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IMMEDIATE COMMONWEALTH OFFICE TO SEYCHELLES

TELEGRAM NO. BIOT 63 9 October, 1968

(QC.10/1)

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My telegram BIOT 60: Diego Garcia.

In view of difficulties over Agalega and our concern to put H.M.G. in as good a position as possible before American plans become known, we feel that balance of advantage now will be in moving most or all of the Diego Garcia Ilois to Peros Banhos and Salomon by Nordvaer in November. Grateful for your early comments on this. Would it be possible to carry this through without disclosing to Moulinie any confidential reasons for our doing so or for our choosing the Ilois in particular? Our hope would be that this could be handled without publicity as a commercial move and without starting a rumour that Diego Garcia is being run down for defence purposes. We appreciate of course that this transfer would prove pointless if Americans did not proceed with their plans; and that in any event it would lead to at least temporary labour shortage in Diego Garcia. But we do not know the significance of this from point of view of Moulinie's operations in next few months.

2. If you agree with our thinking but judge that something will have to be said to Moulinie, grateful for any suggestions you can offer. (We should of course have to consult all concerned here before any reason other than commercial was conveyed to Moulinie.)

3. It still remains possible that Americans will urge us to clear the whole of Chagos - which despite the difficulties would basically improve our long term position in the U.N. on the population question. But we can if necessary make use of information in paragraph 2 of your BIOT/SD/33 and in any case our first concern must we think be to take any opportunity to solve or reduce the problem of the Ilois on Diego Garcia before disclosure of American plans brings question of resettlement under international spotlight.

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P.I.O.D.

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