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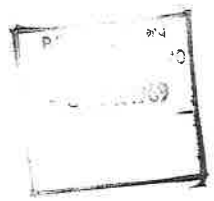
Mar/Apr. 1966?

SECRET

Mr. Johnstone

(16)

B.I.O.T.



We spoke about the drafts circulated with your minute of 24 March and I mentioned an additional point which has just come to my notice and which should be taken into account in the submission. The point is that in concentrating our attention on the problems of resettlement of the Mauritian at present in the Chagos Archipelago we have treated too lightly the possibility of a substantial claim by the Government of Seychelles for resettlement of the Seychellois labour which will be displaced from the Chagos Archipelago. This omission has been brought to my notice by public discussion of BIOT in Seychelles in the last few weeks. Resettlement does not seem to have been mentioned so far in this public discussion, but there has been quite a bit of talk about compensation.

2. When the Diego Garcia project becomes known it seems to me that Ministers should be able to defend without much difficulty our overall treatment of Seychelles interests - a figure of over £5 million for the airport is a pretty big talking point. But at a lower level it now seems to me that we may be asked for money to resettle some or all of the Seychellois labourers who will be displaced from Chagos. Although both Sir Hugh Norman-Walker and Mr. Todd took the view during our discussions in February that it should be possible to dispose of the Seychellois labourers from Chagos without paying more than severance pay, I now think that this should be the object of our policy, though we may have some difficulty in achieving that solution. (I naturally agree that we should do everything possible to achieve it.)
3. If you wish we can show you the papers which we have now traced on discussions with the Seychelles Executive Council in 1965 on the subject of resettlement. Very briefly the basic point is that the U.K. Government undertook to meet the cost of resettlement of displaced labour. In confidential discussion in Seychelles Executive Council Elected Members took the view that transfer of labour displaced from Diego Garcia to Seychelles outer islands or Agalaga would be the most satisfactory course, thus avoiding adding to the unemployed population in Mahé. There is a reference in the papers (Seychelles telegram No. 208 of 27 July, 1965) to the suggestion that resettlement costs "shipping apart ... should not exceed £100,000 for Diego Garcia".
4. Of course the position has changed a lot since 1965 and my hope would be that with luck and good management we shall be able to avoid spending such money on resettlement of Seychellois labour. However it is I think now clear that the existing draft Annex A to the draft minute to the Prime Minister

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