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SOURCE: KODAKC.017007

DRAFTED BY: AF/E:BPERRY:BP -- 09/16/02 6-4644

APPROVED BY: AF:WKANSTEINER

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C O N F I D E N T I A L STATE 178820

E.O. 12958: DECL: 09/15/07

TAGS: ETRD, PREL, AGOA, OVIP, UNGA, MP

SUBJECT: PM JUGNAUTH-A/S KANSTEINER MEETING, SEPTEMBER 13
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1. (U) CLASSIFIED BY A/S FOR AFRICAN AFFAIRS WALTER
KANSTEINER FOR REASONS 1.5 (B) AND (D)

2. (C) SUMMARY:

BOTH SIDES AGREE

PLANNING FOR THE U.S.-SUB-SAHARAN AFRICA TRADE AND
ECONOMIC COOPERATION (AKA AGOA FORUM) IS PROCEEDING
SMOOTHLY. IT WAS AGREED THAT PLANNING FOR THE MINISTERIAL
SHOULD GO FORWARD EVEN AS PRESIDENT BUSH'S AFRICA TRIP
ITINERARY DEVELOPS. MAURITIAN BUSINESS INTERESTS ARE
RETURNING TO MADAGASCAR.

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[REDACTED]

THE NSC IS
AWARE OF PRIME MINISTER JUGNAUTH'S LETTER TO PRESIDENT
BUSH REGARDING DIEGO GARCIA AND WILL REVIEW ITS STATUS.
END SUMMARY.

IRAQ AND SECURITY COUNCIL

3. (C) PRIME MINISTER JUGNAUTH MADE THE FOLLOWING COMMENTS
ON PRESIDENT BUSH'S SEPTEMBER 12 ADDRESS TO THE UNGA: IT
WAS A GOOD SPEECH; THE U.S. MUST ALLOW THE UNITED NATIONS
TO PLAY ITS ROLE; P-5 CONSULTATIONS ARE ESSENTIAL IN THIS
REGARD; [REDACTED] A/S

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KANSTEINER REASSURED THE PM THAT THE BUSH ADMINISTRATION
WAS UNDERTAKING INTENSIVE CONSULTATIONS WITH THE SECURITY
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COUNCIL. THE PM QUOTED AN AFRICAN FOLKTALE THAT WHEN TWO
ELEPHANTS FIGHT THE GRASS GETS TRAMPLED. MAURITIUS, LIKE
THE GRASS IN THE FOLKTALE, SUFFERED GREATLY FROM INCREASED
OIL PRICES DURING THE GULF WAR AND THE PM DID NOT WANT THE
PROSPECT REPEATED. A/S KANSTEINER SAID THE U.S. NEEDS
MAURITIAN SUPPORT IN THE SECURITY COUNCIL AND THE PM
REASSURED HIM THAT MAURITIUS WAS THERE TILL THE END OF THE
YEAR.

AGOA FORUM PLANNING AND PREPARATIONS

4. (C) BOTH SIDES AGREED PLANNING IS PROCEEDING SMOOTHLY.
A/S KANSTEINER SUGGESTED THE THEMES FOR THE FORUM SHOULD
INCLUDE TRADE DIVERSITY, DEVELOPING CAPITAL MARKETS IN
AFRICA, ATTRACTING FOREIGN INVESTMENT, AND BENEFITS OF A
SOVEREIGN CREDIT RATING, INCLUDING AS AN INCENTIVE FOR
INVESTMENT. PM JUGNAUTH AGREED THAT MAURITIUS WOULD ISSUE
ITS INVITATION AT THE MINISTERIAL LEVEL TO AVOID AMBIGUITY
AND CONFUSION TO HEADS OF STATE IF THE INVITATION CAME
FROM THE PRIME MINISTER. A/S KANSTEINER CONFIRMED THAT
TRANSLATION SERVICES IN FRENCH AND PORTUGUESE WERE NEEDED.
IN ANSWER TO A QUERY ABOUT AN NGO FORUM, IT WAS EXPLAINED
THAT U.S. LEGISLATION SPECIFICALLY MENTIONS THE ISSUES OF
LABOR AND HUMAN RIGHTS IN ADDITION TO TRADE AND HAD TO BE
INCLUDED. DETAILS AND MODALITIES OF THE NGO FORUM ARE
STILL UNDER DISCUSSION. A/S KANSTEINER EMPHASIZED THE
IMPORTANCE OF PRIVATE SECTOR PARTICIPATION AND SAID THE
USG WAS PUSHING THE U.S. CORPORATE SECTOR HARD TO GET THEM
ON BOARD.

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5. (C) NSC DIRECTOR FOR AFRICA JENDAYI FRAZER SAID IT WOULD BE A SEVERAL MORE WEEKS BEFORE THERE IS A CLEARER PICTURE OF PRESIDENT BUSH'S ITINERARY. PRESIDENT BUSH TOLD THE CENTRAL AFRICAN LEADERS HE IS LOOKING FORWARD TO HIS JANUARY TRIP. ALTHOUGH THE FORUM IS ENVISIONED AS THE ANCHOR OF PRESIDENT BUSH'S AFRICA TRIP, HIS SCHEDULE IS NOT TIED TO THE AGOA FORUM ALONE. FRAZER NOTED THAT PRESIDENT BUSH'S ITINERARY ALSO DEPENDS ON HIS ABILITY TO TRAVEL, THE LENGTH OF HIS TRIP, AND OTHER COMMITMENTS FOR THE TRIP. THE USG IS COMMITTED TO THE MINISTERIAL AND PLANNING SHOULD GO FORWARD FOR THAT EVENT SCHEDULED FOR THE WEEK OF JANUARY 13-17, 2003. FRAZER THANKED THE PM FOR DEMONSTRATING THAT AFRICA SHARES IN THE OWNERSHIP OF THE FORUM AND SAID IT WAS A TRIBUTE TO THE STRENGTH OF OUR BILATERAL RELATIONSHIP.

KNIT-TO-SHAPE PROBLEM?

6. (SBU) PM JUGNAUTH WAS CONCERNED THERE WERE NEW PROBLEMS RELATED TO U.S. CUSTOMS INTERPRETATION OF AGOA II LEGISLATION WITH REGARD TO KNIT-TO-SHAPE SHIPMENTS. IT WAS EXPLAINED THAT PROVISIONS OF AGOA II WERE EFFECTIVE AUGUST 6, 2003. HOWEVER, UNTIL THE PROCLAMATION WAS SIGNED, DEPOSITS OR DUTIES WOULD HAVE TO BE PAID ON ANY KNIT-TO-SHAPE SHIPMENTS. THOSE FEES WOULD BE REIMBURSED ONCE THE PROCLAMATION WAS SIGNED. THE USG SIDE WAS UNAWARE OF ANY OTHER DIFFICULTIES.

BUSINESS AND POLITICS IN MADAGASCAR

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7. (C) PM JUGNAUTH CONFIRMED THAT MAURITIAN TEXTILE INTERESTS ARE RETURNING TO MADAGASCAR, BUT THEY WANT MADAGASCAR TO HELP OFFSET THE LOSSES SUSTAINED DURING THE PROLONGED POLITICAL CRISIS. MOST MAURITIAN BUSINESSES IN MADAGASCAR DO NOT APPEAR TO BE AS COMMITTED AS BEFORE. MADAGASCAR UNDERSTANDS THE BUSINESS COMMUNITY'S PROBLEMS AND IS SETTING UP A TRUST FUND TO HELP WITH SOFT LOANS, LOSSES, AND OTHER BUSINESS LOSS ISSUES. A/S KANSTEINER SAID THE USG IS WORKING TO REBUILD THE DAMAGED BRIDGES IN MADAGASCAR.

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THE AFRICA UNION WOULD INSIST ON NEW PRESIDENTIAL
ELECTIONS TO ACCOMPANY LEGISLATIVE ELECTIONS.

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SEYCHELLES

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PM'S LETTER TO PRESIDENT BUSH ON DIEGO GARCIA

10. (C) THE MAURITIAN SIDE SAID IT HAD RAISED THE PM'S
LETTER TO PRESIDENT BUSH REGARDING SOVEREIGNTY OVER THE
CHAGOS ARCHIPELAGO WHICH INCLUDES DIEGO GARCIA WITH
SECRETARY POWELL THE DAY BEFORE. FRAZER REASSURED THE
MAURITIANS THAT COUNTERTERRORISM AND THE ROLE OF SECURITY
INTERESTS WERE VERY IMPORTANT ISSUES FOR THE
ADMINISTRATION. THE NSC WAS AWARE OF THE PM'S LETTER AND
IS REVIEWING ITS REPLY.

MEETING PARTICIPANTS

11. (SBU) A/S WALTER KANSTEINER MET WITH PRIME MINISTER
ANEROOD JUGNAUTH ON THE MARGINS OF UNGA ON SEPTEMBER 13.
FOREIGN MINISTER ANIL GAYAN AND SECRETARY OF THE CABINET
HARRY GANNOO ACCOMPANIED PM JUGNAUTH. NSC DIRECTOR FOR

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AFRICA JENDAYI FRAZER, AF SPECIAL ADVISOR THOMAS WOODS,
AND NOTETAKER BLOSSOM PERRY ACCOMPANIED A/S KANSTEINER.
POWELL

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