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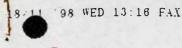
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**18 November 1998** 

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To:

HO

From:

Belfast

For: Secretary Gallagher From:

Joint Secretary

## Subj: Conversation with the Secretary of State

- 1. The Secretary of State came to dinner in the Secretariat last night. She was accompanied by Nick Perry, her Private Secretary.
- It was a mainly social event, timed for the run-up to our departure from Maryfield. 2. Though she had had a very tiring day, the Secretary of State was in relaxed and even ebullient form and the evening was particularly successful.
- 3. A number of her current concerns will be familiar to you from your own meeting with her at Stonnont earlier in the day, which she found very useful.
- 4. While she made no detailed comments about the work which is underway in relation to the implementation bodies, she expressed general unease at the developing difficulties and, in particular, the indications that Trimble may intend to defer She agreement on these until something happens in relation to decommissioning. accepts fully that we and the nationalist parties require politically credible and significant bodies and that these must be the outcome of the current negotiations. If Trimble chooses to play it long (and his own travel schedule, which takes him out of Northern Ireland for most of the first half of December, suggests this), a good deal of patience and persistence will be needed.

All that the two Governments can do, she suggested with a resigned shrug, is to take each day as it comes and "plug away" in the search for ideas which might unblock the decommissioning problem and provide Trimble with some cover. At the moment.

however, she sees no easy ways forward. Both the UUP and Sinn Fein, she believes, have virtually no room for manoeuvre and a solution can only be found by the two Governments. (She observed that, while the British Government has traditionally had better relations with the Unionists and we have a particular rapport with the nationalist parties, recent experience has broken this mould to an extent, with Trimble emphasising his relationship of trust with the Taoiseach and with her own positive contact with Sinn Féin). The problem is that neither Government can gauge precisely how far either party can be pushed - "and what if we push either of them over the edge?".

Touching briefly on the question of a possible statement by General De Chastelain, she said she believed that the General would not be willing to place his credibility on the line for a statement which did not offer some sense of a timetable for the beginning of decommissioning. (Comment: We have been hearing something different from NIO officials, who have been emphasising De Chastelain's willingness to say "virtually anything which might be of help"). We had a general discussion of the problem which did not reveal any new British thinking.

- On the question of the implementation bodies, we understand that Trimble told the Secretary of State on Monday that he would "engage seriously" with our side at yesterday's meeting. However, tourism, trade promotion etc. and EU programmes were politically very difficult for him, in particular as implementation bodies in these areas could cause the "international distinction" between North and South to disappear. The Secretary of State was not encouraged by this conversation.
- 6. On a point of detail about the updated Departmental assessments which were provided at Trimble's request on Monday afternoon, the Secretary of State said she had received a note from Seamus Mallon which, I gather, may have complained about the British Government's ready compliance with Trimble's request without consultation with himself. She gave Mallon the explanation which Tony McCusker gave us yesterday, viz., that the material was forwarded simultaneously by McCusker to Trimble and Mallon and that time pressures had prevented an advance phone-call to Mallon's office.
- 7. She spoke very warmly about Mallon. Nobody has worked more energetically or effectively, she remarked, to keep the Agreement on track and moving forward. She

particularly praised his public presentations during the recent US tour (which had a powerful, and at times emotional, impact) as well as the way in which he has sought to create space for the Unionists and to demonstrate sensitivity to their concerns.

- 8. She is thinking of travelling to Washington for the NDI event in early December but, contrary to some speculation (which she dismissed as mischievous), has no intention of going to Oslo for the Nobel Peace Prize ceremony.
- 9. The Secretary of State castigated the Tories for the opportunism which they have shown of late in relation to <u>prisoner releases</u> and their generally indifferent attitude towards bipartisanship at Westminster on Northern Ireland. She spoke of Andrew Mackay in particularly scathing terms ("I used to think he was a decent human being").
- 10. Privately, however, she is conscious that British public opinion is unhappy at prisoners being released while no decommissioning has happened and that the Government is suffering from perceptions at the level of the "ordinary punter" that this is an unreasonable situation. She made clear that this will not affect the programme of prisoner releases in the slightest but that nonetheless it is an uncomfortable position for the Government to find itself in
- 11. While recognising that time to exploit the issue is perhaps running out, she wondered whether Lord Cranborne might think of linking Tory discontent over prisoner releases to the attitude to be taken by the Conservatives towards reform of the House of Lords.
- 12. As regards Johnny Adair, she observed that he was the third case which she has challenged, two Republican prisoners having preceded him. She will shortly provide the Sentence Review Commissioners with information to justify holding onto Adair for a while longer.
- As regards the <u>normalisation paper</u>, the Secretary of State told us that she has amended three or four paragraphs of the latest draft to add greater specificity, as we have been suggesting, and that she hopes to be able to give us a new version next week. Her intention would be to go ahead with publication at some point within the next two weeks. She emphasised that she is taking the points we have been making very seriously, understands the importance of the initiative for us and the

nationalist parties and wants to get it right. (With characteristic idiosyncrasy, she delivered these remarks to us in an exuberant burst of French).

- 14. We learned separately that, on another matter altogether, the Secretary of State had an extremely contentious meeting yesterday with Stephen Leach to the point where her Private Secretary advised us privately not to even mention his name.
- 15. When given an opportunity to comment on suggestions (from "securocrat" sources) that IRA targetting is continuing, the Secretary of State responded by robustly supporting the unambiguous terms used about the <u>IRA ceasefire</u> by the Chief Constable in his RTE interview last weekend.
- 16. On the <u>LVF</u>, we gathered that the British expect a "very small" number of weapons to be handed over, probably in the next fortnight.
- 17. We also discussed in some detail a range of matters for North/South cooperation in the <u>economic</u> sphere in which the Secretary of State has a particular interest at present.

We reported to her on a recent meeting about the "millennium bug" issue which took place in the Secretariat by way of follow-up to a discussion which she had with Minister O'Rourke while in Dublin on 23 September. She hoped that it would be possible for our Government to signal its support for the British Government's Pledge 2000 initiative when the Prime Minister visits Dublin on 26 November. We mentioned some technical difficulties identified on our side in relation to this initiative but suggested that there is significant scope for North/South cooperation in the area of contingency planning relating to the Y2K issue.

A meeting on the "digital corridor" proposal, another issue close to her heart, is also planned for the Secretariat shortly.

The Secretary of State is also keenly interested in ways in which North/South cooperation might help to offset the effects which our participation in the single currency will have on small businesses in Northern Ireland (another topic which she discussed in Dublin on 23 September, with the Minister for Finance). She wondered what CBI/IBEC and banking institutions which are organised in both jurisdictions might be planning in this connection. We said we would pursue this

issue.

She also mentioned an approach made to her by Ryanair for British Government funding in connection with a proposed Derry/Stansted route. She indicated that, if our Government were also willing to contribute, she might be positively disposed. She indicated that Ryanair themselves would be investing £0.9 m, that the British Government could put in £1m and that our Government might hopefully match this. We will pursue this matter.

- 18. Reflecting on the Assembly visit to <u>Brussels</u>, the Secretary of State felt it had been a very worthwhile initiative which had helped to bond the parties closer together (apart from the initial incident involving Sinn Féin and Carlo Trojan, for which she held Sinn Féin responsible and which reminded her of another first-night difficulty on the US visit which involved Trimble and national anthems).
- 19. We discussed the <u>Coolkeragh</u> issue, the subject of a note given to the Secretary of State by the Minister for Foreign Affairs at their recent meeting in Dublin. She indicated that she would be willing to meet the Coolkeragh management to discuss their concerns about an electricity interconnector. However, she emphasised the spin-off benefits which she believed would accrue from her separate proposal to go ahead with a North/South gas pipeline, on which she wrote to the Taoiseach recently. We will report further on this.
- 20. Finally, the Secretary of State said that she is looking forward very much to her visit to Cork on 27 November.