LSG: NSF, Name File, Bx 6, Kome Memis, Vol 2E1) V 2 Dear Mr. Dundy 55

SECRET

MEMORANDUM FOR BUNDY & BATOR

January 26, 1966

The big remaining issue on the UK defense review seems to be the extent of future British presence in the Suez-Singapore area. I won't argue the minor aspects (e.g. evacuation of Aden, Africa, etc.). But it seems to me that our larger response must be based on the fact that, viewed globally, the one area where the US itself is militarily weakest is the Indian Ocean area. An even greater vacuum here 1968-75, because of gradual drawdown of the modest UK presence, is wo rrisome.

Despite our natural current focus on Southeast Asia and Indonesia, it's essential to look ahead and anticipate many new problems over the next decade in Burma, South Asia, Iran, Arabian Peninsula, and East Africa. Though we are increasingly able to deploy US forces there quickly, the Indian Ocean is the area farthest from the US. Moreover, we have to worry not only about the actual threats in this vast area but a likely decline of confidence in western support on the part of Indians, Paks, Burmese, Persians, etc., if the UK withdraws further.

So I see real advantage in attempting to keep a mobile UK carrier force in the Indian Ocean, whether based in Singapore or Australia. Even one carrier would have real flexibility to meet situations throughout the area (conventional even more than nuclear). If the UK doesn't maintain at least a carrier on station, I predict that the pressures on us to set up an Indian Ocean squadron will increase. No matter how we slice the pie, it would be far more expensive if we had to fill the power vacuum in the Indian Ocean area than to keep the UK there.

This leads to the question of what we could offer in order to encourage HMG to maintain such a force. For example, need we charge such a high price for selling secondhand carriers? Even giving them to the British under ship loan or some such device would be cheaper than maintaining US carrier task force in the Indian Ocean. A US contribution to Indian Ocean island bases or to the Australia base project might also seem sensible in this connection.

In sum, my basic point is that looking ahead for the ten years 1966-75 someone (either the US or UK) is likely to have to maintain some flexible sea/air power in the Indian Ocean. It would be far cheaper to subsidize HMG than to wake up a few years from now to find that we must substitute for the power vacuum its drawdown of forces creates.

DECLASSIFIED

E.O. 12958, Sec. 3.5

NSC Memo, 1/30/95, State Dept. Guidelines

By ND , NARA, Datdo - 21-50

GRONDE ...

RWK