

DECLASSIFIED
 Authority NND 959000
 By VAN NARA Cat. 11-17

Subj - Mem '64-66, 59/250/6/23/3-4
DX/638

DEPARTMENT OF STATE
 DEPUTY UNDERSECRETARY

G/PM

1012

OCT 8 1965

SECRET

MEMORANDUM

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

See p. 3 re NU

1. A State/DOD 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

SECRET

G/PM: H Meyers: ras: dga

DEF 15 IND-45 RE DEF 15 IND-4K

DECLASSIFIED
Authenticity NNO 959000
By VAN NARA Date 11-17

SECRET

- 2 -

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 HMG regard the Indian Ocean Islands in relation to the on-going review of British defense responsibilities.

Attachment

Copies: U - Mr. Ball

M - Mr. Mann

G - Amb. Thompson

EUR - Mr. Leddy

E/PM:HMeyers:ras:dga 10-1-65

DECLASSIFIED

Authority NND 959000
By VAN NARA Date 11-17CONFIDENTIALBACKGROUND MEMORANDUM

21

1. Following from negotiations undertaken at U.S. initiative in January, 1964, the British, in June 1965, agreed in principle to "detach" (i.e. retain under London's administration) certain Indian Ocean islands being administered locally from Mauritius (Chagos Archipelago) and the Seychelles (Aldabra, Farquhar and Ile des Roches). The British position was tempered by a desire to obtain some measure of agreement from the local authorities. Tentative soundings by U.K. authorities with key local officials indicated "enabling" costs might run as high as \$28 million, or approximately double the original British estimate. Subsequently, a high-level British approach was made seeking a U.S. contribution of about 50% of these costs. Secretary McNamara agreed the U.S. could share costs up to \$14 million through deductions from certain R&D payments due the U.S. under the Polaris Sales Agreement. In addition, Mr. McNamara agreed that, should the British have an early requirement for an air-staging facility on Aldabra, we would consider paying some construction costs in return for joint usage rights. Our only firm requirement during the negotiating period was for a communications relay station on Diego Garcia, but this is now being re-examined because recent developments in

DEF 15 IN D-45 XR 158 15 1000-18

DECLASSIFIED
Authority NND 959000
By VAN NARA Date 11-17

CONFIDENTIAL

-2-

communications satellites indicate the requirement might be more economically met by this means. This does not diminish our long term interest in the availability of the islands, nor the necessity for the British to move now politically.

2. A joint State/DOD team met in London with the British September 23-24 to move ahead on these pending issues. The meetings were very successful; major developments are as follows:

A. The British agreed ad referendum, with very minor changes, to our proposals by which the US/UK Polaris Sales Agreement would be modified to enable funds to be furnished to meet "detachment" costs, up to \$14 million.

B. The British representatives will support a detailed agreement which the U.S. side presented, designed to regularize the terms and conditions under which we have been operating for three years the tracking and telemetry station on the island of Mahe in the Seychelles. This had been delayed because of British insistence on considering the tracking station arrangements in connection with the "detachment" issue, largely because the Seychellois have been trying to extract maximum economic benefits from the presence of this installation on their soil. In effect, U.K. representatives agreed the Seychellois could no longer hold up agreement, in view of the US contribution

DECLASSIFIED

Authority NND 959000
By VAN NARA Cat. 11-17CONFIDENTIAL

-3-

to over-all costs. The U.S. will provide certain clarifications and more precise definitions, but the text we presented was substantially agreed.

C. The most protracted discussion revolved around terms under which the U.S. would have access to all of the islands which would be retained under U.K. sovereignty and administration. British attitudes have clearly hinged upon two major decision areas: (1) their still-incomplete defense review, and the role envisaged for Indian Ocean islands for British defense requirements East of Suez; (2) whether Mauritius would be granted its independence at an early date. It is pertinent to note that Mauritian political leaders initially preferred to retain the Chagos Archipelago (including Diego Garcia) and to make it available to the U.S. immigration quota and a huge U.S. sugar quota of 300-400,000 tons a year. On September 24, as a result of Foreign Office and MOD efforts, Prime Minister Wilson saw the Mauritian Prime Minister and told him that the Chagos Archipelago must be retained by the U.K. for defense purposes, as part of the arrangements enabling independence for Mauritius within a year which the British announced the following day. It is clearly a package arrangement, in which the Mauritians agreed to British retention of

DECLASSIFIED

Authority NND 959000
By VAN NARA Cat. 11-17CONFIDENTIAL

-4-

the distant Chagos Archipelago in return for independence, a substantial financial contribution, and a defense link with the U.K. While the leader of the second largest Mauritian party did not want to accept the concept of independence, he had no difficulty with the British retaining the Chagos.

The U.S. and the U.K. sides did not reach definitive agreement on the terms under which the U.S. would have access to all of the Indian Ocean islands involved, largely due to the complexities of settling the question of interim civil and criminal jurisdiction. Although jurisdictional concepts suggested by the U.S. envisaged a situation in which all local populace had been removed and only U.S. or British personnel were present, in fact there may be a variety of interim situations during which construction may be going on (using perhaps some local personnel), or land-purchase negotiations might not be completed and hence some local inhabitants still present. Some difficulties arose because the Colonial Office has not itself settled on the nature of the administration envisaged for the islands on which there would not be early construction of defense facilities. It was agreed both sides would exchange information and seek quickly to settle on language to complete this agreement.

DECLASSIFIED

Authority NNO 959000
By VAN NARA Date 11-17CONFIDENTIAL

-5-

Although retention of specific islands under British sovereignty is now firmly agreed, Orders in Council will be issued only after agreement with the Seychelles on the tracking station and settlement for islands retained. U.S. facilities may be constructed any time after that event. However, the British may well await word from the U.S. as to results of the review of the communications station requirement on Chagos, which was ordered by Mr. McNamara at the end of August. In addition, we will probably have to assure ourselves that the Colonial Office does not allow negotiations with local landowners (most of whom are equally members of the local administrations) to delay the Orders in Council providing for retaining the Chagos Archipelago.

From their initial soundings, the British anticipate little difficulty in retaining the three islands of the Seychelles. They expect the private landowners to be somewhat troublesome, in a financial sense, but they are prepared to pursue this shortly and in a vigorous manner. The outlook, overall, is very favorable now that the pattern has been set with the Mauritians.

G/PM : H Meyers: ras: dga