

NORTHERN IRELAND

Political Development

- I am clear that we must determinedly pursue, and see if we can intensify, a Talks process which continues to address all the key relationships (not a Northern Ireland internal settlement in isolation) and involves the main constitutional political parties in Northern Ireland.

- I know that you, too, are committed to this. We cannot have a political vacuum. The terrorists would be the first to benefit. I continue to think that a US peace envoy would be at best ineffective and at worst counterproductive.

- The going has been difficult. The Northern Ireland Secretary is continuing his bilateral contacts with the Parties (and will give fuller details of these). The Ulster Unionists were discouraged by the local election results. Molyneaux still sees the objective of last years's talks as valid, but is not ready to get into a new round yet. Hume has confirmed his support for talks, but is pursuing his contacts with Adams. The Unionists will not join formal talks while these continue. Paisley has not yet agreed to a meeting, but we are pressing him to do so.

- The British Government is faithful to the groundrules of 26 March 1991. We would certainly lose months if we tried to renegotiate them from scratch. But we know that Molyneaux is reluctant to return to what he calls "the high wire act". So we may need to be open to format changes.

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- It is frankly uncertain whether we could succeed at the moment in getting everyone back around a single table, even if we both gave a push at Head of Government level. I think we should concentrate over the next few weeks on determined efforts to reinforce the process, encourage the parties to talk to each other more, and to do so more flexibly. It is certainly realistic to aim to get all the players back into negotiations.

- I am encouraged by the recent work between the British and Irish Governments on the substance of our own respective perceptions of possible overall outcomes which all would accept. It would be very valuable to continue this work. We are developing our ideas in the light of contacts with all participants. We particularly hope that the Irish side will be able to brief us about how they see such an outcome as fully as we have briefed you.

- While we can seek the maximum agreement between each other, it would be fatal to take the further step of working up a joint scheme.

- We know that, irrespective of its content, the Unionists would reject this as a rerun of 1985.

- I know that you look for "constitutional balance", but we have little room for manoeuvre. Both of us accept the consent criterion: ie Northern Ireland's position as part of the UK should only be changed with consent of the people living in NI. See no prospect of joint authority securing that Consent. Nor will HMG tilt to "join the ranks of the persuaders", by indicating a preference for a united Ireland. But the Talks process as a whole, including a continued IGC between us and strong North/South institutions with a wide and dynamic mandate, offers much to all.

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- We plan to continue, and if possible intensify, our bilaterals with the parties. Michael Ancram will have an introductory round. Sir Patrick Mayhew will build on the work he has already done with the leaders.

- Both Governments should encourage greater contact between the parties. Jim Molyneaux and John Hume have both indicated to Sir Patrick Mayhew that they would be prepared to talk to each other in private, and we should encourage this, although there are limits to how far this can go while John Hume is still in dialogue with Gerry Adams.

- As co-sponsor of the Talks process you could help in a number of ways:

- continuing to develop your own ideas on an overall outcome acceptable to all the participants

- encouraging the SDLP to be more flexible over externally selected commissioners and the Seamus Mallon security agenda

- encouraging the SDLP to talk to the other parties and to the UUP in particular, and as fully as any continuing dialogue between John Hume and Gerry Adams allows

- continuing to reach out to the Unionists, including through going as far as you can in what you say about readiness to amend Articles 2 and 3 as part of the satisfactory overall package. It would have a considerable effect if you yourself could confirm what Dick Spring said about this in his speech of 5 March (extract in Annex).

Security Cooperation

- Terrorism poses continuous challenge throughout these islands. Appreciate the considerable resources which Republic puts into countering it, but believe we must improve security co-operation even further.

- I discussed some specific proposals with Mr Haughey at the Summit in December 1991 and with you at our February 1992 meeting.

- The key requirement to defeat terrorism is better intelligence. For PIRA, this must clearly apply north and south of the Border. In the north, the RUC have had considerable - though certainly not total - success in this area. The way they are organised plays a big part in this. I believe it would be valuable for the Irish authorities to examine how the RUC are structured to obtain and exploit intelligence. I recognize the arguments against imposing an anti-terrorist squad on the existing Garda in the Border area. But there may well be subtler and less visible ways of achieving greater regional effectiveness:

- Know that the official group co-chaired by John Chilcot (PUS, NIO) and Timothy Dalton (Permanent Secretary, Department of Justice) is working through an important agenda of cross-border issues such as this and will meet again soon;

- The continuing work of this group demonstrates the very high priority we both give to improving security co-operation. Would like the group, as well as reporting to the Intergovernmental Conference, to come to us directly on any unresolved differences on security co-operation proposals. We could then discuss these when we meet.

Extradition

- Very pleased that the Irish Government will shortly be introducing legislation to deal with problems that have arisen in past extradition cases. Look forward to discussion of this: believe that officials are to meet soon. Grateful also for Irish assistance in recent cases, and the arrest of Quinlivan and McCauley (IRA escapers from Brixton). We are at one in believing that terrorists should not be able to claim a political defence for their crimes.

NO 12000

Economic Growth and Employment

- UK fully committed to Edinburgh principles on promoting economic recovery. Welcomes follow-up work in SCOPIN. Hope Copenhagen will be able to build on what SCOPIN has achieved.
- Aware that SCOPIN has made progress with the remit from Edinburgh to consider measures to improve functioning of labour markets. Hope that Copenhagen will acknowledge this.
- Can agree to further Commission study, with focus on competitiveness in world markets and improving functioning of labour markets. Must avoid measures which hold back EC companies and hamper job creation. Important for SCOPIN to be given appropriate role in follow-up work.
- Hope we can keep Commission to their word (at SCOPIN) that they will bring forward no new spending proposals.

113 12000: Do not expect that lower forecasts for EC growth justify reopening Edinburgh expenditure ceilings. Like national Governments, Community must