

CONFIDENTIAL

GRS 400
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FM WASHINGTON

TO PRIORITY FCO

TELNO 565

OF 072030Z MAR 86

AND TO PRIORITY UKREP BRUSSELS (PS/SECRETARY OF STATE)

AND TO NIO(L) AND NIO(B)

MIPT: ANGLO/IRISH AGREEMENT: PROPOSED US ASSISTANCE

1. FOLLOWING UK/IRISH/US TALKS IN WASHINGTON ON 6/7 MARCH, PRESENTATION OF AN ADMINISTRATION PROPOSAL TO CONGRESS ON 4 MARCH AND ADOPTION BY THE HOUSE FOREIGN AFFAIRS COMMITTEE OF A DIFFERENT PROPOSAL ON 6 MARCH, THE POSITION NOW IS AS FOLLOWS:-

(A) THE ADMINISTRATION IS STICKING TO ITS PROPOSAL FOR A US CONTRIBUTION OF DOLLARS 250M OVER 5 YEARS, OF WHICH ONLY DOLLARS 20M PER YEAR WOULD BE IN CASH. IN THE TRILATERAL TALKS THE IRISH ARGUED, MORE STRONGLY THAN US, FOR A LARGER CASH ELEMENT. THE STATE DEPARTMENT NOW REALISE THAT IT WILL BE DIFFICULT FOR US TO TAKE UP SOME OF THE NON-CASH PROGRAMMES IN THEIR PROPOSAL. BUT WITH GRAMM RUDMAN PRESSURES, ETC, THEY MAINTAIN THAT THEY DO NOT SEE WHERE MORE CASH CAN BE FOUND.

(B) THE HOUSE PROPOSAL, WHICH IS SUPPORTED BY SPEAKER O'NEILL AND OTHER IRISH INTERESTS IN CONGRESS, WOULD PROVIDE DOLLARS 50M PER YEAR IN CASH FOR 5 YEARS. THIS PROPOSAL IS EXPECTED TO BE APPROVED ON THE HOUSE FLOOR ON 11 MARCH. THE HOUSE THINK THAT COMPENSATING SAVINGS CAN BE FOUND ELSEWHERE IN THE AID PROGRAMME.

(C) THERE ARE 2 PROPOSALS IN THE SENATE: THE ADMINISTRATION'S BILL (WHICH HAS BEEN PUT FORWARD BY SENATOR LUGAR, CHAIRMAN OF THE FOREIGN RELATIONS COMMITTEE) AND THE HOUSE PROPOSAL (PUT FORWARD BY SENATOR KENNEDY AND OTHERS). ACTION IS LIKELY TO PROCEED MORE SLOWLY THAN IN THE HOUSE, AND NO COMMITTEE HEARING IS EXPECTED BEFORE THE WEEK OF 17 MARCH. A VOTE IN THE FULL SENATE BEFORE EASTER LOOKS HIGHLY UNLIKELY.

(D) UNLESS THE ADMINISTRATION SWITCHES TO SUPPORT THE HOUSE/ KENNEDY PROPOSAL (WHICH IS UNLIKELY), THE FINAL SENATE POSITION IS LIKELY TO BE A COMPROMISE, WITH A CASH ELEMENT SOMEWHERE

/BETWEEN

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BETWEEN DOLLARS 20M AND DOLLARS 50M PER YEAR. THIS WOULD THEN HAVE TO BE RECONCILED IN CONFERENCE WITH THE HOUSE POSITION.

WRIGHT

NORTHERN IRELAND- THE INTERNATIONAL FUND
LIMITED

RID PS
INFO D PS/LADY YOUNG
NEWS D PS/MRS CHALKER
NAD PS/PUS
ERD MR GOODALL
ECD(1) MR RENWICK
PLANNING STAFF MR BRAITHWAITE
R D MR HOUSTON

COPIES TO:-
SIR R ARMSTRONG
MR MALLABY
MR WILLIAMSON
MR JAY

) CABINET OFFICE

MR BRENNAN
MR CHESTERTON
MR BELL
MR COWLING
MR HILL

) N I O (LONDON)

MR POWELL NO 10 DOWNING STREET

MR NORTON ST DIV
MR CRABBIE EC DIV

) H M TREASURY

MR WALLIS PUSD

THIS TELEGRAM
WAS NOT
ADVANCED