



Foreign and Commonwealth Office

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London SW1A 2AH

23 June 1989

Sean Charles

Madrid European Council: Bilateral with Mr Haughey

The Prime Minister has agreed to a bilateral with the Taoiseach. You are arranging the time direct with Dermot Nally in Madrid.

Recent elections in both Northern Ireland and the Republic have revealed a welcome fall in the vote for Sinn Fein. Northern Ireland was not an issue in the recent general election in the Republic. The Review of the working of the Conference went well, thanks very much to good relations between Brian Lenihan and Tom King, and Mr Haughey has now effectively been obliged to accept the Agreement. Irish Ministers are showing a more positive attitude to tackling terrorism, and in particular PIRA-influence crime (eg smuggling and racketeering) is coming under an increasingly bright spotlight, with the enthusiastic cooperation of both sides. The new Garda Commissioner is held in much higher regard by the RUC and the spirit which now exists between the two forces is the best since the troubles began.

Mr Haughey has been at pains to show his best face to us in recent months in, for example, a series of personal messages following disasters in the United Kingdom (Lockerbie, Hillsborough etc).

But Mr Haughey has suffered a serious set-back in the recent elections. He called the general election to secure an overall majority in place of "an effective majority of minus two" (to quote Sean Lemass, his father-in-law). Whereas he previously had informal support from Fine Gael and the Progressive Democrats so long as he pursued responsible policies, he now finds himself in an actual minority of six. The most likely outcome is that, following the reassembly of the Dail on 29 June, he will be re-elected Taoiseach, but we do not know in what (or how precarious) an alliance. In his scene-setting telegram No 258 (enclosed), the Ambassador in Dublin hedges his bets. Further, Mr Haughey may have lost to ill health Brian Lenihan, his deputy, foreign minister and co-chairman of the Conference, who is recovering from a liver transplant in the United States: he is a moderating force on the Taoiseach.

The Prime Minister might cover the following ground:

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- It is worth confirming the positive outcome of the Review of the working of the Conference. This resulted in a reaffirmation of the commitment of both Governments to the Agreement, and also to a modest and cautious expansion of the activities of the Conference. Despite his earlier scepticism, the Review has tied Mr Haughey unequivocally to the Agreement. The Prime Minister could therefore welcome the successful completion of the Article 11 Review.
- This would be the moment to send best wishes to the Tanaiste (pronounced Tawnishta), Brian Lenihan, for a continued recovery.
- The Irish Government did reaffirm in the Review their support for the British Government's policy in respect of political developments in Northern Ireland. Mr Haughey has been trying to set up his own lines of communication to the Unionists; but it is important that he should not be in any way obstructive to our own efforts. The Northern Ireland Secretary's approach continues to be one of patient step by step moves to bring Northern Ireland political parties closer together without dictating a specific agenda to them, and the chances of this leading to the start of discussions now look rather better.
- There is an improvement in cross border security cooperation, although there is some way to go, not least on the provision of intelligence. Mr Haughey has not yet replied to the Prime Minister's last letter in which she reaffirmed the practical importance of communications between the British Army and the Garda. On balance there is no need to press the point now. But if the Prime Minister did refer to it she might stress again the practical need to get round the political shibboleths which have no place in the common fight against terrorism.
- Three terrorists have been handed over in the course of the year (all under the old legislation). Extradition was not an issue in the Irish general election (though Ryan polled quite well in the European elections, with 6.1% first preference votes, against an average showing for Sinn Fein in the general election of only 1.2%). There have, however, been few opportunities to test the new extradition law in terrorist cases. The Ryan case failed on extraneous grounds, and the Irish Attorney's approval of the backing of terrorist warrants has yet to be put to proper test in the courts. The Irish contention that extradition has worked quite smoothly lately is far from being the full picture.
- The Prime Minister might therefore encourage Mr Haughey to maintain the momentum on extradition, to push ahead with the Review of the new law (now overdue) and to be ready for

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amendments in procedures, not only to cover loopholes demonstrated by the Ryan affair (such as the use of provisional warrants), but also against the possibility of the law failing to work in terrorist cases. C

- For our part, we will continue to cooperate with the Irish law, and will use extraterritorial prosecution when this is appropriate. (One case has succeeded this year and another is in the pipeline).
- The Irish DPP has had the papers on Ryan since January and we have provided supplementary information. Although the decision on prosecution is for the DPP not the Government, it is worth giving Mr Haughey a reminder. Ryan did not help his cause in a recent programme by Thames Television.
- The Irish have the Presidency of the Council in the first half of 1990. The Prime Minister might ask Mr Haughey about his priorities for the Irish Presidency, and say that we want to work with it to the extent possible. Over the autumn we shall be stepping up our contacts with the Irish at official and ministerial level in preparation for their Presidency. With some 5% of Irish national income accounted for by net transfers from the Community there is a wide difference of approach to many Community problems, including those relating to the budget. The increase in structural funds between now and 1992 may widen this gap between us. Nevertheless the Irish share some of our concerns on the practical implications of some issues, even if they will hesitate to oppose openly Community proposals. There is thus scope for selective tactical cooperation. Furthermore, Mr Haughey has begun to say that the lowering of economic barriers in the Community could provide a new setting for the solution of Ireland's problems. We can go along with this - without in any way endorsing the inevitability or even desirability of a united Ireland, in which Mr Haughey believes.
- The passage of the Fair Employment Bill for Northern Ireland has involved close consultation with the Irish and they broadly support the Bill as it has emerged. This measure is vital in Northern Ireland itself and is also a key element in our continued opposition to the legislation in the United States citing the MacBride Principles. (These ostensibly promote fair employment but, when included in legislation, tend to divert or frustrate investment.) Mr Haughey has not disowned the MacBride Principles as such. But we should seek his support for the Fair Employment Bill, which fulfils the aims of the MacBride Principles while going far beyond them in a practicable way. Irish ambivalence over the Bill would be damaging, not least to the creation of jobs which are essential to any fair employment policy.

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- It is possible that Mr Haughey will complain about the decision to equip the Ulster Defence Regiment with plastic baton rounds. The Irish have reacted badly (but mainly in private) in line with their generally hostile attitude to the UDR as what they see as a sectarian force. It is important to emphasise that this decision implies no change in the deployment policy for the regiment. In other words, they will not be involved in riot control and public order situations, but in their ordinary patrolling they can find themselves suddenly in a position where they either have to fire live ammunition, or else run away, if a crowd suddenly materialises in front of them. Both of these consequences have, in fact, occurred and make it necessary for the UDR to be able to protect themselves without using lethal force. The date for implementing the decision has been deferred (at least until after the end of June). But baton rounds are being issued for training.

You will probably want to produce a press release on the spot in consultation with Mr Nally. It would be useful if there could be a specific and positive mention of the Review.

I am sending copies of this letter to Stephen Leach (NIO), Colin Walters (Home Office), Brian Hawtin (MOD), Michael Saunders (Attorney General's Office) and Trevor Woolley (Cabinet Office).

Jams,
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