technical requirements for respective defense purposes shall be reached between the appropriate administrative authorities of the two Governments.

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- (c) It is understood that the procedure described in sub-paragraphs (a) and (b) would not be applicable in emergency circumstances requiring temporary use of an island or part of an island not in use at that time for defense purposes. Each Government shall notify the other promptly of any emergency requirements and consultation prior to that use will be undertaken as soon as possible; provided that no such use shall be made of any island until the United Kingdom authorities are satisfied that all necessary steps have been taken to ensure the welfare of any inhabitants.
- (3) The United Kingdom Government, or any organisation approved by it, may use and continue to use any permanent non-defense installation constructed either before conclusion of this agreement or after its conclusion following consultation and by arrangement with the United States Government.

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- (4) The United Kingdom Government reserves the right to permit the use by third countries of British financed defense facilities, but shall where appropriate consult with the United States Government before granting such permission. Use by a third country of United States or jointly-financed facilities shall be subject to agreement between the United Kingdom Government and the United States Government.
- (5) The required sites shall be made available to the United States authorities without charge.
- (6) Each Government shall normally bear the cost of site preparation, construction, maintenance, and operation for any facilities developed to meet its own requirements. Within their capacities, such facilities shall be available for use by the forces of the other Government under service-level arrangements. However, there may be certain cases where joint financing should be considered, and in these cases the two parties shall consult together.
- (7) For its defense purposes on the islands, the United States may freely select contractors and the sources of equipment, material supplies, or personnel, except that -

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- (a) the United States shall make use of workers from Mauritius and the Seychelles to the maximum extent practicable, consistent with United States policies, requirements and schedules; and
- (b) the appropriate administrative authorities of the two Governments shall consult before the United States introduces contractors or workers from a third country.
- (8) The exemption from charges in the nature of customs duties and other taxes in respect of goods, supplies and equipment brought to the Territory in connexion with the purposes of this Agreement by or on behalf of the United States Government, United States contractors, members of the United States Forces, contractor personnel or dependants, and the exemption from taxation of certain persons serving or employed in the Territory in connexion with those purposes, shall be such exemption as is set out in Annex I to this Note.
- (9) The arrangements regarding the exercise of criminal jurisdiction over persons and offences by the United States Authorities and the Government of the United Kingdom and the arrangements for payment of claims made against the Government of the United States shall be those respectively set out in Annex II to this Note.

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- (a) the personal belongings or household effects, of persons referred to in sub-paragraph (c) above, including motor vehicles, provided that these accompany the owner or are imported either -
 - (i) within a period beginning sixty days before and ending 120 days after the owner's arrival; or
 - (ii) within a period of six months immediately following his arrival.
- (c) goods for consumption and goods (other than personal belongings and household effects) required after first arrival, including gifts, consigned to military members of the United States Forces, or to those other members of the United States Forces who are nationals of the United States and are not engaged in any business or occupation in the Territory, provided that such goods are:
 - (1) of United States origin if the Commissioner so requires, and
 - (2) imported for the personal use of the recipient.
- (2) No export tax shall be charged on the material, equipment, supplies or goods mentioned in paragraph (1) in the event of reshipment from the Territory.
- (3) This Article shall apply notwithstanding that the material, equipment, supplies or goods pass through other parts of the Territory en route to or from a site.

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pursuant to paragraph (1)(c), or not entitled to free importation under paragraph (1)(d) or (1)(e). There shall be co-operation between the United States authorities and the Commissioner to this end, both in prevention and in investigation of cases of abuse.

2. Motor Vehicle Taxes. No tax or fee shall be payable in respect of registration or licensing for use for the purposes of this Agreement in the Territory of motor vehicles belonging to the United States Government or United States contractors.

3. Taxation

(1) No members of the United States Forces, or those contractor personnel and their dependents who are nationals of the United States, serving or employed in the Territory in connexion with the facilities shall be liable to pay income tax in the Territory except in respect of income derived from activities within the Territory other than such service or employment.

(2) No such person shall be liable to pay in the Territory any poll tax or similar tax on his person, or any tax on ownership or use of property which is situated outside the Territory, or situated within the Territory solely by reason of such person's presence there in connexion with activities under this Agreement.

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- (3) No United States contractor shall be liable to pay income tax in the Territory in respect of any income derived under a contract made in the United States in connexion with the purposes of this Agreement, or any tax in the nature of a license in respect of any
- (4) The United States authorities shall do all in their power to prevent any abuse of customs privilege and shall take administrative measures, which shall be mutually agreed upon between the appropriate authorities of the United States and the Territory, to prevent the disposal, whether by resale or otherwise, of goods which are used or sold under paragraph (1)(e), or imported under paragraph (1)(4) or (1)(e), of this Article, to persons not entitled to buy goods services or work for the United States Government in connexion with the purposes of this Agreement.

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ANNEX II

BRITISH INDIAN OCEAN TERRITORY

Jurisdiction and Claims for Compensation

I. (1) The Government of the United States of America shall have the right to exercise the following jurisdiction over offences committed in the Islands -

- (a) where the accused is a member of the United States Forces;
 - (i) if a state of war exists, exclusive jurisdiction over all offences wherever committed;
 - (ii) if a state of war does not exist exclusive jurisdiction over security offences wherever committed and United States interest offences committed inside the sites, concurrent jurisdiction over all other offences wherever committed.
- (b) where the accused is not a member of the United States Forces a British national or a local alien, but is a person subject to the United States Uniform Code of Military Justice;
 - (i) if a state of war exists, exclusive jurisdiction over security offences committed inside the sites and United States interest offences committed inside the sites, concurrent jurisdiction over all other offences wherever committed;

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- (1) If a state of war does not exist exclusive jurisdiction over security offences which are not punishable under the law of the Territory; concurrent jurisdiction over all other offences wherever committed.
- (2) Wherever, under sub-paragraph (1) of this paragraph the Government of the United States of America has the right to exercise exclusive jurisdiction over security offences committed inside the sites, such right shall extend to security offences committed outside the sites which are not punishable under the law of the Territory.
- (3) In every case in which under this paragraph the Government of the United States of America has the right to exercise exclusive jurisdiction, the following provisions shall have effect -
- (a) The United States authorities shall inform the Commissioner as soon as is practicable whether or not they elect to exercise such jurisdiction over any alleged offences which may be brought to their attention by the Commissioner or in any other case in which the United States authorities are requested by the Commissioner to furnish such information.

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tried by the other.

(b) Where the offense is within the jurisdiction of a trial court of the territory and of a court of states authorities.

(c) The case shall be tried by such court as may be agreed between the Commonwealth and the United States.

Article 1

(d) In every case in which under this paragraph the Commonwealth shall have exercised jurisdiction, the following provisions shall be of the United States of America has the right to exercise the same.

The territory in this case.

(e) If the United States authorizes election by the courts of the accused of jurisdiction by the Commonwealth shall be brought to trial, nothing in this paragraph shall

authorizes that the alleged offender shall be tried before the Commonwealth and the United States between the Commonwealth and it shall be agreed on such jurisdiction and it shall be agreed

(f) If the United States authorizes election to be made

or permitted by the law of the Territory.

(g) If the United States authorizes election by the courts of the United States, as required

and not otherwise jurisdiction except in aid of a

trial according to law, and the courts of the Territory

such jurisdiction, the accused shall be brought to

(h) If the United States authorizes election to exercise

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Government in the Islands.

or of any equipment or other property of any kind

or a by-basis of establishment of any part thereof
the Commonwealth, or to the safety of naval, military
police, Indian and Canadian militia

Islands or the development of any part of the

(e) any other offence relating to operations in the

or against any law relating to internal security

(d) any offence of the nature of sabotage or espionage

(e) treason

of the United States of America inside the islands -

or "it is not punishable in the Islands by the Government
of any country than the Commonwealth committed outside the
United Kingdom and Canada
offences against any part of the United Kingdom and Canada
offense shall be committed in respect of any of the following
for this paragraph, have regard to jurisdiction, that just

the Government of the United States of America would, but
states of America is not, engaged, then in any case in which
of the United Kingdom to, and the Government of the United
paragraph, then a state of the exists in virtue the Government

(g) notwithstanding anything contained elsewhere in this

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(6) Nothing in this paragraph shall give the Government of the United States of America the right to exercise jurisdiction over a member of the armed forces of the United Kingdom, and Colonies or of any country within the Commonwealth.

(7) Nothing in this paragraph shall affect the jurisdiction of a civil court of the Territory except as expressly provided in this paragraph.

(8) wherever they appear in this paragraph and paragraph 2 of this Annex the following expressions shall have the meaning hereby assigned to them -

(a) "The Territory" means British Indian Ocean territory.

(b) "The Commissioner" means the Commissioner for the Territory.

(c) "The Army" means those structures or defined areas situated in the Territory at the relevant time being constructed or used by the United States authorities pursuant to this Agreement, and "war" shall be construed accordingly.

(d) "The Islands" means those Islands of the Territory upon which there is for the time being a site and "Island" shall be construed accordingly.

(e) "British national" means any British subject or Commonwealth citizen or any British protected person, but shall not include a person who is both a British national and a member of the United States Forces.

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- (f) "Courts of the Territory" includes any court established for any colony other than the Territory upon which the Commissioner has lawfully conferred jurisdiction in respect of the Territory and the expression "civil court of the Territory" shall be construed accordingly.
- (g) "Security offence" means any of the following offences against the Government of the United States of America and punishable under the law of the United States of America:-
- (i) treason;
 - (ii) any offence of the nature of sabotage or espionage or against any law relating to official secrets;
 - (iii) any other offence relating to operations in the Islands of the Government of the United States of America under this Agreement, or to the safety of any equipment or other property in the Islands of the Government of the United States of America under this Agreement.
- (h) "State of war" means a state of actual hostilities in which either the Government of the United Kingdom or the Government of the United States of America is engaged and which has not been formally terminated, as by surrender.
- (i) "United States interest offence" means an offence which (excluding the general interest of the Commissioner in the maintenance of law and order

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performs or has performed duties.

armed services while such member was engaged in the

war injury or death suffered by any member of the (4)

* road

or the damage was caused to property being so
as being used in connection with official duties
whether, vessel or aircraft causing the damage
by its armed services provided either that the
officer used by either Government and road
above from the use of any vehicle, vessel or
Government in the execution of his duties or
possibility for the armed services of either
or by an employee of a department with respect
of a member of the same services (5)

- damage

by the land, sea or air armed services if such
or damage to any property owned by it and used
elsewhere than the other of them -
the Government of the United Kingdom respectively make all
the Government of the United States of America and
II. (1) The Government of the United States of America and
of the Islands.

addition of members of the United States Cavalry
connection with the administration, maintenance, operation
Islands by reason only of service or employment in
a British national or local (not British national) person in the
of local (not British national) of property (not being property of
or against any person (not being a British national)
of the Government of the United States of America
in the Territory is solely against the interests

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- (c) For the purpose of this paragraph "owned" in the case of a vessel includes a vessel on bare boat charter, a vessel requisitioned on bare boat terms and a vessel seized in prize (except to the extent that the risk of loss or liability is borne by some person other than either Government).
- (2) The Government of the United States of America undertakes to pay adequate and effective compensation, which shall be assessed under the law applicable to the Territory and to indemnify the Government of the United Kingdom and its authorities and the Commissioner in respect of valid claims arising out of:-
- (a) The death or injury of any person resulting from the occupation or use by the Government of the United States of America, of the Islands.
- (b) Damage to property resulting from any action of the Government of the United States of America in connexion with its occupation or use of the Island.

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Below is the agreed contribution.

The amount of the R & D surcharge so far gone is referred to the costs incurred by the United Kingdom, whatever is the less.

R & D surcharge to the extent of £14 million, or one-half of a consideration thereof, the United States will forgive the deficiency made of either Government as those needs may arise.

So that they may be available over the indefinite future to meet islands is in question and to the acquisition of the Islands therefore pertaining to the administrative development of the Indian Ocean POLARIS program. The United Kingdom will assume all costs the R & D surcharge will total about \$17,000,000 over the entire (hereinafter "R & D surcharge"). It is currently estimated that 1963 for research and development of the POLARIS missile system expanded to those incurred by the United States after last January.

is obliged to make certain payments as a participation in Government at Washington on 6th April, 1963, the United Kingdom 1. Under the POLARIS Sales Agreement, signed by our two the acquisition of the same themselves.

agreement of these Islands from colonial administration and financial arrangements which have been reached regarding the Government as my advice. I wish to outline the following

Indian Ocean Islands for such defense needs of either of our two between our two governments concerning the availability of certain I have the honor to refer to the agreement concluded today

Handed draft to Financial Arrangements

British Indian Ocean Territory

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United Kingdom.

from the succeeding quarterly payment or payments made by the
United Kingdom of that quarterly payment otherwise due will be deducted
[£111,000]. The difference between the £19.9 million] and the
due for each current payment charge is less than £9.9
of £111,000]. At the next quarterly payment otherwise
proceeding charge will be imposed by the aforementioned amount
months by the United Kingdom into the Trust Fund for such outlays
charges. In consequence, the next payable quarterly pay-
charge will also be applied against such current proceedings
paid to date into the Trust Fund in respect of the R & D sur-
plus United Kingdom for the previous proceeding. The amounts
and Periods will be applied to meet current charges against
date, and amounts paid to date into the Trust Fund for overhead
respect of overhead and Periods will be postponed to a later
(united Kingdom against the United Kingdom obligation in
"Recallable".

(iii) the agreed charge for one of all United States
(horizontal "overhead") and

(ii) the agreed overhead costs of the United Kingdom

(T) the R & D surcharge;

- (£9.9 million] in respect of -

Article XI of the Sales Agreement the aggregate amount of
paid into the Trust Fund established pursuant to paragraph 2 of
(a) as of [1st September 1965] the United Kingdom has

bulletin is described in the following sub-paragraphs:

2. The procedure proposed for electing the agreed controller.

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(b) United Kingdom payments for overhead and facilities will be postponed until such time as the total of all payments in respect of the R & D surcharge, Overhead and Facilities which (4) have been made as of 1st September, 1965] and (4) which would have been made except for those arrangements, equals the agreed contribution. Thereafter, the United Kingdom will pay the entire amounts for Overhead and Facilities called for by paragraph 2 of the Classified Minute relating to Article XI of the Sales Agreement in equal quarterly installments beginning as of the last day of the then current quarter and ending as of 31st March, 1969.*

(c) When the cumulative amount of the R & D surcharge which would have been payable except for those arrangements equals the agreed contribution, the United Kingdom will commence payment in respect of the R & D surcharge at the rate specified in subparagraph 4.b of Article XI of the Sales Agreement.

I have the honor to request you to confirm the foregoing financial arrangements on behalf of the Government of the United Kingdom.

~~Note:~~ All items enclosed in brackets will be revised to reflect the dates and amounts relevant at the time of the signing of this Agreement.

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The following notes are intended to elucidate the effect of
articles proposed by the United Kingdom to the draft exchange of
articles on financial arrangements relating to the departments of
commerce and the central bank of the islands now comprising the
British Indian Ocean Territory, and to the terms and conditions
on which the Islands shall be entitled to the government of
the United States and the United Kingdom for defense purposes.

1. Use of Islands for Defense Purposes

Introducing Paragraph 9

For the sake of clarity it is desirable to distinguish
the Islands constituting the Chinese Archipelago and the British
Indian Ocean Islands incorporated in the British Indian Ocean Territory.
Reference has therefore been made in "The Valuable
of Aid and Protection and Defense". In the same paragraph the
proposal that the Islands should be available for defense pur-
poses stipulates the statement to this effect in main paragraph 2
which therefore been deleted from the intervening two paragraphs
See Main Paragraph 2

In accordance with British practice, in this paragraph
and throughout the instrument the word "shall" is used to state an
obligation arising from the agreement, rather than the word "will".
See Main Paragraph 2

It is proposed to incorporate in the introductory part of
this major paragraph the wording from paragraph 2(b) of the
United States draft, in order to make clear that all the following
provisions are intended to ensure that the defense activities
of the two governments in the territories are coordinated so as

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Early version.

Airgram A-28 (b)

In the United States direct reference is made to the con-
struction of "any defense facility". It is evident that the
construction of any facility, whether related to defense or
not, or not, would require to be constituted by the War Depart-
ment in view of the possible relationship to other existing
or planned facilities. Hence the addition of the word "defense".

In the United Kingdom receipt of this information is dictated
by rule between the need for the agreement in principle of both
Governments that there is a requirement for a new facility, and
the consequent agreement between their respective authorities on the
existing and technical features of the proposed new facility.

Amendment (a)

The purpose of the United Kingdom receipt of this sub-
paragraph relating to emergency circumstances is to distinguish
between the use in emergency of an island or part of an island
not directly in use for defense purposes, and the use of an island
as part of an island which was already being used for defense
purposes. The United Kingdom however, will not prevent the
early use of any of the Islands, unless to ensure that the Islands
are adequately protected and that, in defense considerations requiring
that this may or like should be disturbed, necessary steps can
be taken in advance by the United Kingdom authority to change
their policy. The recipient therefore calls for early notice
of any emergency requirements for the use of an island or part

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of an island not already being used and for which arrangements
before action is taken.

The use of this new approach is to ensure that any such
use (e.g. Diego Garcia) or any installation of a technological character
which is established later, may continue to be used by the United
Kingdom Government. Unless such a provision is inserted, the
Government might accept an obligation on the United Kingdom to
cease such installations if there were no need for them.
Such guarantees are example of a reference installation would
be a radio relay station established after consultation with the
United States Government.

2. Guarantees

No change or otherwise has been made to the United States
draft of the paragraph for the sake of clarity the Government
which may give their assent to the use by a third country
of United States or British-owned facilities and equipment
for purposes?

A blank remainder has been left to subparagraph (a). The
United Kingdom will prefer to retain the formulation that requires
living on the Islands are permanent inhabitants rather than
"belonging" or "resident" and the formulation referring to the use
of such islands for "commercial purposes" and the "commercial" being
of "local importance".

3. Amendments

The best form found convenient to set out in more detail is as
follows:

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which will be used by the public as their "checkbook." Until
such time as the public becomes accustomed to using it, the
new department of dependency. The result of this will be that
those little bits of paper will be more useful than the
gold which is fast to metal rings to some 1 milion citizens detailed

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the agreement to which reference is made leaves the position of the jurisdiction provision in the new Agreement uncertain.

11. For these reasons the United Kingdom prefers to incorporate detailed jurisdiction provisions in an annex. It is also convenient to include in this annex provisions relating to claims. A draft annex has been prepared covering these two subjects; it is based on the assumption that a United Kingdom civil administration will function in the Islands with the power to exercise local civil jurisdiction.

12. Paragraph 10

The purpose of this new paragraph, proposed by the United Kingdom, is to make provision for the possible use in exceptional circumstances by civil aircraft of airfields constructed on the Islands. The geographical position of the British Indian Ocean Territory could, in certain situations, give it particular value for civil aviation purposes. The civil aviation links of the United Kingdom with Australia, New Zealand and the South Pacific are exposed to interruption by forces beyond the United Kingdom's control. For example, if overflying and landing in the Indian sub-continent or Ceylon became no longer safe or practicable for temporary reasons, it might be a matter of great importance to the United Kingdom to have the opportunity to make use of an existing airfield in the British Indian Ocean Territory for technical stops. The same considerations might apply if established British air routes through East and Central or Southern Africa were temporarily closed. It is recognised however that the purpose of airfields constructed on the Islands constituting the

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British Indian Ocean Territory will be military and that the military use of such airfields must enjoy priority. It is also essential that if any provision exists for the use of these airfields for civil purposes, even in exceptional circumstances, no question should arise of the use of the airfields as of right by operators of countries other than the United Kingdom and United States. The paragraph has therefore been drafted in such a manner as to exclude the application of the Chicago Convention (on the ground that the airfields are not open to public use) and to ensure that before any use of the airfields is made, the authorities operating them are consulted. The purpose of this latter proviso is to ensure that the authority (whether British or United States) operating the airfields is given an opportunity to indicate that the use of the airfield at a particular time by civil aircraft would conflict with military requirements. The United Kingdom assumes that use of airfields by civil aircraft chartered by either Government for military purposes would be covered by the phrase in paragraph 6 "under service-level arrangements". There is thus no need for paragraph 10 to specify use by military charter aircraft.

15. Paragraph 11

The United States draft of this article proposes an initial period of validity of 50 years for the defense agreement with provision for extension by 20-year periods. The United Kingdom Government recognises the importance attached by the United States Government of a long initial period of validity of the Agreement and to the specific mention of a long renewal period. For presentational reasons, however, the United Kingdom Government

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of 11th October under an agreement of this kind is expected in the

In accordance with similar practice the conclusion of an

agreement between the two countries.

of this exchange of letters are largely formal in character.

15. The final Kingdom demand to the United States draft

~~All information contained herein is unclassified~~

to this effect in the Agreement.

purpose), and it is therefore desirable to include a provision

which states clearly to whom one of the two for defense

possesses some right of the United Kingdom or

back to him. Clearly it will be necessary to give the

two title to land on the Islands and shall have issued the land

instructions, the United Kingdom Government shall have purchased

accounts of the situation before all other, so as to the present

Agreement which, made by the United Kingdom, is intended to take

form, to namely stated. The second paragraph of the

agreement namely in the Islands and the most important of them

consisting of the modernization of the

The United Kingdom Government would like the Agreed terms,

~~All information contained~~

for this purpose.

that would be general for an account of the particular measure

other purposes for a longer period, the United Kingdom Government

period of 30 years. Should the United States continue to remain

in this position the United Kingdom shall provide for an initial

should another shorter initial period of validity. For

would prefer that the Agreed term is to be placed,

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from the United Kingdom will "cross all costs" rather than
have individual nations agree to assume all costs as "^a
its own responsibility" except ~~anything~~

"whichver is the less" rather than "whatever is the "less"^b"

17. Main Paragraph (a)

The phrase "it is agreed that *** be considered to be
subject to" was

18. Concluding statement

The exchange of letters on financial arrangements is to
arrive at between the two governments to be kept separate. It
should not therefore be couched in a form which would make it
readable under the United Nations Charter for such negotia-
tions would involve publications. It is therefore necessary that
the word "negotiations" should be avoided in the letter. For this
reason the concluding paragraphs has been drafted so as to fit
with a continuation of the financial arrangements by which there is
proposed that the arrangements should consist of an Inter-
governmental agreement to

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ORIGIN/ACTION

NEA-10

DEPARTMENT OF STATE

AIRGRAM

DEF 15 INDIA-US

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AGR	COM	FRB
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AmConsul Bombay
AmConsul Calcutta

FROM : AmConsul MADRAS

DATE: March 28, 1966

SUBJECT: Developments at Vishakhapatnam Naval Base

REF : CERP D

In a call March 15th on Commodore D. St. J. CAMERON, Commodore-In-Charge East Coast, ConGen officers hit a stone wall in efforts to discuss plans for a submarine base at VISHAKHAPATNAM. Cameron brusquely brushed aside several questions on the subject, stating that he had no information. He termed press stories on development of the base "speculative", and observed he thought submarine acquisition by the Indian Navy would "not be an occurrence in the near future."

In passing, a ConGen rep asked him about future calls of the aircraft carrier VIKRANT at Visak (Commodore Mody in Cochin two weeks ago had said he thought efforts would be made in future to keep the Vikrant on the East Coast more than in the past). Cameron said the Navy would like to bring the Vikrant into Visag, but he was worried about the sharp curve in the entrance channel and the relatively short turning basin.

By chance reps learned later the same day from the Harbor Master that a special meeting of Port Officials had been convened that afternoon at the request of the Navy to discuss problems associated with bringing the Vikrant into the Port. The Harbor Master, Mr. S. N. G. BAYANKER, stated he had come to Madras last year specially to watch the Vikrant be docked here. As a result of the problems which his Madras Port Colleagues had encountered in berthing her, he said he would recommend at the meeting that Visak Port not be open to the Vikrant.

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Bayanker noted in particular the narrowness and curve in the main channel just short of the turning basin which he thought would preclude safe passage for the carrier in anything but ideal conditions. He also said the overhang of the carrier maindeck and the multitude of gear bristling from the sides would make it difficult in the narrow channel for his tugs to make a safe pushing approach.

In a subsequent conversation with Port Chairman C. R. Reddy he confirmed that a decision was taken at the meeting to recommend to the Navy against use of Visak Port by the Vikrant for the reasons cited above.

Reddy also observed that the Port recently turned over to the Navy an additional 650 acres for "naval base development". He said the new 800 foot pier at the Navy Base would be completed by the end of 1966.

A large repair shop (approximately 300 feet by 250 feet) located contiguous to the new Navy pier has recently been completed and equipment is now being moved into it.



Albert B. Franklin
American Consul General

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