

IMMEDIATE

PS (6)
PS/LADY YOUNG
PS/MS WHITNEY

PS/S. G. S
PS/ MR R. ANDREW
ORR 1/56

MR SPIDMAN

NIO

PS/PCS

MR ANGE

~~SIR R. ARMSTRONG~~

J. LYON

~~MR R. ARMSTRONG~~

MR JENNINGS

SIR R. ARMSTRONG

CABINET

ED/RID

DIO

ED/PUSD (2)

ED/NEG D

ED/NEWS D

PS/MS 10 DOW

~~SECRET (3)~~

GRS 380
CONFIDENTIAL
FM DUBLIN 011225Z SEPT 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 428 OF 1 SEPTEMBER 1984
INFO IMMEDIATE NIO (BELFAST) NIO (LONDON)

KINSALE GAS

SUMMARY

1. THE IRISH GOVERNMENT DO NOT WISH TO ISSUE A JOINT STATEMENT.

DETAIL

2. AFTER THE SECRETARY OF STATE FOR NORTHERN IRELAND'S DINNER WITH DR FITZGERALD AND MR BARRY ON 31 AUGUST, LILLIS, DORR AND I WITHDREW FOR HALF AN HOUR. I THEN SAID THAT I WAS DISAPPOINTED THAT KINSALE GAS HAD NOT BEEN DISCUSSED. WE HAD BEEN PROMISED AN ANSWER ON DR FITZGERALD'S RETURN. WE DID NOT WANT THIS TOPIC TO TAKE UP TIME BETWEEN DR FITZGERALD AND THE PRIME MINISTER ON 3 SEPTEMBER.

3. LILLIS IMMEDIATELY REPLIED THAT HE WAS AUTHORIZED TO GIVE ME THE IRISH GOVERNMENT'S ANSWER. IT WAS THAT THE IRISH GOVERNMENT WERE UNWILLING TO ISSUE ANY JOINT STATEMENT ON THE SUBJECT. AFTER MAKING QUITE SURE THAT HE WAS CONFIDENT OF HIS AUTHORITY, I REPLIED THAT IN THAT CASE I WOULD ADVISE HMG TO ISSUE A UNILATERAL STATEMENT AS SOON AS THEY WERE READY. LILLIS SAID THAT IT WOULD BE PREFERABLE FOR THERE TO BE NO STATEMENTS, BUT HE ACCEPTED THAT WE CONSIDERED ONE NECESSARY TO DISPEL UNCERTAINTY IN NORTHERN IRELAND.

COMMENT

14. I NOTE FROM THE PRESS ON 1 SEPTEMBER THAT IRISH TRADE UNION LEADERS HAVE WRITTEN TO HMG AND THE IRISH GOVERNMENT ON THIS TOPIC. THE IRISH GOVERNMENT WILL THEREFORE PROBABLY BE FORCED TO MAKE A STATEMENT IN REPLY, AND HMG MAY ALSO WISH TO DO SO. IN ANY CASE, I HOPE YOU WILL BE ABLE TO GIVE ME ADVANCE WARNING OF PUBLICATION OF ANY BRITISH STATEMENT AND IF POSSIBLE A TEXT WHICH I COULD HAND OVER TO THE IRISH IN ADVANCE AS A MATTER OF COURTESY.

5. I HAVE NOT YET MADE THE POINT TO THEM THAT TECHNICAL DISCUSSIONS AT WORKING LEVEL WILL BE NEEDED THEREAFTER, BUT I AM SURE THAT THEY REALISE THIS, AND I WOULD SEE NO OBJECTION TO DIRECT CONTACT WITHOUT FURTHER ADD BETWEEN THOSE RESPONSIBLE IN THE NORTH AND THE SOUTH AFTER PUBLICATION OF A BRITISH STATEMENT. I DO NOT THINK IT WOULD BE APPROPRIATE EARLIER.

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IRISH GAS DEAL OFF - REPORT

A DEAL TO SUPPLY NATURAL GAS FROM THE IRISH REPUBLIC TO NORTHERN IRELAND IS BELIEVED TO HAVE BEEN FORMALLY CALLED OFF BY MRS THATCHER. A LETTER FROM HER TO IRISH PREMIER DR GARRET FITZGERALD HAS BEEN DELIVERED IN DUBLIN AND WILL BE CONSIDERED BY THE REPUBLIC'S GOVERNMENT NEXT WEEK.

MRS THATCHER'S MESSAGE WAS HANDED OVER BY BRITISH AMBASSADOR IN DUBLIN, MR ALAN GOODISON, EARLIER THIS WEEK BUT OFFICIAL SPOKESMEN HAVE NOT DISCLOSED ITS CONTENTS.

IT IS THOUGHT CERTAIN THOUGH TO MARK REJECTION OF A MULTI-MILLION POUND AGREEMENT, WORKED OUT OVER THREE YEARS OF ANGLO-IRISH NEGOTIATING, TO PIPE GAS TO ULSTER FROM IRELAND'S KINSALE FIELD OFF THE COAST OF COUNTY CORK.

THE MOVE IS EXPECTED TO CONFIRM THE LOSS OF MORE THAN 1,000 JOBS IN NORTHERN IRELAND'S GAS SUPPLY INDUSTRY.

THE DEAL'S COLLAPSE WAS FORECAST EARLIER THIS MONTH BY DEPUTY IRISH PREMIER AND ENERGY MINISTER, MR DICK SPRING. HE CLAIMED BRITAIN WAS SEEKING A 50 PER CENT REDUCTION IN THE AGREED PRICE BECAUSE OF A CHANGE IN THE COST OF HEAVY FUEL OIL BUT STRESSED THERE WAS NO ROOM FOR MANOEUVRE ON THE PART OF HIS GOVERNMENT.

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