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FOLLOWING IS UNCLEARED NOFORN MEMCON SUBJECT REVIEW
OF BALL-STEWART DISCUSSION ON (A) INDIAN OCEAN ISLAND
FACILITIES, (B) SAFEGUARDS FOR INDIA, AND (C) OBERON
SUBMARINE FOR INDIA.

1. INDIAN OCEAN ISLANDS - DURING CONVERSATION ON NATO
MATTERS BETWEEN UNDERSEC AND UK FOMIN STEWART, LATTER
REMARKED HE HAD BEEN DISTRESSED BY WASHINGTON POST WEEKEND
STORY, INCLUDING SPECIFIC FIGURES FOR DETACHMENT COSTS. HE
NOTED THAT THESE COSTS WERE HIGHER THAN ORIGINALLY ENVISAGED
BY UK BUT SAID THEY WERE ACCURATE IN LIGHT OF FACTS AS THEY
NOW FOUND THEM. UNDERSEC REMARKED THAT IT WAS OUR VIEW THAT
WE PAY FACILITIES COSTS ONLY. WE HAD NO FUNDS TO MEET
DETACHMENT EXPENSES.

STEWART WONDERED WHETHER WE WANTED UK TO TALK WITH
ISLAND GOVERNMENTS. UNDERSEC SAID WE THOUGHT IT IMPORTANT
TO GET ON WITH MATTER. STEWART SAID THEY WERE NOT ANXIOUS
TO UNDERTAKE SUCH TALKS WITHOUT BEING SURE THEY COULD MEET
THE COST PROBLEM. UNDERSEC SAID WE HAD NOT TAKEN DECISION
ON MATTER BUT UK SHOULD KNOW IT CREATED CONSIDERABLE
PROBLEM FOR US. PECK, ALSO PRESENT FOR BRITS, RE-EMPHASIZED
THAT UK COULD NOT APPROACH SEYCHELLES AND MAURITIUS GOVERNMENTS
UNTIL WE KNEW WHAT "BRIBES" WE COULD GIVE THEM. UNDERSEC
SAID HE WOULD LOOK INTO MATTER FURTHER ON HIS RETURN WASHINGTON.

DISCUSSION TURNED TO QUESTION OF OVER ALL COST SHARING,
WITH UNDERSEC REMARKING THAT AMERICANS HAD NOT EXPECTED TO
PAY ENTIRE COST. STEWART HAD NO DEFINITE ANSWER TO QUESTION
OF PRECISELY HOW COSTS WOULD BE SHARED. PECK URGED THAT US
AGREE TO EARLY US/UK DISCUSSIONS IN LONDON BETWEEN DEFENSE
REPS, TO DETERMINE WHETHER THERE WAS ANY BASIS FOR SHARING
THE TEN MILLION POUNDS DETACHMENT COSTS. UNDERSEC AGREED TO
RAISE THIS IN WASHINGTON.

2. SAFEGUARDS TO INDIA AGAINST NUCLEAR ATTACK - STEWART
POINTED OUT UK HAD GIVEN US PAPER ON THIS SUBJECT. UNDERSEC

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E.O. 12958, Sec. 3.6

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-2- SECUN 8 MAY 11 FROM LONDON

SAID OUR RESPONSE WOULD BE READY IN A WEEK OR SO. WE HAD MAJOR PROBLEMS WITH IDEA, BUT WE RECOGNIZED ITS URGENCY, ESPECIALLY SINCE THERE WAS STRONG POSSIBILITY OF ANOTHER CHICOM NUCLEAR EXPLOSION.

3. OBERON SUBMARINE FOR INDIA - UNDERSEC ASKED STEWART ABOUT THIS MATTER. PECK SAID LATEST UK POSITION WAS TO GIVE NOTHING TO EITHER SIDE AS LONG AS RANN OF KUTCH SITUATION REMAINED TENSE. STEWART SAID THAT MAIN ARGUMENT FOR PROVIDING INDIA WITH SUB HAD BEEN THAT IT WOULD OTHERWISE GET ONE FROM USSR. THIS WOULD PUT RUSSIANS IN THE INDIAN OCEAN AND GRADUALLY INCREASE SOVIET INFLUENCE IN INDIAN NAVY. PROBLEM WAS UK WAS AFRAID INDIANS WOULD CONTINUE TO ASK FOR MORE. GORE-BOOTH, ALSO PRESENT, HOWEVER THOUGHT IT MIGHT BE POSSIBLE TO CALL A HALT AFTER OBERON.

STEWART REMARKED THAT INDIANS WOULD NOT REALLY NEED SUB FOR DEFENSE. IT WAS IN NO SENSE RELATED TO THREAT OF INDIA FROM CHINA. UNDERSEC SAID BASIS US MILITARY AID TO INDIA WAS CHINESE THREAT AND THAT IT DIFFICULT TO PROVIDE AID ON ANY OTHER BASIS. IT WAS AGREED MATTER WOULD BE RE-EXAMINED AFTER RANN OF KUTCH SITUATION SETTLED DOWN.

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BALL

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