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E.O. 12958: N/A
TAGS: AMGT
SUBJECT: OFFICIAL - INFORMAL (SECSTATE BUSINESS
ROUNDTABLE IN MAURITIUS)

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PROG 12/11/00
AF:SUSAN RICE
DCM:AHMARGULIES
AMB:MERWIN
S/S

UNDEL SECRETARY IN GABORONE
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AMEMBASSY PORT LOUIS
INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
AMEMBASSY ANTANANARIVO
USMISSION USUN NEW YORK
SECDEF WASHDC
JCS WASHDC
USCINCCENT MACDILL AFB FL
USCINCPAC HONOLULU HI
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USDOC WASHDC
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TAGS: . OVIP (ALBRIGHT, MADELEINE K.), ETRD, MARR, EINV, PREL, MP, US

SUBJECT: SECRETARY'S ROUNDTABLE DISCUSSION WITH MAURITIAN BUSINESS LEADERS, DECEMBER 10, 2000, VACOAS, MAURITIUS

1. (U) SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY. NOT FOR INTERNET TRANSMISSION.

2. (U) DATE AND LOCATION OF MEETING: DECEMBER 10, 2000, AMBASSADOR'S RESIDENCE, VACOAS, MAURITIUS.

3. (U) PARTICIPANTS:

-- U.S.: SECRETARY OF STATE MADELEINE K. ALBRIGHT;
UNDER SECRETARY OF STATE FOR PUBLIC DIPLOMACY AND PUBLIC
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AFFAIRS EVELYN LIEBERMAN; COUNSELOR AMBASSADOR WENDY SHERMAN; ASSISTANT SECRETARY OF STATE FOR AFRICAN AFFAIRS SUSAN RICE; AMBASSADOR MARK ERWIN; ASSISTANT TO THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF ADMIRAL WALTER DORAN; SPOKESMAN OF THE DEPARTMENT OF STATE RICHARD BOUCHER; DEPUTY CHIEF OF MISSION ALEXANDER MARGULIES (NOTETAKER).

-- MAURITIUS: SHEILA BAGUANT, PRESIDENT OF SHELTER FOR WOMEN IN DISTRESS; SANJIV BHASIN, CEO OF HONG KONG AND SHANGHAI BANK; ROBERT BIGAIGNON, COUNTRY LEADER OF PRICEWATERHOUSECOOPERS; RANDALL BUDAY, REGIONAL DIRECTOR OF DHL (MAURITIUS) LTD.; BASHIR CURRIMJEE, CHAIRMAN OF CURRIMJEE JEEWANJEE AND CO.; ARNAUD DALAIS, CEO OF CONSOLIDATED AND INVESTMENTS ENTERPRISES, LTD.; RAJ MAKOOND, DIRECTOR OF THE JOINT ECONOMIC COUNCIL; VIJAY POONOOSAMY, MANAGING DIRECTOR OF AIR MAURITIUS; MUNI REDDY, MANAGING DIRECTOR OF STATE COMMERCIAL BANK; KAILASH RUHEE, PARTNER OF DE CHAZAL DU MEE (ANDERSEN WORLDWIDE); SIR RENE SEEYAVE, CHAIRMAN OF HAPPY WORLD GROUP; TIM TAYLOR, CEO OF ROGERS AND CO., LTD.; ADOLPHE VALLET, CHAIRMAN, CONSTANCE SUGAR ESTATE; MAURICE VIGIER DE LA TOUR, PRESIDENT OF AMERICAN CHAMBER OF COMMERCE AND MARKETING DIRECTOR FOR FLOREAL KNITWEAR; AND DANIELLE WONG, DIRECTOR OF THE MAURITIUS EXPORT PROCESSING ZONE ASSOCIATION (MEPZA).

4. (SBU) SUMMARY: THE SECRETARY PARTICIPATED IN A FRANK AND WIDE-RANGING DISCUSSION WITH TOP MAURITIAN

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BUSINESS LEADERS DECEMBER 10, EXPLORING WAYS IN WHICH THE
U.S. AND MAURITIUS CAN COOPERATE TO INCREASE TRADE AND
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INVESTMENT BETWEEN THE U.S. AND AFRICA AND ON THE ROLE
THAT MAURITIUS CAN PLAY IN THIS PROCESS. ALL AGREED THAT
MAURITIUS HAS THE HUMAN RESOURCES, REGULATORY FRAMEWORK,
AND INFRASTRUCTURE TO SERVE AS THE REGIONAL COMMERCIAL
AND FINANCIAL HUB; WHAT IS NEEDED MOST NOW IS TO RAISE
MAURITIUS' PROFILE IN THE U.S. THE SECRETARY WARNED THAT
THE MAURITIAN GOVERNMENT'S CONTINUED PUBLIC EMPHASIS ON
INVOLVING THE U.S. IN ITS BILATERAL DISPUTE WITH THE UK
OVER THE SOVEREIGNTY OF THE CHAGOS ARCHIPELAGO AND THE
U.S. MILITARY BASE ON DIEGO GARCIA THREATENED TO CREATE
THE WRONG IMAGE OF MAURITIUS IN THE U.S. END SUMMARY.

BUSINESS IS OUR BUSINESS

5. (U) THE SECRETARY AND A/S RICE EMPHASIZED THE
IMPORTANCE THAT THE CLINTON ADMINISTRATION HAS PLACED ON

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DEVELOPING THE USG'S RELATIONSHIP WITH AFRICA. THE AFRICA GROWTH AND OPPORTUNITY ACT (AGOA) IS THE MOST VISIBLE EXAMPLE, AND THE SECRETARY'S ANNUAL VISITS TO AFRICA AND A/S RICE'S CONSTANT TRIPS TO THE CONTINENT OFFER DEMONSTRATIONS OF THEIR PERSONAL COMMITMENT TO THIS OBJECTIVE. ONE MESSAGE THAT THE SECRETARY IS STRESSING ON HER CURRENT TRIP IS THAT THE USG'S IMPROVED TIES TO AFRICA MUST REMAIN A PERMANENT FEATURE OF ITS FOREIGN

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POLICY. THEY ALSO PAID TRIBUTE TO THE LATE RON BROWN, CITING HIS EFFORTS AS COMMERCE SECRETARY TO RAISE AFRICA'S PROFILE IN THE U.S.

6. (U) WITH RESPECT TO AGOA, THE SECRETARY ASSURED HER AUDIENCE THAT THE LAW WOULD BE FULLY IMPLEMENTED BY THE END OF THE MONTH. SHE ALSO STRESSED THE IMPORTANCE OF FITTING AGOA INTO THE DEVELOPING INTERLOCKING REGIONAL TRADING GROUPS AND ARRANGEMENTS THAT ARE CREATING A NEW WORLD TRADING SYSTEM. A/S RICE EMPHASIZED THAT AGOA'S MARKET ACCESS PROVISIONS ARE ONLY PART OF THE EQUATION, AS THE LEGISLATION MANDATES THE HOLDING OF A U.S.-AFRICA ECONOMIC COOPERATION FORUM NEXT YEAR, AND DIRECTS EXPANSION OF EXIM BANK, OPIC, AND TDA PROGRAMS IN AFRICA, WHICH ARE ALREADY OCCURRING. IN ADDITION, USTR IS PROVIDING TECHNICAL ASSISTANCE TO AFRICAN COUNTRIES TO BETTER ENABLE THEM TO PARTICIPATE IN THE WTO, AND USAID IS THE CHANNEL FOR MULTI-MILLION DOLLAR TECHNICAL ASSISTANCE PROGRAMS FOR SADC AND COMESA.

MAURITIUS' ACHIEVEMENTS AND POTENTIAL

7. (U) THE SECRETARY PRAISED MAURITIUS AS A MODEL OF DEMOCRATIC GOVERNANCE, ECONOMIC DEVELOPMENT, SOCIAL COHESION AND REGIONAL INTEGRATION. SHE DECLARED HER CONFIDENCE IN MAURITIUS' CAPABILITIES TO TAKE ADVANTAGE OF THE OPPORTUNITIES CREATED BY AGOA AND REGIONAL INTEGRATION AND ASKED THE ASSEMBLED BUSINESS LEADERS FOR THEIR VIEWS ON HOW THE U.S. AND MAURITIUS CAN WORK

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TOGETHER FOR MUTUAL BENEFIT. THE RESPONSES FOCUSED ON THE FOLLOWING THEMES:

A DYNAMIC REGIONAL PLAYER

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8. (U) MAURITIUS ALREADY IS A DYNAMIC, PRO-ACTIVE REGIONAL PLAYER, WITH SIGNIFICANT INVESTMENTS IN MADAGASCAR, TANZANIA, MOZAMBIQUE, SEYCHELLES, AND EVEN AS FAR AFIELD AS BENIN AND IVORY COAST. ITS ECONOMIC SUCCESS IS FUELED BY THE PRIVATE SECTOR, WHICH PRODUCES 75 PERCENT OF GDP. AGOA HAS SIGNIFICANTLY ENERGIZED REGIONAL COOPERATION, WITH TEXTILE AND APPAREL FIRMS IN SOUTH AFRICA, MAURITIUS, ZAMBIA AND TANZANIA DEVELOPING COOPERATIVE RELATIONSHIPS TO MEET FABRIC-SOURCING REQUIREMENTS AND TO ACHIEVE ECONOMIES OF SCALE.

ENHANCED COOPERATION WITH THE U.S.

9. (U) MAURITIUS IS UNDERGOING A DIFFICULT TRANSITION FROM A MANUFACTURING TO A SERVICE ECONOMY, WITH RISING UNEMPLOYMENT. IN THIS CONTEXT, INCREASED TRADE WITH THE U.S. AND ENHANCED REGIONAL COOPERATION ARE VERY IMPORTANT. IN ADDITION TO TAKING ADVANTAGE OF AGOA'S IMMEDIATE MARKET ACCESS PROVISIONS, THE MAURITIAN PRIVATE SECTOR ALSO DESIRES TO BUILD ON THE LAW'S BUSINESS FORUM PROVISIONS TO CREATE A FREE TRADE AREA WITH THE U.S. AND TO EXTEND COOPERATION TO OTHER FORA, SUCH AS THE WTO. AS AN EXAMPLE OF FREE MARKET ECONOMICS, MAURITIUS CAN ACT AS A POSITIVE FORCE FOR ECONOMIC SYNERGY THROUGHOUT THE

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REGION.

10. (U) THE SECRETARY EXPLAINED THAT DEVELOPING A STRATEGY TO EXPAND FREE TRADE AGREEMENTS WILL BE A PRIORITY FOR THE NEXT ADMINISTRATION. PRESIDENT CLINTON WAS DENIED FAST-TRACK AUTHORITY, AND SO WAS FORCED INTO EXPANDING FREE TRADE THROUGH BILATERAL AGREEMENTS SUCH AS THE ONE BEING NEGOTIATED CURRENTLY WITH JORDAN. HOWEVER, THE PRESIDENT'S SUCCESSOR COULD CONCLUDE THAT IT WOULD BE PREFERABLE TO PURSUE FREE TRADE THROUGH REGIONAL AGREEMENTS. SHE ENCOURAGED MAURITIUS TO BECOME INVOLVED IN THE ONGOING GLOBAL TALKS ON HOW REGIONAL TRADE ORGANIZATIONS CAN BEST PROMOTE GLOBAL TRADE.

TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY

11. (U) [REDACTED] WHO RUNS EMTel, A CELLULAR

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PHONE SERVICE, IN PARTNERSHIP WITH AN AMERICAN/LUXEMBOURG
COMPANY MILLICOM, EXPLAINED THAT HIS TRADING COMPANY
MOVED INTO TELECOMMUNICATIONS FIFTEEN YEARS AGO, AND IS
NOW EXPANDING INTO INFORMATION TECHNOLOGY, HAVING JUST
OPENED UP A STATE-OF-THE-ART INTERNET-BASED CALL CENTER
WITH U.S. AND INDIAN ASSOCIATES. HE SUGGESTED THAT
TELECOMMUNICATIONS AND IT SECTORS PRESENT GREAT
OPPORTUNITIES IN AFRICA, BUT OBSERVED THAT AFRICAN

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GOVERNMENTS MUST CONTINUE TO MODERNIZE THEIR REGULATORY
REGIMES IN ORDER TO ATTRACT THE NECESSARY INVESTMENT.

12. (U) THE SECRETARY AGREED THAT TELECOMMUNICATIONS
AND IT IS THE "WAVE OF THE FUTURE," AND THAT TO TAKE
ADVANTAGE OF THIS AFRICAN COUNTRIES MUST CREATE SAFE
INVESTMENT CLIMATES. SHE ADDED THAT THIS "COMFORT LEVEL"
COULD BE ACHIEVED THROUGH VARIOUS MECHANISMS, SUCH AS
IMPROVED LEGAL SYSTEMS, BILATERAL INVESTMENT TREATIES,
AND MUTUAL LEGAL ASSISTANCE TREATIES.

MAURITIUS AS A REGIONAL HUB

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13. (U) MAURITIUS IS WORKING TOWARDS BECOMING THE PREMIER REGIONAL BUSINESS AND FINANCIAL HUB, THE "SINGAPORE OF THE INDIAN OCEAN." IT HAS THE REQUISITE REGULATORY FRAMEWORK (INCLUDING MEMBERSHIP IN ALL REGIONAL TRADE GROUPS); HUMAN RESOURCES (INCLUDING A BILINGUAL ENGLISH/FRENCH POPULATION); SECURITY (LOW CRIME RATE); QUALITY OF LIFE; WORLD CLASS FINANCIAL, CONSULTING AND INVESTMENT MANAGEMENT FIRMS; A WEB OF 25 DOUBLE-TAX AVOIDANCE TREATIES (MOST AMERICAN INVESTMENT IN INDIA IS CHanneled THROUGH MAURITIUS); AND THE PHYSICAL AND INSTITUTIONAL INFRASTRUCTURE TO ACHIEVE THIS. WITH THE HIGHEST LITERACY RATE IN AFRICA AND A GROWING UNIVERSITY AND TECHNOLOGICAL/VOCATIONAL EDUCATIONAL SYSTEM, IT ALSO HAS THE POTENTIAL TO DEVELOP AS A "KNOWLEDGE HUB." THE TASK NOW IS TO MAKE U.S. COMPANIES AWARE OF THE TREMENDOUS OPPORTUNITIES IN AFRICA, AND OF THE BENEFITS THEY CAN ACHIEVE BY USING MAURITIUS AS THE GATEWAY. IF

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ONE MAJOR U.S. INVESTMENT CAN BE LANDED IT WILL HAVE A
SNOWBALL EFFECT.

PROMOTING BUSINESS ETHICS AND QUALITY MANAGEMENT

14. (U) MEPZA DIRECTOR [] DESCRIBED HOW MEPZA CARRIES OUT PROGRAMS TO IMPROVE ETHICAL STANDARDS AND QUALITY MANAGEMENT. AMERICAN APPAREL BUYERS HAVE PLAYED A BIG PART IN PROMOTING LABOR STANDARDS BY REFUSING TO PURCHASE FROM MANUFACTURERS WHO DO NOT MEET THEIR REQUIREMENTS ON THE ELIMINATION OF CHILD LABOR AND OBSERVANCE OF HEALTH AND ENVIRONMENTAL STANDARDS. OTHER SPEAKERS MENTIONED THE JOINT ECONOMIC COUNCIL'S (JEC - WHICH REPRESENTS THE PRIVATE SECTOR IN TALKS WITH GOVERNMENT) ONGOING PROGRAM TO DEVELOP A CODE OF ETHICS FOR THE PRIVATE SECTOR, AND AIR MAURITIUS' PLANS TO ANNOUNCE ITS COMPANY'S ETHICAL CODE NEXT WEEK. U/S LIEBERMAN SUGGESTED THAT MEPZA WORK WITH THE EMBASSY TO BRING OVER U.S. SPEAKERS FOR ITS PROGRAMS AIMED AT IMPROVING BUSINESS ETHICS AND MANAGEMENT.

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SHARING PROSPERITY

15. (U) THE SECRETARY URGED HER LISTENERS NOT TO NEGLECT THE SOCIAL SAFETY NET AS MAURITIUS DEVELOPS ECONOMICALLY. SHE EXPLAINED THAT ECONOMIC DEVELOPMENT

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MUST BE ENJOYED BY ALL ELEMENTS OF A SOCIETY IF DEMOCRACY
AND GROWTH ARE TO REST ON STABLE FOUNDATIONS, AND NOTED
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THAT THE ASIAN FINANCIAL CRISIS EMPHASIZED THIS POINT.
NGO ACTIVIST [] AGREED, STATING THAT HER INVOLVEMENT
OVER 30 YEARS IN ASSISTING THE UNDERCLASS TAUGHT HER THAT
GROWTH AND INVESTMENT HAVE TO BENEFIT ALL IF IT IS TO
LAST. IT WAS NOTED THAT THE JEC HAS FORMED THREE
COMMISSIONS TO DEAL WITH TOP ECONOMIC PRIORITIES, ONE OF
THEM BEING COMMUNITY DEVELOPMENT (THE OTHERS ARE
CORRUPTION/ETHICS AND THE TRANSITION TO A SERVICE
ECONOMY).

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RAISING MAURITIUS' PROFILE IN THE U.S.

16. (U) THERE WAS GENERAL AGREEMENT AMONG PARTICIPANTS
THAT MAURITIUS POSSESSES ALL THE INGREDIENTS TO BECOME A
MAJOR GATEWAY FOR U.S. TRADE AND INVESTMENT IN THE
REGION. THE TASK NOW IS TO MAKE THE U.S. BUSINESS

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COMMUNITY AWARE OF WHAT MAURITIUS HAS TO OFFER.

17. (U) THE SECRETARY STATED THAT A MAJOR OBJECTIVE OF HER TRIP TO MAURITIUS WAS TO INCREASE ITS EXPOSURE TO THE AMERICAN PUBLIC AS AN AFRICAN SUCCESS STORY. THE AMBASSADOR AGREED THAT THE SECRETARY'S VISIT WOULD PUT MAURITIUS ON THE MAP, BUT THAT IT WAS UP TO THE MAURITIAN BUSINESS COMMUNITY TO FURTHER DEVELOP ITS PROFILE IN THE

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U.S. "THE DRUMBEAT MUST BE MAINTAINED," AFFIRMED THE SECRETARY. AMBASSADOR ERWIN NOTED THAT HE RECENTLY HOSTED CNN'S BUREAU CHIEF AT THE RESIDENCE, AND THAT THE LATTER HAD DECIDED TO DO A SERIES OF REPORTS ON MAURITIUS. THIS TYPE OF EXPOSURE IS PRICELESS, A STRATEGY SEYCHELLES EMPLOYED BY USING TWO MISS WORLD PAGEANTS AND SEVERAL SPORTS ILLUSTRATED SWIMSUIT ISSUES TO ESTABLISH ITS IMAGE IN THE AMERICAN MARKET AS AN ISLAND PARADISE.

18. (U) AIR MAURITIUS MANAGING DIRECTOR [REDACTED] SAID THAT THE BUSINESS SECTOR IS MOVING FORWARD ON THIS INITIATIVE, WITH HIS COMPANY POOLING RESOURCES WITH FIRMS IN THE HOTEL INDUSTRY AND THE MAURITIAN TOURISM PROMOTION AGENCY TO HIRE AN AMERICAN PUBLIC RELATIONS FIRM TO DEVELOP MAURITIUS IMAGE IN THE U.S. AIR MAURITIUS IS ALSO TARGETING THE U.S. MARKET TO BRING IN MORE AMERICAN TOURISTS. THIS YEAR, ONLY 3000 OF THE 630,000 TOURISTS THAT VISIT MAURITIUS WILL BE AMERICANS. IN MID-JANUARY, HE WILL HAVE TALKS WITH DELTA AIR LINES ABOUT BUILDING ARRANGEMENTS WITH DELTA TO CREATE AVENUES FOR AMERICAN TOURISTS TO COME VIA EUROPE, AFRICA AND ASIA USING DELTA'S AND AIR MAURITIUS EXISTING ARRANGEMENTS WITH AIR FRANCE, SOUTH AFRICAN AIRWAYS, AND CATHAY PACIFIC. FOR AIR MAURITIUS THIS IS NOT JUST ABOUT EXPANDING ITS MARKET, BUT ALSO ABOUT DIVERSIFYING ITS EARNINGS: CURRENTLY 47 PERCENT OF THE AIRLINE'S EXPENSES ARE IN DOLLARS WHILE LESS THAN ONE PERCENT OF ITS INCOME IS IN THE U.S. CURRENCY.

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DON'T LET DIEGO GARCIA UPSET THE APPLE CART

19. (SBU) THE SECRETARY WARNED THAT ALL OF MAURITIUS'

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EFFORTS TO ATTRACT THE RIGHT AMERICAN ATTENTION COULD BE UNDERCUT BY "MISUNDERSTANDINGS" ABOUT DIEGO GARCIA. SHE EXPLAINED THAT THE U.S. IS NOT A PARTY TO THE SOVEREIGNTY DISPUTE, WHICH IS BETWEEN THE UK AND MAURITIUS, AND HAS NO INTENTION OF BEING DRAGGED INTO THIS MATTER: "WE ARE NOT INVOLVED." AT HER MEETING THAT MORNING WITH GOVERNMENT LEADERS, THE PRIME MINISTER, DEPUTY PRIME MINISTER AND FOREIGN MINISTER WERE "ROBUST ON SOVEREIGNTY," A POSITION THAT SHE WILL NOT DISPUTE. HOWEVER, AT THE SUBSEQUENT PRESS CONFERENCE, SHE WAS ASKED HOSTILE QUESTIONS ON THIS ISSUE, AND AN "OPEN LETTER" TO HER PUBLISHED BY THE ENGLISH-WEEKLY "NEWS ON SUNDAY" MADE HIGHLY OBJECTIONABLE COMPARISONS BETWEEN THE U.S. AND THE MILOSEVIC REGIME. "MOST AMERICANS DO NOT KNOW WHERE DIEGO GARCIA IS," THE SECRETARY STATED, "BUT THEY UNDERSTAND IT IS IMPORTANT FOR THE SECURITY OF THE FREE WORLD, AND IT DOES NO GOOD FOR MAURITIUS IF IT IS KNOWN CHIEFLY FOR BEING AGAINST US."

20. (U) THE ASSEMBLED MAURITIAN BUSINESS LEADERS TOOK THE SECRETARY'S POINT. NO FURTHER MENTION OF DIEGO GARCIA WAS MADE DURING THE ROUNDTABLE DISCUSSION.
ERWIN

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