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Authority NND 959000  
By VAN NARA Date 1-17

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# OUTGOING TELEGRAM Department of State

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STATE-DEFENSE MESSAGE

REF: Embtel 2498

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1. Embassy should inform Fonoff that comprehensive review of Diego Garcia communication station project has now been completed. It has been determined that the requirement does not warrant construction of the facility. Embassy should also reconfirm to Fonoff that review affected only the particular project in question, which was reassessed in light of developments in communication satellite technique and the alternative uses for available defense construction funds. It does mean, however, that the USG has no foreseeable requirement for use of Diego Garcia which would necessitate evacuation of personnel during CY 1966. Parenthetically, this in no way diminishes our wish to proceed with conclusion of draft agreements forwarded separately December 15.

2. Apropos further British actions, we share their view that resettlement of population would be difficult to

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justify in advance of firm planning for either US or UK defense facilities on Diego Garcia (or any other location in British Indian Ocean Territory). To proceed with resettlement prematurely would appear to deprive area unnecessarily of the interim economic contribution of such islands. However, we see considerable advantage in early UK acquisition of private land titles if, as suggested by UK representatives in September talks, plantations could then be operated under contract. Seems to us that expropriations at later dates would increase likelihood attracting unwelcome attention to island projects, and possibly raise fresh political difficulties which could be avoided by taking action in connection current proceedings. Also, failure to acquire land soon seem leave private owners in uncertainty with respect potential improve-ment their properties, and to increase ultimate cost of acquisition by reason of alleged new investment in plantations, bargaining by owners based on urgency of need at time of purchase, or other factors. Finally, the costs of land acquisition have been understood between US and UK to be part of total <sup>"retention"</sup> ~~XXXXXXXXXXXX~~ cost on which US agreed contribution, would be based. The ~~XXXXXXXXXXXX~~ technique chosen for making this contribution, and the only one we see reasonably available to us for doing so, requires relatively early determination of

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the acquisition costs if they are to be covered by the proposed POLARIS R&D offset.

3. With respect press guidance, we note most recent position on this point is that no firm plans have been made by either government as to facilities, and that US communications station and UK fuel depot were possibilities being considered (Embtel 2084). Insofar as communications station concerned, we clarified for US diplomatic missions that project under review and not firm (para 3.A., Circular 868 of November 9). We would hope that previous public announcements would continue to suffice and that further elaboration in line with latest development would not become necessary. Particularly we wish to avoid impression that any negative third-party reaction to island project as whole was factor in decision on communications station. However, if a response to any follow-up inquiry on this station is required, we suggest using "after careful technical study of the need for this station in relation to other communications developments, the US authorities decided not to undertake construction of the facility at this time."

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CONTINUATION SHEET