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MEMORANDUM

TO: The Secretary  
THROUGH: S/S  
FROM: C/PM - Jeffrey C. Kitchen  
SUBJECT: Indian Ocean Islands

*Indean Ocean*

1. A State/DOO team met in London September 23-24 with representatives of the British Foreign Office, MOD, Colonial Office and Treasury. The objectives were to agree ad referendum on: 1) arrangements whereby the U.S. would provide up to \$14 million as the U.S. share for Indian Ocean Islands; 2) terms under which the U.S. would have access to these islands for military uses; and, 3) conditions governing operation of a U.S. tracking station now functioning in the Seychelles. A background memorandum is attached.

2. Following are highlights of developments:

A. The British Cabinet on September 24 decided they would "detach" (i.e. retain the designated islands under U.K. sovereignty and administration). Prime Minister Wilson presented this decision to the Prime Minister of Mauritius, who was in London for the Constitutional Conference on the future of Mauritius, on the basis of a package arrangement under which the British would make a substantial

financial

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financial contribution, Mauritius would be granted its independence within a year, and the U.K. would enter into defense arrangements with an independent Mauritius.

B. We reached agreement on modification of the US/UK Polaris Sales Agreement as a means of providing funds up to \$14 million to help offset "detachment" costs. U.S. participation in this regard is to remain classified.

C. Subject to clarification of some language, we obtained agreement on the Seychelles tracking station.

D. We reached substantial agreement on the terms and conditions for U.S. access to the Islands to be retained under UK sovereignty, but will have to negotiate further language to cover civil and criminal jurisdiction matters. We expect shortly to exchange language enabling agreement on these questions.

3. If an appropriate occasion should arise during the October 10-11 visit of Foreign Secretary Michael Stewart, we recommend you:

A. Express warm appreciation to Mr. Stewart for the British Cabinet decision to take action to retain these Indian Ocean Islands under British sovereignty and administration.

B. Note the friendly and cooperative atmosphere of the September 23-24 London discussions.

C. Hope we can be advised of the ways in which HMC regard the Indian Ocean Islands in relation to the on-going review of British defense responsibilities.

Attachment

Copies: U - Mr. Hall  
M - Mr. Mann  
C - Amb. Thompson  
EUR - Mr. Leddy

SPR - Mr. *Antkoff*  
AFI - Mr. *Hadach*  
BCC: AF - Mr. Fredericks  
FE - Mr. Bundy  
BNA - Mr. Judd  
DOD/ISA - Mr. Bronez  
AFE - Mr. MacKnight