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Chagos Islands Transfer Projected to Cost Nearly £35 Billion, Official Figures Show

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The United Kingdom's agreement to transfer sovereignty of the Chagos Islands to Mauritius is now estimated to cost almost £35 billion, around ten times higher than the figure publicly stated by government officials. The estimate, disclosed under the Freedom of Information (FOI) Act, has raised serious questions over transparency in reporting the deal's long-term financial implications.

The Chagos Islands, forming part of the British Indian Ocean Territory (BIOT), are an archipelago situated in the Indian Ocean, approximately halfway between Africa and

Indonesia. Their strategic location has made them a vital asset for both the United Kingdom (UK) and the United States (US), particularly due to the presence of Diego Garcia, a large atoll that has hosted a joint military base since the early 1970s. The base has been a crucial hub for naval and air operations, serving as a staging ground for missions across the Middle East and Asia.

Under the terms of the agreement, the UK will relinquish sovereignty over the islands to Mauritius while continuing to lease Diego Garcia for defence purposes. While officials initially claimed that the deal would cost £3.4 billion over 99 years after accounting for inflation and other financial adjustments, documents from the Government Actuary's Department indicate a much higher nominal cost of £34.7 billion. This figure was later reduced using accounting methodologies such as the Treasury's Social Time Preference Rate, a tool for assessing the present value of long-term spending commitments.

Critics argue that the official £3.4 billion figure fails to convey the true economic burden of the arrangement. They maintain that the difference between the public statement and the internal estimate represents a significant gap in financial transparency. Dame Priti Patel, the Shadow Foreign Secretary, told *The Daily Telegraph* that the government had “used an accountancy trick” to downplay the cost and called for a formal correction and apology in the House of Commons.

The BIOT has been a point of legal and diplomatic contention for decades. Mauritius has long claimed sovereignty over the territory, and in 2019, the International Court of Justice (ICJ) issued an advisory opinion stating that the UK should end its administration of the islands. While not legally binding, the opinion intensified international pressure for a resolution.

Beyond financial considerations, the agreement has strategic implications. Diego Garcia's unique location enables rapid deployment of forces to critical regions, including the Gulf, East Africa, and South Asia. Military analysts warn that any shift in sovereignty, even with a continued lease, could introduce operational uncertainties. Ensuring uninterrupted access and security will remain a priority for both the UK and US armed forces.

With the cost now publicly estimated at nearly £35 billion, the debate over the Chagos Islands transfer is likely to continue. Supporters of the deal argue it fulfils international obligations and addresses a longstanding dispute, while opponents question the scale of

the financial commitment and the wisdom of relinquishing direct control over such a strategically significant territory.