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NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

2 August, 1982.

A J Coles, Esq
PS/Prime Minister
10 Downing Street
LONDON SW1

Prime Minister

To note.

MW

Dear John,

A.J.C. Jr.

EC AID FOR NI HOUSING

You wrote to Stephen Boys Smith on 23 July enclosing a copy of the message which the Prime Minister had received from Chancellor Schmidt.

There is clearly nothing to be gained by any further approach to the Germans at this stage. Chancellor Schmidt's reply is uncompromising and there seems no likelihood of being able to persuade him to change his mind, and we suggest that no response be sent to his message. The Foreign and Commonwealth Office concur.

On the other hand Chancellor Schmidt's third paragraph seems helpful and forthcoming in stressing (as have all the other Member States who have considered the Housing Regulation) a general desire to help Northern Ireland. We think we should, as Chancellor Schmidt suggests, seek a different channel for that assistance. If we can find another project in Northern Ireland which could be given special Community assistance funded from those monies already set aside for the housing project, then we could still give Northern Ireland the net benefit which the Community wish to provide; and we could probably find internal means of ensuring that that net benefit was reflected in the NI housing programme. Officials are considering possible ways forward, but the most promising idea to emerge so far is that we should seek Community assistance for the cost of bringing gas from Kinsale in the Republic of Ireland to the Belfast area, about which my Secretary of State will be putting proposals to his colleagues shortly.

I am copying this letter to the Private Secretaries to members of OD(E) and to David Wright.

*Yours sincerely
Mike Hopkins*

M W HOPKINS

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