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Sec Gallagher

Seamus Mallon's Meeting with Prime Minister Blair, 24 November 1998

1. I got a read-out from Séamus Mallon this morning on his meeting at Hillsborough last night with Prime Minister Blair. The meeting lasted about one hour and Blair was accompanied by John Holmes and Paul Murphy. Mallon took the opportunity to make a strong pitch in regard to his requirements if a deal were to be closed on Departmental structures and North/South Bodies.
2. Blair told Mallon at the outset that they were deeply conscious and appreciative of the role Mallon was playing in very difficult circumstances ("you've kept it all going"). Acknowledging, Mallon made clear that the holding together "of the centre" could not be done for much longer without movement on the issues.

North/South

3. They had a detailed exchange on where matters stood on North/South Bodies. Mallon reported that while progress had been made on a number of areas, there was still deadlock on some key details. Mallon pointed to the concessions that the SDLP and the Irish Government had made on Trimble's "list" (Irish Lights, Ulster Scots, Food Safety etc). The quid pro quo for Mallon was the securing of the three core economic Bodies - Tourism, EU Programmes and Trade Promotion/Business Development/Inward Investment. The British side confirmed that there was no Treasury reserve (as Trimble had been suggesting) on EU Programmes. Interestingly, Blair indicated that he "could not understand why Trimble is not jumping at" Inward Investment. Holmes referred to some concerns on the part of the Department of Trade and Industry in London about the impact on the proposal on competition between UK

regions (if the Northern side were pooling intelligence with the IDA, this would prevent them from working with the DTI because the IDA were in competition with Scotland and Wales). Blair dismissed this as a problem and made clear to

Mallon that he would have no difficulty if Inward Investment were to be included in the remit of the Body. Likewise, he was positive on Trade Promotion and Business Development.

4. Mallon told Blair that he had informed Trimble that, if the latter would agree to the inclusion of Inward Investment in the Body, he (Mallon) would go to the Irish Government to ask for an undertaking that we would seek to operate on a basis of "one in four" (ie seek to ensure that out of every four jobs created through inward investment, one would go to the North).
5. Overall, Blair's view was the North/South area could be "wrapped up in a half an hour". Mallon told him that this was encouraging, but made clear to him that he could not settle for less than the three large Bodies.

Departmental Structures

6. There was a brief discussion also on the number and nature of Northern Ireland Departments. Mallon told Blair that he could not accept Trimble's proposal that Finance be located in the Office of the First and Deputy First Ministers. The British side share Mallon's view that this would not work.

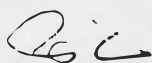
Today's Meetings

7. Mallon and Trimble are due to meet Blair together at 10am this morning. Mallon will be accompanied by Sean Farren and Denis Haughey. Mallon told Blair that he should not expect this to be a "consensus meeting" - that Mallon would take his own line on the outstanding areas of difference.

8. Mallon is travelling to Dublin tonight for the Blair dinner and will be staying overnight.

Comment

9. As his public comments last night had indicated, Mallon had entered the meeting in a tough mood and in a sense that if the deadlock were not broken in the coming days, the process was in deep trouble. He was considerably encouraged by the meeting and by the hearing he got from Blair. He felt that it was a golden opportunity to set out his case and that he had taken that opportunity. He was encouraged by Blair's relaxed approach on the Trade Body (including on Inward Investment) and is more convinced than ever that a major Body is on in this area. For the moment, he intends to hang tough on all elements of the Trade Body, although he sees some room for manoeuvre on the Inward Investment side.
10. In view of the desire of the British side to close agreement on the Bodies/structures and of Blair's view that it could all be done in "half an hour", much depends now on Trimble's willingness to advance matters in the next 48 hours and on the amount of space he feels he has to do that.



T O'Connor

25 November 1998