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September 8, 1964

MEMORANDUM TO: G - Ambassador Thompson

FROM: G/PM - Jeffrey C. Kitchen

SUBJECT: Indian Ocean Island Bases--Operation Sea Orbit and Exercise with Royal Navy Forces

Attached is a report prepared by Captain Miller, USN, an Exchange Officer in VE, giving details of the exercise conducted by the Nuclear Task Force "Sea Orbit" with the Royal Navy and the circumstances leading to conduct of that exercise.

For a number of weeks I have been observing British leakage of the Indian Island base story. I had thought it understandable the UK Government might choose gradually to familiarize leadership in the newly independent Commonwealth countries regarding the island base project by generalized stories planted in the Economist, which has high prestige among Asian-African intellectuals and leaders. I was, however, puzzled that the British Embassy in Washington was almost insistent on joining us in conversations with the Washington Post even after we succeeded in getting the agreement of Al Friendly not to run the story when it originally was reported from London. The Embassy maneuvered itself into contact both with the Post and with several newspapermen (including Leacacos, Cleveland Plain Dealer) whom they alleged had "bits and pieces" of the story. For awhile I thought this could be accounted for by a British desire to maximize the value of their contribution in making islands available for joint use with a view to sticking us with higher financial contributions when it came to actual development of facilities.

When the story broke open Friday, August 28, Estabrook (Post reporter in London) insisted on reconsideration by Friendly on the grounds that the "Economist Foreign Report" section had the story out "in its entirety." You have seen

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the "Economist Foreign Report" version, but I am attaching it again for your possible review. The emphasis is on associating the U.S., through our interest in the Indian Ocean area, with the immediate British obligation to defend Malaysia against Indonesia, although there also is a secondary emphasis on the financial implications.

I am now of the opinion that the British wanted the Indian Ocean bases story to break in the American press, including the Washington Post, and that their leakage all along has been directed toward emphasizing a "togetherness" focused on Malaysia. The American suggestion for a joint US-UK task force exercise, forwarded through direct Naval channels when the American task force Commander reportedly understood the British naval force to be in western Australian waters, was a windfall which the British were quick to capitalize on and fitted nicely into their growing inclination (especially since our Tonkin strike) to challenge the Indonesians, sooner rather than later. All of this was underway prior to the most recent Indonesian parachute drop. The fact that the "exercise" was very one-sided (American air activity only) and that the U.S. and UK ships were never closer than 159 miles does not detract from the political impression the British were seeking to implant.

We now have word that a second force may be in the vicinity of the Sunda Strait. In any case, the British are scheduled to make a northward passage through the Strait September 12 if not before.

I am not as concerned as FE appears to be about the actual transiting of Sunda by the British, nor do I think we should take a position which will inhibit their passage back through the Straits. During the ANZUS meeting the Secretary made clear our intention to maintain freedom of passage, and I am confident his remarks were received by the British in toto. We do have a great stake in freedom of passage and, while I do not agree with ~~current~~ CINCPAC's recommendation for "close coordination" with the UK and Australia on their next move, I do not think we should get in a position of officially requesting them to desist.

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The matter will become provocative really only if the Indonesians choose to make it so.

However, I am deeply concerned that the British have chosen, and apparently did so some weeks ago, to overlook the long-range values of our Indian Ocean Island project in favor of their shorter range problem in confronting Indonesia. I think this is yet another instance of the British concentrating on the present and could gravely jeopardize our long-range interests.

I note that you are scheduled to have dinner with Denis Greenhill Tuesday evening. It might be useful to suggest to Denis that we have noted the trend and are somewhat concerned that a short-range approach could seriously jeopardize our mutual stake in obtaining facilities which we would hope to utilize for a long time to come.

cc: FE - Mr. Bundy
NEA - Mr. Talbot
INR - Mr. Hughes
S/S - Mr. Read

bcc: Mr. Komer

G/PM: JCKitchen: ew

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