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Press
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Dear Stephen

PRIME MINISTER'S TALKS WITH MR HAUGHEY

The purpose of this letter is to update the Prime Minister's briefing for his talks with Mr Haughey (as set out in Richard Gozney's letter of 2 December) on two Northern Ireland points. I also enclose some briefing on Northern Ireland matters for the Press Conference.

Political development

The Ambassador has reported, following a conversation with Mr Dermot Nally, that the Taoiseach, in pursuing the possibility of an "alternative agenda" on Northern Ireland political development, may propose reviving the Anglo-Irish Intergovernmental Council (AIIC), in whose establishment Mr Haughey had participated. A short briefing note on the AIIC was included as Annex I to Richard Gozney's letter. This particular manifestation of the "alternative agenda" would be rather harder than others for the Prime Minister to reject in the course of his discussions with Mr Haughey. It would not in principle involve creating new machinery, although it would necessarily involve reactivating aspects of the AIIC machinery which have been dormant for some time. In addition, the Unionists in some of their pronouncements have been less hostile towards the AIIC than towards the Anglo-Irish Agreement and Conference, since they have

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seen it as a possible means of widening the scope of the Anglo-Irish machinery in a way which diluted the focus on Northern Ireland (with its attendant consultation rights for the Irish Government).

Nevertheless, Mr Brooke's advice is that if Mr Haughey proposes an initiative involving the AIIC the Prime Minister should respond by firmly re-asserting the Government's commitment to the three-stranded approach to political development, and to a political development process which seeks to carry the Northern Ireland political parties with us rather than to impose solutions on them. On this basis follow-up discussion to the Summit would focus on specifics such as the gap for fresh talks. The positive meeting with the Unionists on 21 November (from which, allowing for the occasion, Dr Paisley's speech at the DUP party conference last weekend did not significantly retreat) provides a good basis for such a stance.

The chances of getting the Irish Government to play their part in relaunching fresh three-stranded talks would, in Mr Brooke's view, be reduced if their attention became distracted by what they might see as the alternative possibility of resuscitating dormant elements of the AIIC machinery for the purpose of pursuing a bi-lateral political development agenda. In view of the background set out above, Mr Brooke would not advise the Prime Minister to reject outright any proposed changes in the way in which the AIIC functions at present. The Prime Minister might, however, say that the Anglo-Irish Diner already provides a small, high-level, convenient and confidential forum in which it is possible for the two Governments privately to review particular Anglo-Irish issues as well as the prospects for further talks. If necessary, the Prime Minister could agree that a future meeting of the Diner could reconsider the role of the AIIC in the present arrangements. Mr Brooke's advice is that it



would be preferable to avoid any mention of the AIIC in the post-Summit communique: this could send a signal that the two Governments were not serious about getting launched fresh talks on the three-stranded approach.

Northern Ireland: social and economic co-operation

Richard Gozney's letter envisaged that the Prime Minister and the Taoiseach would be able to agree to the improvement of the Belfast-Dublin railway line, and to announce this decision in the joint communique. Parts of the Irish government machine are now saying, at the eleventh hour, that the Irish Government may not after all be in a position to agree to the scheme and announce it at the Heads of Government meeting on Wednesday. This does not, as we understand it, now mean that the Irish, contrary to what Mr Collins told Mr Brooke at the last IGC, think that the proposal is undesirable. The problem seems to be rather that the Irish side, having looked again at the costings, now think that a total contribution from the Irish Exchequer of IR£14m will be needed for their part of the project. Earlier Irish consideration was that the project could proceed without any demand on the Irish Exchequer. The question may therefore now be caught up in the current (very difficult) Irish PES round.

Our attempts through the Secretariat and the Ambassador (who has spoken to Mr Nally) to prompt the Irish government machine to get things back on course for the proposed announcement have not so far worked: the message we have had back is that the Taoiseach will decide personally in the light of his discussion with the Prime Minister how far he feels able to go but is now unlikely to agree that the go ahead for the project can be announced tomorrow.

Mr Brooke's advice is that the Prime Minister should, as previously envisaged, raise the topic with the Taoiseach to



establish whether the project can be agreed and announced tomorrow. The British Irish Inter-Parliamentary Body called yesterday for "a prompt decision on the upgrading of the Belfast/Dublin railway." If, however, the Taoiseach, for the above public expenditure reasons, is not prepared to go quite this far, it may still be possible to secure his agreement to a specific reference in the joint communique to the Belfast-Dublin rail link and to the expectation that a further announcement will be made about it in due course.

Press conference

Annex H to Richard Gozney's letter of 2 December was a British draft towards a joint press release. In response to your request today to Richard Gozney, I enclose a brief opening statement, and some supplementary material on Northern Ireland matters, for the Prime Minister's use.

I am copying this letter and enclosures to Richard Gozney (FCO), Simon Webb (MOD), Colin Walters (Home Office), Juliet Wheldon (Law Officers Secretariat) and Sonia Phippard (Cabinet Office).

*Yours
Jonathan*

JONATHAN MARGETTS