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NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Sir Anerood Jugnauth, Prime Minister of Mauritius

PARTICIPANTS: The President
Lawrence Eagleburger, Acting Secretary of State
John H. Sununu, Chief of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy National Security Affairs
Herman J. Cohen, Assistant Secretary of State for African Affairs
Penne Percy Korth, U.S. Ambassador to Mauritius
Robert C. Frasure, NSC Director for African Affairs (Notetaker)

Sir Anerood Jugnauth, Prime Minister
Cassam Uteem, Deputy Prime Minister and Minister of Economic Planning
Beergoonath Ghurburrun, Deputy Prime Minister and Minister of Economic Planning
Madan Dulloo, Minister of Agriculture
Bhinod Bacha, Home Secretary
Chitmansing Jesseramsing, Mauritius Ambassador to the U.S.
Sir Indur Ramphul, Governor of the Bank of Mauritius
Benoit Arouff, Chairman, Mauritius Export Development Investment Authority

DATE, TIME AND PLACE: June 5, 1991, 11:30 a.m. - 12:05 p.m.
Cabinet Room

The President: I want to welcome you again. We want to have a good exchange here. (U)

Mauritius is a small country. But we must never neglect our friends. Some of your policies are not widely accepted around the world. But we appreciate them, your hospitality to our Navy and your economic views. (U)

We have a lot in common. We want you to feel welcome. Say what is on your mind. We will follow up and put questions to you. (U)

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Prime Minister Jugnauth: Thank you for your kind words. I will not have to say much about the U.S. You are the leader of the world. We count on your guidance and leadership. We look to your peace initiatives, particularly the need to reduce arms.
(U)

Thank you for your welcome. I bring you the fraternal greetings of the people of Mauritius. (U)

There is a long tradition of friendship and cooperation between our two countries. I'm sure it will be strengthened and consolidated by this visit. (U)

Your ambassador has been very active. We welcome that. (U)

We are looking forward to presenting our views on textiles and sugar. The new arrangements in North America could cause prejudice to us. We need the support of friendly countries. (Ø)

We must assure that our markets are preserved. And we rely on the U.S. (Ø)

Concerning sugar, we had at one time a substantial quota. I will let my colleague continue.

Deputy Prime Minister Uteem: There is a need for improved access to U.S. market. We have a quota of 15,000 tons now. At one time we were exporting 100,000 tons to the U.S. before the quota was introduced in 1982. We have 1.2% of the U.S. quota. We would like to have 1.4%. We need remedial action. Our quota is low because of two bad hurricane years when it was set. We are trying to diversify. We are doing more specialty sugars. But there is an import levy of \$20 a ton which we request be removed. Under Section 22, it is possible to allocate a different quota for specialty sugars.

We would like to make the case. (Ø)

We recognize that special consideration is given to the Caribbean Basin. But if a shortfall occurs in the Africa group, we would like the quota to be reallocated within that group. (Ø)

We are following the GATT negotiations closely. Mauritius is a net importer of food. We rely on our export earnings from sugar. There is the fear that any change in GATT will affect us. We hope Mauritius will get differential treatment. (Ø)

The President: I have a couple of comments. I understand that there can be some heartburn over our free trade policy in North America. (Ø)

But the real need is to get a satisfactory result from the GATT round. If we get free trade with Mexico and a GATT agreement, the GATT agreement will overshadow anything else. The priority is the completion of the GATT round. I understand your problems however. We have our own protected industries on sugar and

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textiles. The key point is we know we have these barriers. If we get agreement on the Uruguay round, we can deal with this.

(Ø)

You say you want 1.4% Your government got gypped. We would like to see that and will look into it. (Ø)

Acting Secretary Eagleburger: We will do it. (U)

The President: But the free market is the best answer. How much of your economy are textiles and sugar? (Ø)

Prime Minister Jugnault: About 63% of net earnings. Most go to the European Community. (Ø)

The President: Have you made it clear to the EC the necessity of GATT round completion? Some big countries don't understand that. It is all better than makeshift aid programs. Make that point to Delors. We are not pure on all of this, but we support the change. (Ø)

Prime Minister Jugnauth: We have been forceful on sugar with the EC under the Lome Convention. But we need some safeguards in the short run. We can benefit from your markets. But the freight costs are prohibitive. (Ø)

The President: OK. This covers the agriculture issue. But let me stress that the Mexico agreement is not a regional turning. (Ø)

Governor Sununu: Does the EC treat your specialty sugar differently? (Ø)

Prime Minister Jugnauth: No specialty sugar has a premium price. (U)

Prime Minister: Can we turn to the textile problem for a moment? (Ø)

Deputy Prime Minister Ghurburrun: I want to say two things. (U)

We want to reiterate the same request as sugar. We have a quota pertaining to fifteen types or categories of textiles. They are all finished goods. We have been performing in the man-made areas. However, we are concentrated in some of the fifteen categories and not in others, mainly because of freight charges. They are prohibitive. (Ø)

We would request the reallocation of the quota from areas where we have not performed into areas where we have performed. (Ø)

It shouldn't be a big problem for the U.S. (Ø)

The President: Does this require a change in the law? (U)

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We will get you an answer. If we can accommodate you, we will try to do so. (Ø)

Ambassador Korth: The Prime Minister is meeting the USTR trade negotiation for textiles this afternoon. (U)

The President: We will get a report back on that. Mr. Frasure? (U)

It isn't a case where quotas are cut back? (U)

Ambassador Korth: No. Reallocation is different. For example, they have a quota for white cotton gloves. But there is no call for them anymore. (U)

The President: And they can shift the quotas? (U)

Prime Minister: The second issue is training. U.S. aid has been doubled and we are grateful for that. We are trying to diversify into priority areas, electronics for example. AID has helped us, thanks to Ambassador Korth. (Ø)

The President: We will look into it. We will see what is available. (U)

Prime Minister Jugnauth: Yes. Some (U)

The President: It's an inspiring thing. You can compel an economy into the future. (U)

Prime Minister Jugnauth: We have one last point to raise. (U)

We have full employment. So mechanization is important to us in land preparation. We are a volcanic island. So we must do "derocking." (U)

We import machinery and traditionally we have bought caterpillar equipment, but we need some concessional help. (U)

We also want to set up a testing station. U.S. expertise is needed. Funding is also needed. (U)

The President: Hank? Where would that come from in our system? (U)

Assistant Secretary Cohen: Exim Bank. (U)

Prime Minister Jugnauth: We have always dealt with Caterpillar. But now we have an EC offer of a soft loan for FIAT. (Ø)

We don't want parallel tracks. And we don't know the guarantees FIAT. We have a preference for Caterpillar but they are trying to tempt us. But Caterpillar has proved reliability. (Ø)

The President: Do we have appointments set up for them on this? (U)

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Ambassador Korth: Yes, Mr. President. (U)

The President: Good. I suggest we walk over and have some lunch now and continue the discussion. (U)

-- End of Conversation --

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