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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE  
PRIME MINISTER OF MAURITIUS AT 10 DOWNING STREET ON 25 JULY  
1984 AT 1200 HOURS

Present:

Prime Minister

Mr. Malcolm Rifkind, MP

Mr. J.N. Allan, High Commissioner, Port Louis

Mr. C.D. Powell

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The Honourable Anerood Jugnauth, QC

Dr. The Honourable Beergoonath Ghurburrun

The Honourable Anil Kumarsingh Gayan

His Excellency the High Commissioner for Mauritius

Mr. Bhinod Bacha

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The Prime Minister welcomed Mr. Jugnauth on his official visit to Britain. Mr. Jugnauth thanked the Prime Minister for the Government's invitation and hospitality and extended an invitation to her to pay a visit to Mauritius.

Mauritian Economy

The Prime Minister congratulated Mr. Jugnauth on his election success last year and invited him to tell her about developments in Mauritius. Mr. Jugnauth said that Mauritius enjoyed strong and stable government. Democracy had proved itself by permitting peaceful change to take place even in difficult circumstances. But to maintain democracy it was vital that the government should succeed in its economic programme. He was ready to face up to difficult decisions but could not risk imposing too severe restraints. There were examples of countries where the IMF had imposed such stringent conditions that the result had been instability.

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Aid

Mr. Jugnauth continued that, while welcoming the line of credit which HMG had recently established for Mauritius, additional help was needed, particularly to tide Mauritius over the next difficult year or so. His preference would be for a soft loan. The Prime Minister said that much as she sympathised with Mr. Jugnauth's problems, she could not encourage him to expect additional aid. The UK already did well by Mauritius; most importantly by importing its sugar. Mr. Jugnauth said that, if it were possible to increase the line of credit, this would lead to further purchases from the UK. The Prime Minister said that it might be possible to convert some project aid to programme aid. Mr. Jugnauth said that aid was also needed to enable Mauritius to purchase raw materials and equipment for its free zone. Mr. Rifkind asked whether Mauritius had quantified its requirement. Mr Ghurburrun said that some £25m was needed over and above the £12m which HMG had already extended to Mauritius.

Cable and Wireless

The Prime Minister said that the Mauritian Government's decision not to renew Cable and Wireless' licence had had a very unfortunate impact in the United Kingdom. Mr. Jugnauth said that his Government's action should not be regarded as something exceptional. The contract was a renewable one and the company should have realised that there was a risk that one day it would not be renewed. His Government was in negotiation with Cable and Wireless and would pay them for their equipment. Provided these negotiations could be concluded amicably, Mauritius would still need Cable and Wireless as consultants. The Prime Minister repeated that the Mauritian decision and the way in which the matter had been handled had come as quite a shock. Cable and Wireless were an excellent company and were expanding worldwide.

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Terminating their licence without prior consultation was likely to make other British firms think twice before investing in Mauritius.

Investment Protection

The Prime Minister asked about progress towards concluding an investment promotion and protection agreement. Mr. Jugnauth said that Mauritius wanted such an agreement and thought negotiations were close to a conclusion.

Airport Contract

Mr. Jugnauth said that the Mauritian Government wanted Plessey to do major work at the new airport and hoped that a contract would be concluded soon. But he wanted to be sure first that Mauritius would be getting good value for money. The Prime Minister said that she had noticed that the Mauritian Government had called for a value for money audit. Plessey's were a first rate company. She shared Mr. Jugnauth's hope that the contract would be concluded very soon. Mr. Ghurburrun claimed that the Plessey contract would absorb a substantial proportion of the line of credit extended by the UK leaving little for other purchases. Mr. Allan pointed out that an ATP offer had been made in support of Plessey's proposals which was separate from the line of credit.

Sugar

The Prime Minister asked about the prospects for sugar. Mr. Jugnauth said that this year's crop would be only average, probably no more than 580,000 tonnes. This was the result of two consecutive years of drought.

British Council

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Mr. Jugnauth said that Mauritius had much regretted the withdrawal of the British Council's London based representative. Although there were still local staff employed on British Council work the British Council were not as active as formerly. Mr. Allan confirmed that only a librarian and some locally engaged staff remained. One result was that the High Commission had to put a lot of work into education matters. The suggestion had been made by the Mauritian Government that the UK- based post should be re-instated to provide regional coverage. The Prime Minister undertook to look into the problem.

Student Fees

Mr. Jugnauth said that he also wished to raise the question of student fees. It was more and more difficult for Mauritian students to come to the UK. They went to France instead where they could receive education more cheaply. The Prime Minister said that it was cheaper because it was not so good. Mr. Gayan said that there was a particular problem over Mauritian Government laureates. The Mauritian Government had previously financed this scheme which enabled 16 scholars to study in the UK but had abandoned it for financial reasons. The Prime Minister asked how many Mauritian students came to the UK. The Mauritian High Commissioner said that some 300 were here. Mr. Rifkind said that the High Commission in Port Louis could draw on some £20,000 under the FCO scholarships and awards scheme. The Prime Minister said that this seemed small in relation to Mauritius' needs. The UK could not have afforded to go on supporting overseas students on the scale which it had previously. But she would look at the figures for Mauritius and see whether anything further could be done.

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South Africa

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The Prime Minister asked whether Mr. Jugnauth had any particular problems to raise in the foreign affairs field. Mr. Jugnauth said that Mauritius maintained trading links with South Africa. They had appointed a trade commissioner and welcomed South African investment. He recognised the difficulties of getting rid of discrimination but could never accept that discrimination should be institutionalised. The Prime Minister gave Mr. Jugnauth a brief account of Mr. Botha's recent visit. His Government had had some success in coming to terms with its neighbours.

Namibia

Mr. Jugnauth asked the Prime Minister's views on the prospects in Namibia. The Prime Minister said that Namibia represented an enormous drain upon South Africa and she was certain that Mr. Botha wanted to get out. But some link had to be established with the withdrawal of Cuban forces from Angola. One could not just rely on the Cubans to go when a settlement had been achieved. But it was clear that the Cubans would not leave while Angola's internal problems remained unsolved. There was therefore a stalemate. She was not optimistic about the chances for early progress.

Soviet role

Mr. Gayan asked how the Prime Minister saw the Soviet role in the Indian Ocean. The Prime Minister said that the Soviet Union would stir up trouble wherever it could. Mr. Rifkind commented that there was a substantial Soviet presence in the Seychelles which he had recently visited.

Diego Garcia

Mr. Jugnauth said that there was a final point which he wished to mention for form's sake, that of Diego Garcia. He had to be able to say that he had raised it. The Prime

Minister commented that she understood Mr. Jugnauth's political needs very well and the answer was, as he must expect, that there had been no change in our position.

The meeting finished at 1305.

C.D.P.

25 July 1985

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SUBJECT  
cc Master.



File VSCAEG  
cc PC ✓  
RM

10 DOWNING STREET

From the Private Secretary

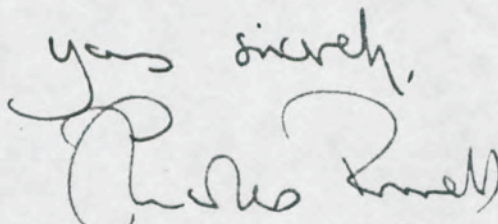
25 July, 1984

Dear Colin,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF  
MAURITIUS

BF | I enclose a record of the Prime Minister's meeting with Mr. Jugnauth today. There are two specific points on which follow-up is required. Under some pressure from Mr. Jugnauth, the Prime Minister agreed to look again at the question of a London based British Council presence in Mauritius. She also undertook to see whether there was any scope for further assistance in the way of scholarships to students from Mauritius. I should be grateful if both these points could be considered and you could let me have recommendations to put to the Prime Minister in due course.

I am sending copies of this letter and enclosure to Callum McCarthy (Department of Trade and Industry), David Peretz (HM Treasury), Elizabeth Hodgkinson (Department of Education and Science), and Michael McCulloch (Overseas Development Administration).

Yours sincerely,  
  
(C.D. Powell)

C. Budd, Esq.,  
Foreign and Commonwealth Office

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