



Foreign &
Commonwealth
Office

London SW1A 2AH

24 February 1992

Dear Stephen,

PRIME MINISTER'S TALKS WITH MR REYNOLDS: 26 FEBRUARY

Mr Reynolds is calling on the Prime Minister at 1830 for an hour's tete-à-tete, followed by dinner at 1930 when Mr Reynolds will be joined by David Andrews (Minister of Foreign Affairs), Padraig Flynn (Minister of Justice) and senior officials Dermot Nally (Secretary of Government), Noel Dorr (Secretary of Foreign Affairs), Joe Brosnan (Secretary of Justice), Sean O'hUiginn (Head of Anglo-Irish Division DFA) and by the Irish Ambassador Joseph Small.

AGENDA

There will be no formal agenda but the Irish have agreed that the talks should cover:

- I Northern Ireland
- II EC Matters
- III Any other business.

UK OBJECTIVES

Our objectives include:

- (i) To underline the importance we attach to relations with the Irish Government and to working with them on the Irish Question.



- (ii) To reassure the Taoiseach of our continuing commitment to the Anglo-Irish Agreement.
- (iii) To explain HMG's position on political development, to seek Irish support for facilitating further talks based on the three-stranded analysis, and to draw out Mr Reynolds and his team on their thoughts about the way forward.
- (iv) To explain our security problems and the importance of Irish cooperation in our mutual interest, and to seek the Taoiseach's support for the official review of cross border security measures.
- (v) To discuss the main issues ahead for Europe and encourage bilateral contact on EC questions.
- (vi) To get Irish agreement to announce the decision to upgrade the Belfast/Dublin rail link and the appointment of an Irish Sea Science Coordinator.

IRISH OBJECTIVES

Mr Reynolds is subject to his own political and public pressures on Northern Ireland. Unlike Mr Haughey, Mr Reynolds does not have a background of Republican sympathies. But his Cabinet includes more members with such a background than Mr Haughey's did. Mr Reynolds is likely to give his Ministers greater freedom of manoeuvre than Mr Haughey did. He may go for a comparatively early election, perhaps by mid-1993, if he believes that he can achieve a clear Fianna Fail majority. (Mr Andrews said as much to the Foreign Secretary on 17 February). This may lead to a number of inhibitions about Northern Ireland. It is unclear how much Mr Reynolds might be prepared to risk on new policy lines. The essence of his



public remarks so far has been continuity. The people in his party opposed to change are precisely those he will have to face if he is to alter the law on divorce and contraception. The current row over abortion is another complication.

It is uncertain what grasp Mr Reynolds has of realities in Northern Ireland. The commitment to work for a "new path for peace" might cover ideas for imposing a solution which bear little relation to the realities of what would be accepted in Northern Ireland. Mr Reynolds believes problems have solutions and will want to identify one, perhaps impatiently.

Mr Reynolds' specific priorities are likely to be:

- (i) To get a full assessment from the Prime Minister of the British position.
- (ii) To explore options and possibly to sound out the British position on alternative ways forward including "a structure coming from the top with the help and involvement of the EC" and what might be done to draw the Unionists into early talks. (He has commented on talks with Sinn Fein "only if they lay down their arms and give up their campaign of violence. Only on that basis should their participation be considered." "I would like to see him (Gerry Adams) ... totally renouncing violence and then the response could be generous. If organisations laid down their arms and rejected violence, the opportunities would be there.")
- (iii) To stress Irish concerns on eg internment, and that there should not be pressure for movement on Articles 2 and 3 ahead of wider agreement.
- (iv) Possibly to mention specific concerns about aspects of law enforcement and the opportunity of winning community confidence in Northern Ireland.



- (v) To give a picture of a successfully evolving personal relationship with the Prime Minister.

NORTHERN IRELAND

The Prime Minister may wish to touch on the following points:

Opening Remarks

- I attach great importance to the Anglo-Irish relationship. I hope we will be able to continue the six monthly Heads of Government meetings which I agreed with Mr Haughey in Dublin on 4 December.
- I very much welcome what you have been saying about Northern Ireland, in particular the support you have given to efforts to get everyone back round a table and your emphasis on doing business with the Unionists.
- It is not sensible at this stage to think of imposing political development solutions. New political institutions would not work if we had not carried the four main constitutional parties with us. I very much agree that the best way to move ahead is to get the political parties back round a table. Both Governments can help with this process. I believe that the best course remains talks based on the three-stranded analysis.
- We have key matters within our gift such as the management of future Anglo-Irish Conferences, so that an adequate gap is set aside for political talks. Peter Brooke will be talking to David Andrews about this.
- We, for our part, are committed to the view that security measures, political measures and economic and social progress are complementary. We need the confidence of both nationalists and unionists.



- The British Government remains fully committed to the Anglo-Irish Agreement.

- It will be very helpful if the Irish Government can build on what you have said to try to develop Unionist confidence ahead of the talks with the parties. Your confirmation that Articles 2 and 3 of the Irish Constitution would be on the table in future talks was helpful. Cross border security cooperation is another area where we can send the right signals to both communities.

- Cooperation between us over security is vital. The border is a resource which the terrorists seek to exploit. I put some specific ideas to Mr Haughey and these are being looked at by officials. I hope that the follow up work can be encouraged by us both.

- Maastricht has re-inforced the importance of the EC in giving impetus to North/South co-operation in the social and economic fields.

Political development

- You and I agreed when we spoke on the phone that it would be undesirable if there were a hiatus in political dialogue over the period of the British General Election.

- In their 27 January joint statement, the party leaders agreed to meet jointly with the Secretary of State on matters of common concern, such as economic development, and to field teams for briefings on the working of government in Northern Ireland under the chairmanship of the Minister of State. These activities - which are in train - will be useful in keeping up momentum and sustaining the dialogue needed if fresh talks are to be launched.



- As you know, I tried hard on 11 February to get the leaders to go further. As a result, they agreed to meet to examine whether the outstanding obstacles to an early launch of talks could be overcome. I have let them know that I expect them to honour this commitment.

- The key stumbling block which the leaders acknowledged on 27 January to Peter Brooke was the contingency of a change of administration in the UK as a result of the General Election. The Unionists say they would want to establish with a new administration that the basis for the talks was the same. The SDLP want the Unionists to commit themselves in advance to a resumed period of talks after the British General Election on any outcome. Both sides think their position is a reasonable one but they are mutually exclusive. In the Unionist case, one has to keep in mind that they are thinking about the possibility of a Labour Government which has a public commitment to the ultimate objective of a united Ireland by consent. We must see whether the leaders can find any scope for flexibility at their meeting. Peter Brooke will keep David Andrews fully engaged.

- The talks process currently offers the best hope of moving forward. It involves all the key players, is capable of addressing all the relevant issues, and envisages direct exchanges between the Irish Government and the Northern Ireland parties as one of the key strands of discussion. It is interesting that Mr Molyneaux cited it as the way forward for Unionists to speak to the Irish Government and vice versa. The two Governments cannot dictate the outcome, but we can help progress along.

- I hope that in the communique we can re-iterate jointly our support for an early launch of fresh talks.



- In the event that fresh talks do not materialise before the General Election, a key element in getting them launched after it will be the extent of the flexibility the two Governments were willing to show. Without putting the Agreement at risk, we might look at the arrangements for sustaining contact and co-operation between ourselves and reassess our response to the Unionist requirement that there should be no formal meetings of the Inter-Governmental Conference while the talks were taking place. The outline arrangement agreed last December with Mr Haughey and Mr Collins envisaged a substantially longer period for talks than the ten weeks allowed last Summer. I imagine you will want David Andrews to pursue this with Peter Brooke.

- The EC dimension is helpful in giving impetus to co-operation. But it would be counterproductive with the Unionists if it became tagged as a back door route to Irish unity.

- The right time to discuss Ireland and the EC more fully, along with any ideas for new machinery, will be in Strand Two of fresh talks.

Security co-operation

- While violence in Northern Ireland is not as severe as in the 1970s, it is still unacceptable in a civilised society that terrorists should be able to inflict the suffering they do. City centre bombings and tit for tat killings in particular have produced an atmosphere of tension and deep anxiety. We are providing additional police and army resources. Cross-border security co-operation with you is also vital. If we are to bring terrorism in Northern Ireland to an end we very much need your help. I would greatly value your own ideas.



- The border is an important resource for the terrorists. The threat is not just from PIRA. Loyalist paramilitaries have attacked the Republic before and the Chief Constable has warned that they could do so again.

- Very grateful for all that the Irish security forces do to counter the terrorists. For example, the Garda's very prompt response in arresting three men in Co Donegal on 5 February, following the shooting attack on a member of the UDR in Belleek, was admirable.

- I was able to get all four party leaders to agree on 11 February that the closest co-operation with the Irish Government on cross border security was vital. I am very appreciative of the efforts put in from your side, and the substantial resources you devote to security. But I'm sure we both agree that the present security situation in the North re-emphasises the need to make sure that everything possible is being done. Maximising the efficiency of our cross-border security co-operation may not be the whole answer, but it is a very important part of it, and it is high on my agenda.

- On 4 December I made four specific suggestions to Mr Haughey, which were subsequently followed up at a meeting between the Permanent Secretary of the Northern Ireland Office and the Secretary to the Department of Justice. The points were:
 - (i) a common automatic fingerprint recognition computer system. (Mr Haughey welcomed this in principle, and our officials will soon be exchanging papers on the next steps.)

 - (ii) a dedicated Garda anti-terrorist squad in the border areas. (Mr Haughey was happy for this to be examined; and to assist this we are providing a paper on how the RUC is organised.)



(iii) enhancement of the Garda's covert surveillance capacity. (Intelligence is the key to the defeat of terrorism. Your officials are considering the scope for an increased capability. I should personally be delighted if there could be progress in this area.)

(iv) direct Army to Garda communications. (Mr Haughey was opposed to this, but I do see real operational advantages, and do not think it inconsistent with the principle of police primacy which we both support).

- There are other areas which I believe need to be looked at - for example, the scope for more intensive and effective co-ordinated patrolling by our security forces on each side of the Border.
- Our officials are working on the issues. I believe it would be valuable if we could both take a personal interest in that work and stress our joint concern that it should cover all the issues and should not be constrained by conventional wisdom about what can or cannot be done.
- We shall have to discuss any difficulties that arise. But I hope the work by officials will enable us to take real initiatives in this area. Could we agree that officials should report back to us by early May; and that in the communique we should confirm that detailed work is in hand on the scope for further enhancement of cross-border security co-operation? I hope the communique can also include a fresh and strong condemnation by us of terrorism from whatever quarter.



- We have met much of the traditional nationalist agenda of 20 years ago, for instance in fields such as housing and fair employment. On the security front, I entirely accept that it is essential to strike the right balance between giving the security forces the powers and resources they need to defeat terrorism within the rule of law, and safeguarding the rights of individuals and encouraging the whole community, including nationalists, to unite in support for the security forces. Since the signing of the Agreement many new safeguards have been discussed with the Irish Government and introduced. We are now working on the new possibilities, enabled by the emergency provisions legislation of last year, of an independent assessor of military complaints and an independent commissioner for the holding centres.

Social and economic co-operation

- A wide range of social and economic topics has been discussed by the Anglo-Irish Conference.
- We need to work together on co-operation in such areas as energy, health, tourism, the environment and transport.
- There is also scope for a significant increase in trade between the two parts of the island.
- Hope we can announce today the agreement of the two Governments on the Belfast-Dublin rail link project. This will provide an important symbol of the improvement of links between the Republic of Ireland and Northern Ireland, notwithstanding the efforts of the terrorists to thwart it.



Following the Irish Sea Conference held on the Isle of Man in October 1990, the Governments of the United Kingdom and the Republic of Ireland agreed to appoint jointly a science coordinator to review existing and proposed monitoring and research programmes in the Irish Sea and to assess priorities for further work. (This will not include radioactivity for which adequate arrangements, endorsed last summer by ministers from both Governments, already exist through the UK-Irish Contact Group). Interviews were held by a joint board of UK and Irish officials in London and Dublin in February this year and agreement was reached on the appointment, under a three year contract, of Mr Richard Boelens of EOLAS, the Irish Science and Technology Agency.

- Hope we can also announce today the appointment of the new Irish Sea Science Co-ordinator.

- A recent survey suggested that 72% of the people of the Republic had never made an overnight stay in Northern Ireland. Equally, there is no doubt that there are misconceptions in Northern Ireland about the people of the Republic of Ireland. I hope that at our meetings we can be on the look-out for ways of giving a push to visits, exchanges and other links between the peoples of the Republic of Ireland and Northern Ireland, and ways of giving more prominence to the very good work being done in promoting personal contacts and better understanding.



- It will be helpful to breaking down suspicions in Northern Ireland if we can also give prominence to the work being done to improve relations between Britain and Ireland, and encourage the growing pattern of bilateral ministerial consultations about issues such as trade, transport, labour and social questions, and agriculture. The wider the relationship the better in the context of a solution in Northern Ireland.

- The British-Irish Inter-Parliamentary Body has made a good start in its first two years. It is of course independent, and not a creature of the Agreement. But I hope both Governments can continue to provide encouragement. It is a pity that the Unionists have not taken up their positions. This is another subject that will have to await the outcome of talks.

The Anglo-Irish Agreement and Articles 2 and 3 of the Irish Constitution

- It is important that the Anglo-Irish Agreement should be seen as far as possible to operate in an even-handed way which benefits all the people of Northern Ireland.

- You are aware that unionists regard Articles 2 and 3 as a major affront and a licence for PIRA. I can understand the Irish Government's position that it would not want to make a move on Articles 2 and 3 in isolation from the other elements to be addressed in political talks. Equally, I am in no doubt about the potential for movement on Articles 2 and 3 to transform Unionist attitudes. A stronger signal from you on Articles 2 and 3 may be necessary before you can establish the relationship with the Unionists which you want.



[if needed for response to points by Mr Reynolds on Articles 2 and 3 THAT HE HAS BEEN USING FREQUENTLY IN RECENT DAYS

- I could not accept that the Government of Ireland Act 1920 is like Articles 2 and 3 in reverse. The position of NI as part of the UK while that remains the majority wish is clear in national and international law. The Irish Government is committed to the majority consent principle by Article 1 of the Anglo-Irish Agreement. True that the 1920 Act makes a reference to "the supreme authority of the UK Parliament over Ireland and every part thereof" but this was disapplied from every part of Ireland except NI by the Irish Free State Act 1922.
- You have also said that Articles 2 and 3 provide a basis for the Irish citizenship of people in the North. But that could be retained through a consequential amendment of Irish nationality legislation in the light of any change made to Articles 2 and 3.]
- We appreciate how much we have gained since the Agreement was signed from closer working with the Irish Government. You should know, however, that we are sometimes disappointed that constitutional nationalists within Northern Ireland have not engaged more fully in supporting the authorities, as was the hope when the Agreement was being negotiated. Much would be done for the confidence of both communities if the SDLP were to be seen to play their full part in this way - for instance by encouraging nationalist membership of the Police Authority. Of course, they have every right to retain their nationalist aspirations, and to criticise HMG. But they could do more to play their part within the system and counter Unionist claims that they are semi-detached.

Additional Points on Northern Ireland as defensive briefing are at Annex A.



EC MATTERS

EC future financing

The European Commission's outline proposals for the EC future financing review were published on 12 February. They amount to a full scale review of Community finances, covering all main areas of revenue and expenditure. A Commission technical paper setting out the proposals in more detail will follow. The main points are:

An increase in the Own Resources ceiling from 1.2 per cent of Community GNP in 1992 to 1.37 per cent by 1997. This would allow for an overall increase in real expenditure between 1992 and 1997 of about 20 becu.

Additional expenditure: on structural funds and the new Cohesion Fund agreed at Maastricht (an extra 11 becu - 7.8bn); support for the competitiveness of European industry (3.5 becu - 2.5bn); and additional spending on external responsibilities (3.5 becu - 2.5bn) and agriculture (1.5 becu - 0.6bn).

Change on the structure of Own Resources, reducing the relative importance of the VAT resource in favour of the GNP resource.

No proposals on the UK abatement yet, but the Commission have undertaken to provide a report on its operation at a later stage.

Discussion of these proposals will begin at COREPER this week and the Foreign Affairs Committee on 2 March.

With chronic and rising unemployment (now 20 per cent), the main Irish priority in the negotiations will be to increase cohesion expenditure, already 2 per cent of Irish GNP (overall,



Irish net receipts from the Community make up around 7 per cent of Irish GNP). The Irish are also likely to support Delors' proposals to increase the weighting accorded in the Own Resources system to GNP, since this would certainly reduce their gross contribution.

The Prime Minister may therefore wish to say:

- Not convinced of case for proposed massive increase in EC spending. EC budget must be subject to same careful scrutiny as national budgets. In any case no need to increase Own Resources ceiling. Present ceiling could, if necessary, accommodate substantial growth in spending - around half of what the Commission seek - thanks to existing headroom (1992 Budget is 3 becu below Own Resources ceiling), automatic rise in ceiling with Community GNP growth and the ending of some spending programmes.
- Of course committed to new Treaty provisions on cohesion and specially new Cohesion Fund. But Maastricht deliberately did not preempt negotiation on amounts. Believe cohesion best pursued by sound macro-economic policies, not massive resource transfers.
- [If raised] No question of our agreeing any adverse change to UK abatement. Even after abatement, UK still second largest net contributor.

Follow up to Maastricht

Mr Reynolds may be interested in subsidiarity (there are already signs that the Commission are taking this seriously), and he may raise the agreement of eleven on social policy which we know the Irish are beginning to regret, since it will make it more difficult for them to resist unwelcome measures.



The Prime Minister might wish to make the following points:

- Maastricht a success. Must capitalise on new political will.

- Cannot anticipate Maastricht provisions. But some preparatory work needed, in particular on inter-governmental areas. Need to see these decisions properly implemented, preserving inter-governmental character of Common Foreign and Security Policy and Interior/Justice Cooperation.

- Already signs that Commission are taking subsidiarity seriously (eg in their 1992 work programme). Need to make it effective to prevent over-regulation and 'nook and cranny' legislation.

Priorities for 1992

The Prime Minister may wish to highlight the other main EC issues and to say:

- Completion of the Single Market a top priority. Creating a liberal Single Market has been at the heart of the Community for the past five years, and HMG looks forward to bringing the programme to completion at Edinburgh in December.

- Enlargement also a key issue for 1992. Hope June European Council can agree to rapid opening of negotiations with EFTA applicants (Austria, Sweden and probably Finland). Mandates to be agreed under UK Presidency; negotiations to start end 1992/early 1993; entry for first wave of applicants in 1995. Essential we all work for wider, more outward-looking Europe - including eventually Eastern Europeans.



- [If raised] Do not accept that end to all frontier checks on people by end-1992 is necessary for completion of the Single Market, nor required by the SEA. The UK, as an island, will retain essential immigration checks at our frontiers; regional solutions, like our Common Travel Area with the Republic, are the best approach; we want to preserve it.

GATT and CAP Reform

On the GATT Round, the Irish share French concerns about the effect of the Dunkel paper on EC agriculture. The small lobby in favour of the industrial/commercial benefits of a successful Round is largely ignored. The Prime Minister might say:

- Failure of Round would have far reaching consequences: increase protectionism and reduce confidence in open, world trading system. Understand agricultural sensitivities, but no doubt about the importance of wider issues to both Ireland and Britain.

The Portuguese have tried to push discussion of CAP reform forward but there is still no consensus among member states on how a reformed CAP should look. Member states are also reluctant to sign up to MacSharry's reform proposals until they are clearer on the sort of support cuts required by a GATT agreement. Although we hope the Uruguay Round will be settled in April, it is possible that the reform negotiations may drag on into our Presidency.

The Prime Minister may therefore wish to say:

- Lack of consensus among member states on way forward in CAP reform. UK remains committed to real reform which cuts costs and exposes Community agriculture to market forces. If there is no agreement under the Portuguese Presidency, it will be a major priority for our Presidency.

**DRAFT COMMUNIQUE**

A draft for a possible agreed communique is at Annex C.

PERSONALITY NOTES

Notes on the Taoiseach, Mr Andrews and Mr Flynn, together with a list of their recent remarks on Northern Ireland are at Annexes D, E and F.

I am copying this letter to William Fittall (Northern Ireland Office) and Sonia Phippard (Cabinet Office).

*Yours ever,
Christopher Rennie.*

R H T Gozney
(Private Secretary)

J S Wall Esq
10 Downing Street