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July 30, 1985

SYSTEM II
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National Security Study
Directive 7-85

U.S. Policy Toward the Southwest Indian Ocean (U)

Introduction

The President has directed a review of United States policy toward the Southwest Indian Ocean (SWIO). (U)

The SWIO includes four island governments (Madagascar, Seychelles, Comoros, Mauritius), a French Island Department (Reunion), and the African littoral countries of Kenya, Tanzania, and Mozambique. (U)

There has never been a comprehensive, inter-agency review of the SWIO, U.S. interests and objectives there, heightened Soviet activity, and implications for U.S. policy. Though strategic interest of both the U.S. and the Soviet Union in the SWIO is modest, it is an important region as a zone of transit for commerce and military purposes and contingencies, and because of its mineral resources. In the past few years there has been a moderate increase of Soviet activity in the region, primarily in its willingness to provide military equipment and training to local armed forces and security services in an attempt to gain greater political leverage and influence in some countries. (U)

Despite these increased Soviet efforts, however, there is evidence of growing opportunities for the U.S. in effectively countering Soviet programs and to build upon relations with SWIO states. Most, if not all, SWIO leaders are disappointed in the economic aid provided by the Soviets. Some are also dissatisfied with Soviet military assistance. Despite this uneven Soviet performance, however, in some cases low-cost Soviet military and/or security assistance may have unduly influenced the political decisions of local leaders, thereby offsetting our advantages gained by aid and trade. (U)

The essential questions to study are whether present U.S. policies are broad or flexible enough to exploit these opportunities, if modest increases in various forms of U.S. assistance are called for and consistent with U.S. goals and interests, or whether present U.S. policies and resource mix for the region are appropriate. (U)

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Objectives of the Study

The study should examine the region, the changes that have taken place in the last decade, and project the likely course of developments over the next decade. The study should identify U.S. interests and objectives in the SWIO, review present U.S. policies and available resources, and consider appropriate U.S. policy changes along with resource requirements and constraints. It should also consider external factors affecting U.S. interests. The fundamental purpose of this study is to recommend what, if any, U.S. policy changes should be made in light of U.S. interests now and in the future, and the likely developments in the region. To the extent possible, U.S. policies should be considered in a regional, and not bilateral, context.

(K)

Scope of the Study

The study should consider, but not necessarily be limited to:

- The strategic importance of the region to the U.S.
- Increased Soviet efforts to penetrate the region; importance of Soviet and Soviet proxy (e.g., North Korean) security assistance.
- The political stability of the various countries and secure sea lines of communication through the region.
- Interests and influence of other powers in the region (e.g., France, U.K., India, South Africa, Australia, Japan).
- Economic prospects, including trade and development
- Prospects for mineral exploration and development.
- Review of current U.S. policy and options for changes.

More detailed terms of reference are attached. (K)

Implementation

The study should be prepared by an ad hoc Inter-agency Group for the SWIO, chaired by the Department of State. It should be scheduled to begin by September 1, 1985, and forwarded as a National Security Decision Directive to the Assistant to the President for National Security Affairs, by September 30, 1985.

(K)

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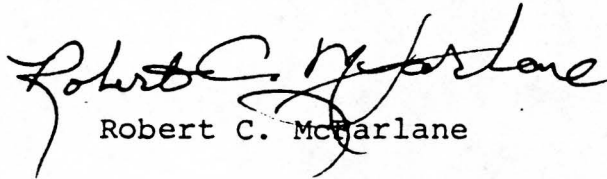
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The Defense and Intelligence contributions to this study should be classified SECRET and will be treated as separate annexes. (C)

FOR THE PRESIDENT:


Robert C. McFarlane

Attachment
Terms of Reference

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TERMS OF REFERENCE

Policy Review on Southwest Indian Ocean

1. Scope of study

- Mauritius, Seychelles, Comoros, Madagascar, and as appropriate, Reunion, and adjacent keyports, airfields, and communications facilities in Kenya, Tanzania, Mozambique and the Indian Ocean.
 - Political System/orientation/internal stability
 - External relations of Indian Ocean states
 - Economy
 - Military/security forces
 - Ports and airfields
 - Foreign technicians/advisors

2. Analysis of U.S. strategic interests in the SWIO

- Military requirements/access
- Political interests (bilateral and multilateral diplomacy)
- Economic resources
 - Trade
 - Strategic minerals and energy resources
- Sea lines of communication
- Tracking station on Seychelles
- Official transfers (DA, ESF, MAP/FMS, PL-480)

3. Soviet interests and transfers

- Intelligence collection
- Commercial/fishing
- Subversion
- Military access
- Impact on U.S. strategic interests

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- Official aid transfers
- 4. Importance of region to other key countries, e.g., U.K., France, Australia, India, Japan, South Africa.
 - Level of involvement of each
 - Is the level of cooperation and consultation satisfactory?
- 5. Cooperation amongst countries in the region/historical factors
- 6. Review of current U.S. policy
- 7. Options for U.S. strategy in short, medium, and long term
 - IMET
 - ESF
 - PL-480
 - Ship visits
 - Aircraft access
 - Pre-positioned stocks/POL
 - Disaster relief
 - Countering Soviet influence/interests
- 8. Review of our bilateral programs and evaluation of how they contribute to U.S. policy objectives.
- 9. Recommendations

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