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TELNO 269

OF 041500Z FEBRUARY 86

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INFO ROUTINE OTTAWA, CANBERRA

DUBLIN TELNO 59 TO FCO (NOT TO ALL): **ANGLO-IRISH AGREEMENT:**
PROPOSED US FINANCIAL ASSISTANCE

SUMMARY

1. STATE DEPARTMENT TRYING TO IDENTIFY SOURCES OF FUNDING, BUT CONTINUING BUDGET-RELATED DIFFICULTIES. PRESSURE FOR EARLY ACTION FROM HOUSE OF REPRESENTATIVES.

DETAIL

2. AMBASSADOR RIDGWAY WAS TESTIFYING ON 30 JANUARY ON US/ EUROPEAN RELATIONS BEFORE THE EUROPE AND MIDDLE EAST SUB-COMMITTEE OF THE HOUSE FOREIGN AFFAIRS COMMITTEE. THE SUBJECT OF US ASSISTANCE TO IRELAND CAME UP DURING QUESTIONS. AMBASSADOR RIDGWAY MADE CLEAR THAT THE ADMINISTRATION STOOD BY THE PRESIDENT'S COMMITMENT LAST NOVEMBER, BUT AT THE SAME TIME REFERRED TO "SEVERE" RESOURCE ALLOCATION PROBLEMS THAT "COMPLICATE" THE PRESIDENTIAL PLEDGE. WHILE INDICATING THAT THE UNITED STATES WAS CONSIDERING A "DIRECT CONTRIBUTION" TO AN INTERNATIONAL FUND, AMBASSADOR RIDGWAY DECLINED TO GO INTO DETAIL ON WHAT FORM US ASSISTANCE MIGHT TAKE.

3. IT IS HARD TO SEE WHAT MORE - OR LESS - SHE COULD HAVE DONE IN PRESENT CIRCUMSTANCES. THE PROBLEM CREATED BY THE CURRENT BUDGETARY SQUEEZE IS REAL, AND SHE COULD HARDLY PRETEND OTHERWISE.

4. LESS EASILY EXPLICABLE WERE A COUPLE OF SHULTZ CONVERSATIONS LAST WEEK. MEMBERS OF THE HOUSE FOREIGN AFFAIRS COMMITTEE CALLED ON HIM ON 27 JANUARY, AND CONGRESSMEN LANTOS, GILMAN AND OTHERS ASKED FOR AN UP-DATE ON STATE DEPARTMENT THINKING ON US ASSISTANCE. SHULTZ, WRONGLY, SAID THAT THE STATE DEPARTMENT WAS STILL AWAITING CLARIFICATION FROM THE BRITISH AND IRISH GOVERNMENTS OF THEIR PLANS FOR AN INTERNATIONAL FUND. WE, THE IRISH EMBASSY, AND STATE RECEIVED SEVERAL CALLS ABOUT THIS, AND STATE OPENLY ADMITTED THAT SHULTZ HAD CLEARLY NOT DIGESTED HIS BRIEFING. BUT ON 28 JANUARY SHULTZ SAID AGAIN (THIS TIME TO SPEAKER O'NEILL) THAT FURTHER INFORMATION WAS NEEDED FROM LONDON AND DUBLIN. THE SPEAKER MADE CLEAR THAT HIS UNDERSTANDING WAS OTHERWISE, AND SHULTZ CORRECTED HIMSELF ON 30 JANUARY, TELLING O'NEILL THAT PAPERS HAD AT LAST REACHED HIM, THAT HE AND OTHERS IN THE STATE DEPARTMENT WERE WORKING HARD TO IDENTIFY SOURCES OF FUNDING, AND THAT HE WOULD BE IN TOUCH AGAIN WITH THE SPEAKER SOON.

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5. O'NEILL APPARENTLY REITERATED HIS STRONG PERSONAL INTEREST IN GETTING A PACKAGE THROUGH QUICKLY, IF POSSIBLE BY ST PATRICK'S DAY. HE MADE CLEAR THAT UNLESS THE STATE DEPARTMENT GOT WEAVING, THE HOUSE WOULD MAKE A START ON ITS OWN. NEVERTHELESS WE UNDERSTAND THAT HE WAS MILDLY REASSURED BY SHULTZ'S TONE, WHICH SUGGESTED THAT, DESPITE ALL THE DIFFICULTIES, SOME WAY WOULD BE FOUND TO LIVE UP TO LAST NOVEMBER'S COMMITMENTS.
6. THE IRISH EMBASSY ARE REASONABLY RELAXED ABOUT THESE DEVELOPMENTS, ALTHOUGH (LIKE US) BAFFLED BY SHULTZ'S REMARKS LAST WEEK. THE MUCH-DELAYED SUBMISSION BY THE EUROPEAN BUREAU IS NOW WITH SHULTZ AND HIS COLLEAGUES ON THE SEVENTH FLOOR. THE TASK NOW IS RESOURCE-IDENTIFICATION.
7. WE SHALL CONTINUE TO IMPRESS ON THE STATE DEPARTMENT AND OTHERS OUR HOPE THAT IT WILL BE POSSIBLE TO MAKE PROGRESS SPEEDILY. (CONTINUING UNCERTAINTY WOULD MAKE IT EASIER FOR BIAGGI AND THE IRISH NATIONAL CAUCUS TO INFLUENCE OPINION ON THE HILL. IN THE ABSENCE OF AN ADMINISTRATION PROPOSAL, ON WHICH THE FOREIGN AFFAIRS COMMITTEES AND THE FRIENDS OF IRELAND CAN START WORK IN EARNEST, THE RISK IS THAT THE BIAGGI CROWD MIGHT SEEM TO BE THE ONLY IRISH AID SHOW IN TOWN. BUT CLEARLY O'NEILL IS ALIVE TO THAT. AND DR FITZGERALD'S PLAN TO VISIT WASHINGTON FOR ST PATRICK'S DAY (SHEINWALD'S LETTER OF 17 JANUARY) SHOULD ENCOURAGE THE ADMINISTRATION AND CONGRESS TO GET THEIR ACT TOGETHER.

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