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SUBJECT ce Hastes

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF MAURITIUS AT 1515 HOURS ON MONDAY, 11 OCTOBER, 1982 AT NO. 10 DOWNING STREET.

PRESENT

Prime Minister
Mr. Squire
Mr. Coles

Mr. Jugnauth
Mr. Bacha
Mr. Joypaul

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The Prime Minister observed that Mr. Jugnauth had, like she herself, studied at Lincolns Inn and been called to the Bar in 1954. She offered congratulations on his success in the recent Elections. Mr. Jugnauth recalled his last meeting with Mrs. Thatcher in 1977 when they were both in Opposition.

The Prime Minister enquired about the situation in Mauritius. Mr. Jugnauth said that his Government faced awkward problems because it was difficult to satisfy expectations aroused by his election victory. The two main problems were the shortage of foreign exchange and unemployment. Inflation had exceeded 30% owing to two devaluations, but was now down to 14% and, he hoped, would decrease further. The Government was trying to balance its economic programmes but the measures he was obliged to take were making him unpopular.

there had been a change of

This was the first time / government in Mauritius. Much propaganda had been directed against ^{government} his / but they were committed to democracy. The constitution had been amended to provide that elections could be postponed only after a two-thirds majority had supported the proposition in a referendum and Parliament unanimously confirmed it. By-elections, which had been abolished in 1969, had been reintroduced. The long campaign leading to the last elections had been bad for foreign investment and for local confidence. Unemployment had risen and foreign debt was very high. Oil imports placed a particular burden on the balance of payments.

/He wished

CONFIDENTIAL

CONFIDENTIAL

- 2 -

He wished to appeal to the Prime Minister that the United Kingdom should maintain its support for the sugar regime contained in the Lomé Convention. The Prime Minister noted that at least 80% of the sugar-cane exported by Mauritius came to the United Kingdom. Mr. Joypaul observed that these exports also resulted in the provision of jobs in the United Kingdom. The link thus made for a happy partnership. Mr. Squire commented that it would be easier to maintain support for this trade if we could point to opportunities available in Mauritius to our industry, in particular in the form of contracts.

Mr. Jugnauth said that his Government was already providing incentives for foreign investors, particularly in the field of tourism. He was trying to diversify agriculture and reduce agricultural imports. He very much hoped that he would have British support, as in the past, at next year's meeting of the consultative group/aid donors. In the past, we had provided a loan of £1 million for structural adjustment in support of an IMF programme. He hoped we would double this sum next time. Mr. Squire pointed out that, while we tried to give priority to countries which follow IMF programmes, there was very little leeway in our aid budget.

The Prime Minister asked whether Mauritius was in fact able to use the aid money it received. Mr. Jugnauth recalled that we had made £5 million available under the UK/Mauritius No. VI Loan. His government now wish to negotiate a seventh loan and hoped we would consider lending £6 million this time. This could benefit UK industry, in particular with regard to such projects as the one for the extension of the airport. The Prime Minister said that she knew Plessey were interested in the airport extension project. Mr. Squire said that they had recently been informed that they had no chance. Should Plessey in fact send a team out to Mauritius? Mr. Jugnauth promised to provide an answer on this point.

Mr. Jugnauth then said that the relationship between Britain and Mauritius was of long standing. He wished to preserve it. There was only one thorn in our relationship, namely Diego Garcia.

CONFIDENTIAL /The Prime Minister

CONFIDENTIAL

- 3 -

The Prime Minister said that it would be best to set that matter aside. The fact was that we had sovereignty in Diego Garcia. It was vital for the defence of the Indian Ocean. She had hoped that the financial arrangements meant this question could be set aside for a considerable time. She had noted the tendency of some to condemn colonialism in order to become new imperial powers themselves.

Mr. Jugnauth said that there was a feeling that the UK was losing interest in Mauritius. The closing of the British Council had been particularly regrettable. The Prime Minister said that the fact that we took 80% of the sugar exports of Mauritius showed clearly that we were not losing interest. We could fill the quota over and over again from African and Caribbean suppliers. In response to a question, Mr. Squire confirmed that a British Council Library had been kept going in Mauritius with local staff. Mr. Joypaul said that Sir Antony Acland had stated that if more money were forthcoming from the Treasury we might be able to reconsider British Council activities in Mauritius.

Mr. Jugnauth said that the fees we were now charging for students created great difficulty. The Prime Minister observed that there was a fund of some £10 million to help students from poorer countries. But she understood Mr. Jugnauth's concern. The British Council was an excellent organisation. She asked to be informed after the meeting how many scholarships were provided for Mauritius. In answer to a question from the Prime Minister, Mr. Jugnauth said that his daughter had now returned to Mauritius from Cambridge but his son was studying at Buckingham.

The Prime Minister asked how many students from Mauritius studied abroad. Mr. Jugnauth replied that about 1,000 went abroad for study each year. The Prime Minister expressed some surprise - what jobs would they secure when they returned? Mr. Jugnauth said that not all of them would return. In any case, he could not prevent them from studying abroad.

Following a general discussion of economic policy, the Prime Minister enquired when Mr. Jugnauth would be speaking in the United Nations. Mr. Jugnauth said that he planned to speak

CONFIDENTIAL

/on 15 October.

CONFIDENTIAL

- 4 -

on 15 October.

Mr. Jugnauth said that he wished to raise the question of compensation for the Ilois. The legal case which had been an impediment had now been withdrawn. There ought now to be an exchange of letters between our two Governments. The Ilois were getting very impatient. He hoped the payment could be made as soon as possible. After some discussion of the technical difficulty which was still outstanding, the Prime Minister said that we would attempt to get a favourable message to Mr. Jugnauth before he left for New York, or at latest before he returned to Mauritius on 18 October.

The discussion concluded at 1545.

A.J.C.

11 October 1982

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Mauritius file IMP

Bf 15/10/82

10 DOWNING STREET

From the Private Secretary

11 October 1982

Dear Roger,

VISIT BY THE PRIME MINISTER OF MAURITIUS

Mr. Jugnauth called on the Prime Minister today. I enclose a copy of the record of conversation.

Two points need to be followed up:

(a) The Prime Minister would like to know how many scholarships are provided for Mauritius each year. She mentioned to Mr. Jugnauth that there is a £10 million fund for students who wish to come to this country, but she was not sure to what extent Mauritius benefited from this money.

(b) Mrs. Thatcher undertook that before Mr. Jugnauth left for New York, or at the latest before he returned to Mauritius on 18 October, we would attempt to resolve the delay in the final payment of the due sum in full settlement of the Ilois claims.

Yours ever
John Gles.

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

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