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TO PRIORITY FCO
TELNO 686
OF 011050Z MARCH 86
INFO PRIORITY DUBLIN, WASHINGTON

FRAME STRUCTURAL

EC SUPPORT FOR NORTHERN IRELAND

SUMMARY

1. FOLLOWING US ANNOUNCEMENT THIS SUBJECT DOMINATED CALLS BY MR FELL (PERMANENT SECRETARY, DEPARTMENT OF ECONOMIC DEVELOPMENT) IN DGXVI (MATHIJSEN) AND COORDINATION UNIT (REICHENBACH, LARKIN AND LOWE). READINESS AT TECHNICAL LEVEL TO PROCESS PROPOSALS QUICKLY ON BASIS OF A SPECIAL REGULATION.

DETAIL

2. CALL ON COORDINATION UNIT WENT OVER THE GROUND IN SOME DETAIL. ON TIMING, REICHENBACH NOTED THAT US ANNOUNCEMENT MADE TARGET DATE OF 17 MARCH LESS IMPORTANT BUT LOWE SUGGESTED THERE WAS NOW MORE PRESSURE TO RESPOND QUICKLY AT EC LEVEL. DISAPPOINTMENT EXPRESSED THAT DUBLIN AND BELFAST NOT YET READY TO PRESENT DETAILED PROPOSALS, ESPECIALLY IF OPPORTUNITY OF FOREIGN AFFAIRS COUNCIL TO BE TAKEN. FELL EXPLAINED THAT POLITICAL PAPER SETTING OUT BROAD APPROACH WAS FIRST PRIORITY AND SHOULD BE AGREED BY TWO GOVERNMENTS WITHIN NEXT WEEK FOR PRESENTATION TO DELORS. REICHENBACH NOTED THAT DELORS MIGHT NOT ATTEND FAC. HE ASKED THAT COMMISSIONER VARFIS BE INCLUDED IN ARRANGEMENTS TO PRESENT POLITICAL PAPER. HE HOPED TECHNICAL PAPER COULD BE MADE AVAILABLE NEXT WEEK EVEN IN DRAFT TO ENABLE HIM TO PROCESS INTERNALLY IN TIME FOR MEETING OF FINANCE COMMISSIONERS ON 18 MARCH. HE AGREED THAT IRISH AND UK COMMISSIONERS WOULD HAVE TO BE CLOSELY INVOLVED IN DISCUSSIONS POSSIBLY THROUGH NORTHERN IRELAND GROUP OF COMMISSIONERS.

3. ON SUBSTANCE OF PROPOSALS, REICHENBACH SAID THEY SHOULD TAKE CLEAR ACCOUNT OF PROPOSED ACTIVITIES OF INTERNATIONAL FUND. INVOLVEMENT OF EC IN VENTURE CAPITAL ACTIVITIES WAS CONCEIVABLE THROUGH EIB AND ERDF. HE NOTED THAT SOCIAL RECONSTRUCTION ASPECTS WOULD BE A MAJOR ELEMENT OF PROPOSALS BUT STRESSED NEED FOR ECONOMIC STRATEGY TO BE CLEAR AND FOR BALANCING ECONOMIC ELEMENTS IN PROGRAMME. SOLID JUSTIFICATION WOULD BE REQUIRED FOR PROPOSALS FOR SUPPORT OUTSIDE ELIGIBLE AREAS OF THE STRUCTURAL FUNDS.

4. ON BUDGETARY ASPECTS REICHENBACH SAID THERE APPEARED TO BE NO SCOPE FOR EXTRA PAYMENTS IN 1986, BUT MIGHT BE SOME SCOPE FOR INITIATIVES IN 1987 PDB. OVERLAP IN EC AND UK FINANCIAL YEARS MIGHT BE HELPFUL IN BUILDING IN ACTION IN 1986/87. FELL OFFERED A BROAD INDICATION OF THE ROI/NI SPLIT IN FUNDING AND SIZE OF PROGRAMME FOR WHICH SUPPORT MIGHT BE SOUGHT AT 70 PERCENT RATE OF GRANT. REICHENBACH SIMPLY NOTED.

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5. IN DISCUSSIONS WITH DGXVI MATHIUSEN SIMPLY NOTED THE INTENTION OF UK AND IRELAND TO BRING FORWARD PROPOSALS AND UNDERLINED THE BUDGETARY DIFFICULTIES.

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