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G/PM

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MAY 1 1965

MEMORANDUM

TO : The Secretary
THROUGH: S/S
FROM : G - Llewellyn E. Thompson
SUBJECT: Indian Ocean Island Facilities

UK says \$1.7B
how to get it
J. Komer

1. The British Minister, Michael Stewart, handed me at 5:30 p.m. April 30 an Aide Memoire on this subject (attached as Tab A). The burden of this Aide Memoire is that Foreign Secretary Michael Stewart would hope to obtain from you, at least on a provisional basis, an indication whether the U.S. would contribute financially to the amount of money which HMG believes necessary to secure acceptance by the local governments in Mauritius and the Seychelles of the transfer of certain islands from local administration to administration by the UK for defense purposes. These islands are Diego Garcia and the Chagos Archipelago (under Mauritius administration) and Aldabra, Farquhar and Des Roches (under the Seychelles administration). HMG estimates the amount of money involved, which would also include compensation for the inhabitants and commercial interests displaced, to total as much as 10 million pounds (\$28 million).

2. I noted that it would be difficult to provide even a provisional answer to a question of this nature on such short notice, since you were departing for the SEATO meeting on the morning of May 2. However, I thought it might be possible to do the necessary staff work in time for your return to London for the NATO Ministerial meeting commencing May 11. This seemed satisfactory to the British Minister. I also thought the British should provide us with some more concrete indication at how they arrived at this 10 million pound figure.

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GROUP 3

Declassified at 12 year
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automatically declassified

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E.O. 13292, Sec. 3.4

State Dept. Guidelines

By JC NARA, Date 5-25-04

MAY 1 1965

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3. The agreed Memorandum of Understanding concerning the US/UK London discussions February 25-27, 1964 was approved by you March 5, 1964 and by DOD April 21, 1964. We were advised by the British Embassy that the British Cabinet (Conservative Party Government) on May 6, 1964 had approved these concepts. A pertinent provision of this agreed Memorandum is paragraph 12(a), which follows:

"12. The U.K. delegation agreed to recommend to the U.K. governmental authorities that they should:

(a) Consider favourably the possibility of the development by the U.S. of such facilities on U.K. island possessions as they may require on the following general principles:

(i) H.M.G. should be responsible for acquiring land, resettlement of population and compensation at H.M.G.'s expense.

(ii) U.S. Government should be responsible for all construction and maintenance costs.

(iii) U.S. Government would share these facilities, during development and subsequently with the U.K.

(iv) The two governments would consult as necessary about the establishment of any possible U.K. military facilities that might be required."

4. It should be noted, however, that the Aide Memoire handed me April 30 as regards the attitude of the present Labour Party Government, says that "Her Majesty's Government do not regard themselves as finally committed at this stage."

5. We will proceed as rapidly as possible within the Government to look into this question of a financial contribution. I think we must keep in mind our interest in

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persuading the British to remain in force East of Suez, which is a pertinent element in this matter.

RECOMMENDATION:

That you remind the Foreign Secretary of the provisions in the Memorandum of Understanding, by which HMG was to be responsible for acquiring land, resettling population, and providing compensation at HMG's expense, and note that the concept of a U.S. financial contribution raises considerable problems which are being examined. You might wish to express the hope that you would be able to provide preliminary views on your return to London later in May for the NATO Ministerial meeting.

Concurrence:

BNA - Mr. Neade
AFE - Mr. MacKnight
DOD/ISA - Mr. Brones

Copies: U - Mr. Ball
White House - Mr. Komer

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BCC: EUR - Mr. Davis
AF - Gov. Williams
UNP - Miss Brown
NEA - Mr. Lee