

CCR



Foreign and Commonwealth Office

London SW1A 2AH

11 March 1986

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12/3

Dear Charles,

European Community: Northern Ireland

Thank you for your letter of 10 March.

Following the discussion in OD(I), we had already made clear to the Irish Government that we were not prepared to seek a special EC measure in support of the Anglo/Irish Agreement. The Foreign Secretary explained the position to the Irish Foreign Minister yesterday in Brussels (see FCO telno 56 to Dublin - copy enclosed). Sir Geoffrey Howe impressed on Mr Barry the serious public expenditure difficulties for us, when we are already spending £1.6 billion per annum in Northern Ireland; and that any public disagreement on this matter would be damaging to our efforts to secure support from the United States.

Sir Geoffrey Howe made quite clear that there is no question of our going back on that decision. We attached importance to Community support for the Agreement. But this should take the form of action through the Structural Funds which provided an accepted and proven framework for Community involvement. We should use the new treaty provisions agreed at the Luxembourg European Council to maximise the effectiveness of the contribution that could be made through the coordinated use of the Structural Funds.

Mr Barry was reluctant to accept this, and the Irish have not yet abandoned their position. But they agreed that with the press we should take the line that both Governments welcome the international support expressed for the Agreement; that it is important that it should be underpinned by such support; and that we will be concerting with the Commission ways in which the Community can help.

/As the Irish





As the Irish said that Dr Fitzgerald was liable to be asked about EC aid during his current visit to Washington, we gave them figures demonstrating that over the past five years Northern Ireland has been allocated £460 million in EC aid through the Regional, Social and Agricultural Guidance Funds and the Belfast Urban Renewal Programme; and will continue to receive major EC aid flows over the next five years. The province has also received £130 million in EIB lending since 1979. These are far larger figures than those being discussed in Congress for US aid.

I am copying this letter to Jim Daniel (Northern Ireland Office) and Michael Stark (Cabinet Office).

*Yours ever,  
Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street



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INFO PRIORITY UKREP BRUSSELS, WASHINGTON

NIO BELFAST FOR PS  
FRAME STRUCTURAL  
EC/NORTHERN IRELAND

1. I MET MR BARRY IN BRUSSELS AT NOON TODAY. SIR D HANNAY, RENWICK, FOGARTY AND O'ROURKE WERE PRESENT.
2. BARRY EXPRESSED SURPRISE AND DISAPPOINTMENT AT OUR WITHDRAWAL FROM THE PROPOSED JOINT APPROACH TO THE COMMISSION. THE IRISH GOVERNMENT TOO HAD FACED PROBLEMS OF ADDITIONALITY BUT HAD BEEN DETERMINED TO OVERCOME THEM IN ORDER TO ATTRACT COMMUNITY SUPPORT FOR THE ANGLO-IRISH AGREEMENT AND TO SECURE NEW FUNDS FOR NORTHERN IRELAND AND IRELAND.
3. I SAID WE WANTED TO MAINTAIN A COMMON APPROACH TO SECURE COMMUNITY SUPPORT FOR THE AGREEMENT BUT HAD FACED FORMIDABLE PROBLEMS ON ADDITIONALITY. I EXPLAINED THE COMPLICATIONS. UK MINISTERS HAD DECIDED THAT IT WOULD SIMPLY NOT BE WORTH ADDING TO UK PUBLIC EXPENDITURE IN NORTHERN IRELAND IN THIS WAY WHEN THE RESULT WOULD BE ONLY A VERY SMALL REAL ADDITION TO THE FUNDS GOING TO NORTHERN IRELAND.
4. I ARGUED THAT COMMUNITY SUPPORT FOR THE AGREEMENT SHOULD NOW TAKE

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THE FORM OF A CONTINUED EFFORT THROUGH THE STRUCTURAL FUNDS. THIS WOULD NOT REQUIRE ANY NEGOTIATIONS WITH OTHER MEMBER STATES AND COULD DRAW ON THE PROVISIONS FOR COORDINATING THE ACTIVITIES OF THE FUNDS SET OUT IN THE SINGLE EUROPEAN ACT. BARRY DOUBTED IF THIS WOULD BE POSSIBLE. THE STRUCTURAL FUNDS COULD NOT BE USED FOR BRIDGE BUILDING BETWEEN THE TWO COMMITTEES IN NORTHERN IRELAND AND SUCH A LOW KEY PROPOSAL MIGHT HAVE A NEGATIVE EFFECT ON THE ATTITUDE OF THE US GOVERNMENT.

HE WAS ALSO SCEPTICAL ON WHETHER THE NEW TREATY PROVISIONS WOULD BE OF ANY USE. SIR D HANNAY NOTED THAT THE COMMUNITY CONTRIBUTION WOULD COVER DIFFERENT AREAS FROM THOSE DUE TO BE TACKLED BY THE AMERICANS AND THAT THE COMMISSION WOULD WELCOME THE OPPORTUNITY TO HELP NORTHERN IRELAND THROUGH BETTER AND MORE COORDINATED USE OF THE THREE FUNDS.

5. MR BARRY AND HIS OFFICIALS RAISED THE QUESTION OF A COMMUNITY CONTRIBUTION TO THE INTERNATIONAL FUND ON THREE OCCASIONS DURING THE MEETING. WE POINTED OUT THAT THIS WOULD RUN UP AGAINST THE SAME ADDITIONALITY PROBLEMS AS A SPECIAL MEASURE: THAT OTHER MEMBER STATES WOULD ARGUE THAT THE PURPOSE OF A DIRECT CONTRIBUTION WAS ALREADY MET BY THE EXISTING FUNDS: THAT FROM THE US POINT OF VIEW, WHAT WAS IMPORTANT WAS THAT THE COMMUNITY SHOULD BE SEEN TO BE TAKING ACTION: AND THAT THE WORST OF ALL OUTCOMES VIS-A-VIS THE US WOULD BE FOR THE COMMUNITY TO CONSIDER A CONTRIBUTION TO THE FUND AND THEN REJECT IT.

6. BARRY RAISED THE QUESTION OF THE LINE TO TAKE IN PUBLIC IN THE LIGHT OF THE TAOISEACH'S VISIT TO WASHINGTON ON 12 MARCH. I IDENTIFIED THREE COMMON OBJECTIVES: TO HALT THE DECLINE IN EC MONEY GOING TO NORTHERN IRELAND AND EIRE, TO PORTRAY THIS AS EC SUPPORT FOR THE ANGLO-IRISH AGREEMENT, AND TO AVOID A ROW. IT WAS IMPORTANT TO DIRECT COMMISSION THINKING TO WHAT WAS POSSIBLE RATHER THAN TO ALLOW EXPECTATIONS TO GROW UNREALISTICALLY. THE UK COULD NOT ACCEPT A COMMUNITY CONTRIBUTION TO THE INTERNATIONAL FUND OR AN ADDITIONAL LINE IN THE BUDGET. WHILE THE REMAINING OPTIONS MIGHT NOT BE DUBLIN'S FIRST CHOICE IT WAS IMPORTANT TO PRESENT THEM JOINTLY AND POSITIVELY.

7. WE SUBSEQUENTLY AGREED THE FOLLOWING LINE TO TAKE WITH THE

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PRESS:

BEGINS

· ANGLO-IRISH AGREEMENT OF 15 NOVEMBER 1985 REPRESENTS AN IMPORTANT STEP TOWARDS RECONCILIATION BETWEEN THE TWO MAJOR TRADITIONS IN IRELAND.

UK AND IRISH GOVERNMENTS ARE GRATEFUL FOR THE SUPPORT WHICH HAS BEEN EXPRESSED BY THE OTHER MEMBER STATES AND BY THE PRESIDENT OF THE COMMISSION FOR THE AGREEMENT.

IMPORTANT THAT THE AGREEMENT IS UNDERPINNED BY INTERNATIONAL SUPPORT FOR ECONOMIC AND SOCIAL DEVELOPMENT IN NORTHERN IRELAND AND THE NEIGHBOURING PARTS OF IRELAND.

THE UK AND IRISH GOVERNMENTS WILL BE CONCERTING WITH THE COMMISSION WAYS IN WHICH THE COMMUNITY CAN BEST LEND ITS SUPPORT TO THE AGREEMENT.

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MAIN

FRAME STRUCTURAL

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COPIES TO:

MR COWLING, NIO

MR SPENCE, CENTRAL SECTION, NI

MR SMALL, DFP, NI.

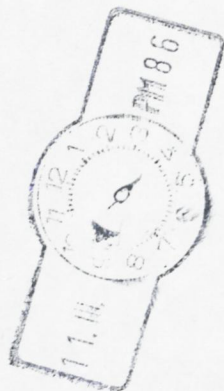
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*From the Private Secretary*

10 March 1986

**EUROPEAN COMMUNITY: NORTHERN IRELAND**

The Prime Minister has seen a copy of Dublin telegram No. 147 reporting that Mr. Barry is likely to press the Foreign Secretary to think again about a special European Community measure in support of the Anglo-Irish agreement. The Prime Minister recalls that there was no significant support for such a measure at the meeting of OD(I) and assumes that the Foreign Secretary will therefore stand firm against Irish attempts to reopen the issue.

I am copying this letter to Michael Stark (Cabinet Office).

**C D POWELL**

Colin Budd, Esq.,  
Foreign and Commonwealth Office

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FRAME STRUCTURAL

FM DUBLIN

TO DESKBY 071430Z FCO

TELNO 147

OF 071350Z MARCH 86

INFO IMMEDIATE UKREP BRUSSELS AND WASHINGTON

YOUR TELNO 50: EC: NORTHERN IRELAND

SUMMARY

1. MR BARRY WILL PRESS YOU IN BRUSSELS ON MONDAY TO THINK AGAIN ABOUT A SPECIAL EC MEASURE IN SUPPORT OF THE ANGLO-IRISH AGREEMENT.

DETAIL

2. STIMSON CALLED ON FOGARTY (DFA) THIS MORNING AND SPOKE AS INSTRUCTED IN PARA 2 OF YOUR TUR, HANDING OVER A PIECE OF PAPER IN THE TERMS OF PARA 1 OF TUR. FOGARTY UNDERTOOK IMMEDIATELY TO PASS THIS TO MR BARRY AND TO MR NALLY, ALTHOUGH HE WAS NOT IMPRESSED BY IT, HAVING EXPECTED A RATHER FULLER EXPLANATION.

3. FOGARTY SAID THAT NOT ONLY MR BARRY BUT ALSO THE TAOISEACH HAD BEEN VERY TAKEN ABACK THAT WE WERE NO LONGER WILLING TO SUPPORT THE PLANNED JOINT MINISTERIAL APPROACH TO THE COMMISSION IN THE MARGINS OF THE FAC ON MONDAY. THE IRISH WERE WORRIED THAT THE FACT THAT WE HAD BEEN BUT NO LONGER WERE PLANNING TO PROCEED IN THIS WAY WOULD LEAK IN BRUSSELS, AND THAT THIS COULD CAUSE ADVERSE REACTIONS IN WASHINGTON WHERE THE IRISH ARE STILL HOPEFUL, WITH TIP O'NEILL'S HELP, OF GETTING MORE THAN US DOLLARS 250 M IN THE END. MR NALLY HAD AGREED ON WEDNESDAY EVENING WITH SIR ROBERT ARMSTRONG THAT NEITHER SIDE SHOULD VOLUNTEER ANYTHING TO THE PRESS, BUT THAT, IF PRESSED, WE SHOULD INDICATE THAT THE TWO GOVERNMENTS WERE STILL IN DISCUSSION WITH A VIEW TO FINDING THE BEST WAY OF GETTING COMMUNITY SUPPORT FOR THE AGREEMENT. THIS IS VERY MUCH IN LINE WITH THE LAST POINT OF PARA 2 OF YOUR TELNO 46 AND WILL BE USED IF NECESSARY BY MR BIRMINGHAM, THE NEW MINISTER OF STATE AT THE DFA, WHEN HE LUNCHES WITH DIPLOMATIC CORRESPONDENTS TODAY.

4. FOGARTY SAID THAT, ALTHOUGH HE HAD NOT YET SPOKEN TO MR BARRY ABOUT THE LINE HE WOULD TAKE WITH YOU ON MONDAY, HE THOUGHT IT HIGHLY LIKELY THAT MR BARRY WILL URGE YOU TO OVERCOME THE ADDITIONALITY PROBLEMS STANDING IN THE WAY OF A SPECIAL MEASURE. THE ANGLO-IRISH AGREEMENT WAS A UNIQUE POLITICAL STRUCTURE WHICH SEEMED TO THE IRISH TO REQUIRE COMMENSURATE ECONOMIC AND FINANCIAL IMAGINATION. FOR HIS PART, THE TAOISEACH WAS DETERMINED THAT NO IRISH PROBLEMS OVER ADDITIONALITY WOULD STAND IN THE WAY OF THEIR FINDING THE NECESSARY EXTRA MONEY.

*I imagine that you will want me to tell the Foreign Secretary to stand firm - yes not COP.*

*There aren't any!*



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5. FOGARTY, VOLUNTEERED THAT HE HAD DONE SOME SUMS FOR THE TAOISEACH ON THE BACK OF AN ENVELOPE ON THE ASSUMPTION THAT 100 MILLION ECU'S MIGHT BE FORTHCOMING FROM THE COMMUNITY OVER EACH OF THE NEXT FIVE YEARS (HE SAID COMMISSION OFFICIALS HAD BEEN TALKING IN TERMS OF THIS SORT OF SUM - MORE THAN THE US ARE AT PRESENT PROPOSING TO GIVE). ON THE ASSUMPTION THAT 70% OF THIS WOULD BE SPENT NORTH OF THE BORDER AND THAT A 70% INTERVENTION RATE WAS AGREED, THEN THE UK WOULD FIND ITSELF MAKING A NET CONTRIBUTION OF SOME 30 MILLION ECU'S OR £20 MILLION A YEAR FOR THE NEXT FIVE YEARS, WHICH DID NOT SEEM TO HIM, SPEAKING PERSONALLY, A GREAT DEAL IN THE CONTEXT OF THE POLITICAL IMPORTANCE OF THE AGREEMENT.

6. FOGARTY SAID THAT HE INTERPRETED THE PIECE OF PAPER STIMSON HANDED HIM AS IMPLYING THAT WE WERE THINKING ONLY IN TERMS OF BETTER USE OF THE STRUCTURAL FUNDS: NEW MONEY THROUGH THE FUNDS WOULD ALSO RAISE ADDITIONALITY PROBLEMS. HE THEREFORE VERY MUCH HOPED WE COULD LOOK AGAIN AT A SPECIAL MEASURE. HE LOOKED FORWARD TO TALKING TO RENWICK ON MONDAY MORNING IN BRUSSELS BEFORE THE BILATERAL BETWEEN FOREIGN MINISTERS. STIMSON WAS CAREFUL NOT TO MENTION THE FONTAINEBLEAU MECHANISM, BUT FOGARTY HIMSELF RAISED IT AND CLEARLY BELIEVES THAT ITS OPERATION IS A FACTOR IN OUR THINKING, DESPITE RENWICK'S TELEPHONE CONVERSATION WITH HIM YESTERDAY AND STIMSON'S INSISTENCE THAT THE REAL POINT AT ISSUE IS THAT EXPENDITURE SHOULD NOT BE SKEWED TOWARDS LOW PRIORITY PROJECTS.

7. FCO PLEASE ADVANCE TO CABINET OFFICE FOR PS/SIR R ARMSTRONG.

GOODISON

(ADVANCED AS REQUESTED)

FRAME STRUCTURAL  
ECD(1)  
RID  
MR GOODALL

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MR COWLING NIO  
MR SMALL DFP NIO

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