1. SUMMARY: Senior Maldivian officials are disturbed over status of employees and facilities at former RAF staging facility on Gan Island which have become their problem with final British withdrawal March 31. Hopes that British would provide money to maintain operation have not been realized nor do prospects of converting Gan into tourist complex appear good. President Nasir GOM cannot maintain burden over time and Vice President Maniku noted that Soviet Union had expressed interest in Gan, presumably for military purposes. Neither Nasir nor Maniku
But possibility that ruled/such use might be granted. We are not certain GOM would in fact come to agreement with Soviets but we recommend Washington examine how Soviet military use of Gan might affect U.S. interests.

END SUMMARY.

2. During Ambassador Van Hollen's April 14-15 farewell visit to Maldives, discussions with senior Maldivians brought out deep concern over problems arising from March 31 final British withdrawal from RAF Gan. At start of Ambassador's call on President Nasir, President raised Gan noting that although other economic prospects for his country had improved, Gan had become difficult problem. He said GOM had to maintain work force of 140 men merely to keep facilities in working order with no return to Maldivians. Nasir mentioned possibility that Gan might be turned into tourist complex but then noted that business would be seasonal, would require large annual investment for limited returns during tourist months and he doubted whether charter tour operators would be willing to cover yearly costs. Only solution, according to Nasir, was to work out some type of agreement either with commercial organizations or with some other country. In reply to Ambassador's direct query whether agreements would be in tourist context rather than military use, President was
non-committal and did not rule out third country use for military purposes.

3. Subject of Gan arose again during call on Vice President Ali Maniku who has been carrying on negotiations with British regarding Gan withdrawal. Maniku stated problem in these terms: although British had left assets on Gan in form of facilities and equipment worth over 11 million pounds, GOM will have to spend 46,000 pounds per year to maintain facilities in running order, cost which GOM cannot sustain over time. Talks have been held with various groups with view to developing Gan as tourist complex, but nothing concrete has come out of them. Present Maniku insisted that situation could not continue although Maldivians would prefer not to have to turn to any major power to solve Gan problem. However, to maintain Gan at no cost to GOM, and employment found some way must be found for trained labor from RAF Gan who were now out of work and who had been used to higher British salaries. Maniku implied British had left workers in lurch and he made it clear that GOM no longer considers defence treaty with HMG valid.

4. When asked by Ambassador whether Gan's use for other than for tourist purposes would be contemplated, Maniku said GOM would have to solve
problem in whatever way was open to it and if British/Americans refused to accept responsibility for maintaining Gan, and if no group was interested in developing Gan as tourist complex, then GOM would have whomever to turn to who might help. He said Soviets had expressed interest in Gan but did not go into details necessarily. When Ambassador suggested Indians might not be pleased with Soviet use, Maniku reiterated that Soviets had shown interest and suggested that Indians, who he pictured as being heavily under Soviet influence, might be planning some sort of joint use with Soviets.

5. COMMENT: Problem of what to do with Gan is obviously weighing heavily on minds of many senior Maldivians. It is difficult to judge whether they would, in fact, turn Gan over to Russians, although neither President Nasir nor Vice President Maniku would rule out this possibility. In view Maldivian or requirement that programs or projects should pay their own way, GOM might well be tempted to enter arrangement with Soviets, Indians or others for military use of Gan facilities if it felt price was right. We recommend that

5. Action Recommended: Washington agencies promptly take another close look at Gan and consider (A) degree to which its use by unfriendly power would adversely affect U.S. interests,
particularly with reference to its proximity to Diego Garcia and U.S. objectives in Indian Ocean and (B) alternatives for U.S. policy.

VAN HOLLEN