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PRIME MINISTER

BILATERAL WITH THE TAOISEACH

You are to have a bilateral with the Taoiseach in the margins of the European Council. I have not yet set a time.

It may be as well this time to devote most of it to EC matters and the forthcoming Irish Presidency. We hope they will make a further very strong push on the Single Market, particularly financial services and transport. We think that relations in Eastern Europe will continue to be a prominent concern and one to which the Community should devote particular attention. The Irish will also have to handle the opening of negotiations between the EC and EFTA. The way ahead of economic and monetary union will depend on what is agreed in Strasbourg and you will want to emphasise the need for real through discussion of the substance of the issues by the bodies which actually know something about them i.e. the monetary committee and ECOFIN.

There will have to be some discussion also of bilateral affairs and it probably won't be very happy. Better cross-border security cooperation remains our main concern. It is quite likely that Mr. Haughey will raise the case of the Birmingham Six in two respects. First he may refer to the re-categorisation of the status of the prisoners. This is entirely a matter for the Home Secretary and we very much hope Mr. Haughey won't say anything publicly about it which would complicate the Home Secretary's task. (We think the Home Secretary is probably going to take action on this.) Second, he may ask for the case of the Birmingham Six to be referred once again to the Court of Appeal. You will want to make clear that there is no evidence to justify this and the Court of Appeal has already been through the case very meticulously. But I would not be too emphatic. It is not impossible that some recommendation affecting the Birmingham Six may emerge from Sir John May's enquiry into the Guildford Four verdict. You might remind Mr. Haughey of his commitment in the Anglo-Irish Agreement to support devolution. We are beginning to see some signs of reviving interest among the Unionists in

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discussion of a devolved structure of government. This needs to be nurtured and it will not be helpful if Mr. Haughey instead pursues his own ideas on direct contacts between the Irish government and the Unionists.

A fuller note by the FCO is in the folder together with a copy of the Anglo-Irish Agreement.

C.D.P

(C. D. POWELL)

7 December 1989

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Foreign and Commonwealth Office

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7 December 1989

Dear Charles.

European Council: Bilateral with the Taoiseach

You have spoken to Dermot Nally about a bilateral meeting with the Taoiseach in Strasbourg. In the absence of bilateral issues (including Northern Ireland) which we wish to see discussed at Prime Minister level, it might be useful to concentrate initially on Community matters. However some discussion of bilateral points is inevitable; Mr Haughey will almost certainly wish to mention the Birmingham Six.

Community issues

The Prime Minister may wish to discuss with the Taoiseach the prospects for the Irish Presidency. The main Irish interest in EMU is the possibility of significant resource transfers to facilitate "economic convergence", as proposed in the Delors Report. Apart from that, they do not have strong views, but will not want to be accused of doing nothing. They are receptive to the proposition that full account must be taken of the scale of Stage 1 changes; they agree that there must be full and adequate preparation before any IGC; and they believe that the Monetary Committee should take the lead, not special ad hoc groups. The Prime Minister might reaffirm our commitment to Stage I and, in the light of the Strasbourg EMU discussion, stress the importance of further thorough, substantive Monetary Committee analysis before any IGC, taking account of the UK as well as other approaches.

On social issues, the Irish may usefully shift the focus away from social rights and benefits to measures for the unemployed, particularly the long-term unemployed. Their concern not to push up labour costs or curtail flexibility may be useful in handling new Commission proposals, but they will not resist majority views. The Prime Minister might want to counsel caution on "Action Programme" measures, particularly those directly threatening jobs and competitiveness.

The Irish are generally liberal on Single Market issues. We have been stressing the importance of their Presidency making its mark on financial services (particularly investment services and insurance) and transport liberalisation, and they seem receptive. It would be helpful if the Prime Minister could make the same point.

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Among Community external issues during the Irish Presidency, Eastern Europe will continue to dominate. The Irish have kept a low profile in Community discussions so far. The Prime Minister may wish to rehearse the principles we wish the EC to follow in handling relations with Eastern Europe:

- differentiation according to degree of economic reform achieved;
- no bloc to bloc approach;
- political responses to political reform;
- dynamic development of institutional association with individual countries as economic and political reforms take root;
- no enlargement at least until 1993.

The Prime Minister might also note the need to keep in close touch with the Commission to ensure they can carry out their role of coordinating EC and broader G24 assistance to Poland/Hungary (particularly to monitor Poland's food needs).

Negotiations between the EC and EFTA are likely to begin during the Irish Presidency. Substantial areas of agreement have been identified but many difficult areas remain, particularly on legal/institutional aspects. The Prime Minister might underline the importance we attach to this process.

Bilateral (including Northern Ireland)

On Northern Ireland issues the Intergovernmental Conference has fully aired a number of problems, including those arising from the leak of security materials and the Irish criticism of the UDR. The Prime Minister might note that recent meetings of the Conference have demonstrated the effectiveness of the Anglo-Irish Agreement and its mechanisms as a forum for conducting Anglo-Irish relations on Northern Ireland matters.

Mr Haughey will have been fully briefed about where matters stand on the UDR and the Stevens enquiry into allegations of collusion between members of the security forces and loyalist paramilitaries. If he mentions the Irish proposal for a commission of enquiry, the Prime Minister will need to reiterate that this will not be necessary.

On security cooperation generally the Prime Minister might say that, while very considerable progress has been made within the framework of the Agreement, there will always be scope for improvement and that we must continue to search for ways of intensifying cooperation against the common enemy.

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The terrorist campaign shows no sign of slackening.

It is, however, important to stress that efforts in the security field must be accompanied by progress on the political front. Mr Haughey's speech in the Dáil on 23 November underlined his lack of enthusiasm for devolution and his preference for direct talks with the unionists. There were, however, elements in the speech which we can regard as constructive, and the Prime Minister might therefore say that our soundings of Northern Ireland political parties suggest that there are signs that there may be scope for progress on which we will seek to build in the weeks ahead. Progress is most likely through efforts to establish a functioning devolved structure of government in Northern Ireland in which both communities can learn to work together.

In his speech Mr Haughey reaffirmed the Irish Government's support for the British Government's policy for promoting devolution, set out in Article 4 of the Anglo-Irish Agreement and emphasised the importance of making "whatever progress we can now, for its own sake", despite the ultimate Irish objective of a united Ireland.

Mr Haughey is almost certain to raise the case of the Birmingham Six. His first priority may be recategorisation of the status of the prisoners, but the Foreign Secretary has told Mr Collins that there may be more to say on this very soon. The Prime Minister might ask Mr Haughey not to take a strong public line on categorisation since that will make it more difficult for the Home Secretary in an area within his responsibilities. The Prime Minister may also need to remind Mr Haughey that there is no evidence at present to justify a further reference to the Court of Appeal, although the Home Secretary will of course consider any recommendations which Sir John May may make in his enquiry into the Guildford Four verdict. While the enquiry into the West Midlands Serious Crime Squad is looking into its actions since January 1986, it is not precluded from following lines of enquiry before that date. The Prime Minister might remind Mr Haughey again that no democratic government can substitute political considerations for the verdict of the Court, which in this case went into the evidence recently at great length.

If Mr Haughey were to raise the question of Paul Hill, one of the Guildford Four, the Prime Minister might say that she is unable to comment on the appeal against his conviction for murder in Northern Ireland until the courts in Belfast have heard it: it is not possible to say how long this might take. Meanwhile he is on bail.

There are no points to raise on extradition. But there are problems ahead, and the Prime Minister might remind Mr Haughey that we are still awaiting a response to the papers we passed to the Irish in December 1988 and January 1989,

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proposing a number of changes in their extradition arrangements. In particular we want early progress on a more practical alternative to the point of departure question, since the use of the single border handover point raises considerable security difficulties.

Press line

You will no doubt wish to agree on the spot a brief press notice. It would be useful if this could concentrate so far as possible on the discussion of Community issues.

I am copying this letter to Colin Walters (Home Office) and Stephen Leach (NIO).

*Yours,
Stephen Wall*

(J S Wall)
Private Secretary

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