

17 NOV 1981

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Mr. Dalglish
Mr. Temple
BIF for Mr. Grahame
30/11
AM 20/11
To sec. Mr. Echan with list to
rec. in his office
19/11
P1333/81

RECORD OF MEETING AT THE FOREIGN AND COMMONWEALTH OFFICE
AT 11.30 ON 6 NOVEMBER 1981

Present:

UK Side

- The Rt Hon The Lord Carrington
Secretary of State for
Foreign and Commonwealth
Affairs
- The Rt Hon James Prior MP
Secretary of State for
Northern Ireland
- The Rt Hon Nigel Lawson MP
Secretary of State for
Energy
- Sir Leonard Figg
HM Ambassador, Dublin
- Mr Philip Woodfield
Permanent Under-Secretary
Northern Ireland Office
- Mr Ewart Bell
Head of Northern Ireland
Civil Service
- Mr C C Wilcock
Department of Energy
- Mr E A J Fergusson
Foreign and Commonwealth
Office
- Mr J N T Spreckley
Foreign and Commonwealth
Office
- Mr P H C Evers
Foreign and Commonwealth
Office
- Mr R M J Lyne
Foreign and Commonwealth
Office
- Mr P K C Thomas
Foreign and Commonwealth
Office

Irish Side

- Mr Michael O'Leary TD
Tánaiste and Minister for
Industry and Energy
- Senator James Dooge
Minister of Foreign Affairs
- HE Dr Eamon Kennedy
Irish Ambassador, London
- Mr Sean Donlon
Secretary, Department of
Foreign Affairs
- Mr D Neligan
Department of Foreign Affairs
- Mr M Lillis
Department of the Taoiseach
- Mr F Murray
Department of the Taoiseach
- Mr W Kirwan
Department of the Taoiseach
- Mr D Grafton
Department of Energy
- Mr A Murphy
Department of Energy
- Mr F O'Muircheartaigh
Department of Energy

- 1. c.c. *Mr. Blatternick*
Miss MacGlashan
Mr. Jansenhor
Mr. Jackson

- 2. *Mr. Sargent.*

WCB
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1. Mr Prior and Mr O'Leary joined the meeting after 20 minutes.
2. Lord Carrington and Senator Dooge agreed that the agenda for the meeting would be EC issues, energy matters and Northern Ireland.

Mandate

3. Lord Carrington expressed his concern that the next European Council was close but little progress seemed to have been made. Chapter 1 looked to be in a reasonable state. But all three had to go hand in hand. It would not be possible for the European Council to reach decisions on all aspects. But it should give operational guidelines. He recognised the particular problems that Ireland had on the CAP. But the Community had to recognise that it could not go on increasing subsidies for products that would be sold abroad, thereby upsetting our friends whose markets we would be taking. CAP costs had to be reduced. There would not be a conflict on this as long as the Community saved the enormous waste on surpluses. The Budget problem could not be resolved in a way which would affect those with a below average GDP: richer Members of the Community should contribute more than the poor. This could be done either by the way proposed by the Commission or by limiting net contributions. The point he wanted to make was that the European Council would not get anywhere if each Member State simply repeated its known position as had happened at the last meeting of Foreign Ministers. It would be sensible at the 16/17 November meeting for him to have bilaterals with other Member States in the presence of the Commission to see whether or not progress could be made before the European Council.
4. Senator Dooge agreed that a third round of the table would be unprofitable. But he wondered how far the Community could get before the European Council even if the Presidency did hold bilaterals. Chapter 1 was still too fuzzy to provide guidelines. He did not think that the section on energy was enough for a policy. Chapter 2 amounted to no more than each Member State reaffirming the principles of the CAP, but putting its own interpretation on how they were applied. The question of agricultural incomes was important to the Irish: they were down 40% in two years. They of course agreed that the CAP should be managed in a prudent way. But a large amount of expenditure was attributed wrongly to the CAP. Examples were Food Aid and Baby Beef. On the latter, the CAP had been blamed for a political decision for the benefit of Yugoslavia. Lord Carrington said that these matters could be quantified. Senator Dooge said that it would be very difficult for the Irish to enter into real discussions until they knew exactly what was proposed and could consider its precise implications. Other countries had much the same difficulties. How did the UK see

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the Commission acting! Lord Carrington replied that as the UK was heavily involved, the Presidency had to bring in the Commission. This procedure might not get very far. But it would get further than the Member States simply sitting around a table repeating fixed positions. It was how the Community had got through the 30 May agreement. Senator Dooge said he was doubtful whether the European Council could produce guidelines: if they were hard enough to be useful they would nearly be final decisions. Mr Spreckley described the ground that the guidelines might cover. In the agricultural chapter it would be necessary to try to find some principles which would relate to what price policy should be adopted, which would describe how far and how there should be levies or limits on production. We should try to have an idea of a mix of remedies for limiting surpluses. On Chapter 1 there was no possibility of the Council reaching concrete decisions, but a catalogue of policies was being elaborated and the question was what emphasis should be put on which. Lord Carrington said it would be a skeleton on which the flesh would be put afterwards.

5. Senator Dooge said that he would like to probe deeper on agriculture. He asked whether determination should be by limiting price or by limiting production. Mr Spreckley said that it could be either or both: neither were excluded. The European Council should be able to give the Agricultural Ministers guidelines. Lord Carrington added that these should be guidelines on which the Agricultural Ministers should not be able to renege. The Foreign Ministers had been charged with the task. The British Government were anxious that they should carry it out. Agricultural Ministers never got together without managing to spend more money.
6. Senator Dooge said that this subject raised problems for the Irish and probably for others too. Decisions could not be taken without Agricultural Ministers being present. If there was any real discussion on Chapter 2, or any real movement, his country would be better served by having an Agricultural Minister present rather than a Foreign Minister. It was a difficult problem for the Irish. They would have to consider it seriously. There were elements in the Commission paper that were impossible for them. Lord Carrington said that there was no question of enlarging participation at the European Council.
7. Senator Dooge said that he would still like Chapter 1 to be a little bit harder. Mr Lawson said that it was too early to harden it up. Lord Carrington said that the whole package had to go in parallel.
8. There was some speculation as to what other issues might also be discussed at the European Council, including Middle East, Enlargement, the economic state of the Community, European Union and the German and Italian initiatives.

/Insurance

Insurance

9. Lord Carrington said that Irish fears about insurance were unfounded. Mr Spreckley said that the UK Presidency was trying to see that this aspect of freedom to supply services, as provided for in the Treaty, was implemented. Lord Carrington asked that the Irish should stop supporting the reservationists on matters of no crucial importance to Ireland. Senator Dooge undertook to convey this message.

Air Transport

10. Lord Carrington said that it was important that the Community should do something that the public would think useful. The UK thought that air fares in Europe were exorbitantly high. The Community should try to reduce them. Senator Dooge took note.

Energy

11. Mr O'Leary said that the Irish would like to see the proposal for a gas pipeline to Northern Ireland as a joint government project. The pipeline to Dublin would be complete by next Christmas and had enough capacity for extension. There was a possibility of EC assistance. The Kinsale Gas Field was larger than the Irish had originally thought. There were two aspects: the cost of laying the pipe and security. Mr Prior said that the UK was interested in the gas pipeline and would like negotiations to begin. Everything depended on price. He suggested that Mr Butler, the relevant Minister, should begin negotiations straight away with his Irish opposite number. Security would be less of a problem with a pipeline than with an electricity interconnector.

12. Mr O'Leary said that the Irish would like to see the North/South electricity interconnector restored. He thought that there should be some method by which if the interconnector was again attacked supplies of power in that area would be affected. Did the British Government see it as a civil or a military matter? Mr Prior said it was a security problem. In discussion it was agreed that this would be difficult to achieve since the interconnector had been out of action for a long time without the electricity supply in the border areas being affected, but the question might be considered further by experts. The difficulties in ensuring supply were IRA intimidation of the workmen who would restore it and protecting the whole link once it was restored.

13. On the subject of interconnection between Ireland and Great Britain, Mr O'Leary said that it could be taken forward to the point of making a seabed survey. Senator Dooge added that it was important from an EC point of view, given the proposed link between Great Britain and France. Mr Lawson said that the link with France would give useful experience on which to base further economic consideration. It would be sensible to have official level discussions on what a feasibility

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study should address and how it should be paid for. Mr O'Leary said that such a discussion should be raised to ministerial level. Senator Dooge pointed out that any decision to go ahead should be a political one and it would be better to be taken by Ministers. Mr Lawson said that there was no objection in principle. The problem was whether it would be economic. The first step should be for officials to decide what sort of study should be made and how it should be funded. Senator Dooge said that the two Ministers should then get together. It would be better for our relations if the decision was a visible one. He thought that there was a good chance of help from the Community. Mr Lawson said that the EC were not assisting the Anglo-French link but the Irish might be able to obtain cheap money under their special arrangements.

14. Mr Lawson said that the UK were anxious that the Community should reach agreement on energy prices. The Irish had been worried about energy taxation but this was no longer in question. It was a matter of agreement on pre-tax prices.

15. Mr Lawson said that the UK had for a long time been holding discussions with the Norwegians on offshore safety and had recently started to have similar discussions with the Danes. Would the Irish be interested too? Mr O'Leary said that the Irish would be very interested. They were optimistic about the chance of finding offshore oil. The depth of water in which they were operating made safety an important subject.

Northern Ireland

16. Senator Dooge said that the Irish would be extremely worried if local government powers were extended in Northern Ireland. It would be a retrograde step if further representation was to go through district level. There was evidence that local authorities were still following the old Stormont pattern of discrimination. He gave examples. In some Councils there were only small majorities, but all the statutory posts were held by unionists. There were cases of very severe discrimination against the GAA. Mr Prior replied that it was a very difficult and delicate problem. The local authorities had so few powers that they were unable to exercise responsibility for political actions. The number of cases of discrimination had diminished and machinery existed for dealing with cases. Mr Bell said that it would take time to change the pattern. Not all cases of discrimination were in the same direction. For instance, the Housing Executive was now being accused of giving too many posts to the minority community. Mr Prior said that the Government would only move slowly, if at all, and with great care. The real problem was how to get political life restored to Northern Ireland. Senator Dooge said that the Irish Government wanted to see a healthy political system. He accepted that there had been progress, but discrimination was still widespread.

17. Senator Dooge said that there was a strong case for introducing proportional representation into elections in Northern Ireland for the Westminster Parliament. The system was already

? Parliament survey

used for European [Council] and local elections. He recognised the problems of implementing it, but the problem of Fermanagh and South Tyrone would not have occurred if it had already been introduced. Mr Prior said that it would not be possible to introduce proportional representation in Northern Ireland elections for Westminster.

18. Senator Dooce said that the Irish Government thought that plastic baton rounds were being used in an irregular manner and in non-riot situations. This only made the security situation worse. Mr Prior said that it was of concern to the British Government as well. The number of baton rounds used had dropped considerably in the last 6-8 weeks. But they were the only way of keeping riots under control. If they had not been used, losses would have been even more serious. There was an inquest into every death and every complaint was investigated. There were prosecutions pending, not of members of the security forces, but of individuals who had said that they had been injured by baton rounds but had in fact not been. Senator Dooce emphasised that it was the irregular use of baton rounds that the Irish were concerned about.

19. Senator Dooce asked about the position in the H-Blocks. Mr Prior replied that all the prisoners were now wearing clothes, and they were being assessed for work and education. Unfortunately the majority of the protesting prisoners had said that they would not be assessed. They were being punished for this, but on a lower scale of punishments. Some of the non-conforming prisoners were now working, including some hardliners, but not many. The situation was not as satisfactory as the Government would like, but it could have been worse. The atmosphere was a lot better and the prison was quiet. The Government were doing their best to keep the temperature as low as possible. The continued presence of special category prisoners was a problem. In reply to a question from Senator Dooce, Mr Woodfield said that it was a reasonably optimistic assumption for the next step ~~was~~ that the situation in the prisons would settle down to a satisfactory level.

20. Senator Dooce said that the Irish Government were anxious about the position of the SDLP. They were now being challenged in the political arena by the H-Block Committees. They were a centre party and a defence against the IRA. But many of their leaders were now unemployed. They had no income and no influence on events. In the coming 12 months this bulwark against the IRA could begin to crumble. The Irish Government had nothing specific to offer, but urged the British Government to listen to what the SDLP had to say. The 'guarantee' was always cited in very negative terms. The British Government had not even restated it in the terms of Sunningdale. It seemed that the unionists were able just to sit tight and no changes would occur. Mr Prior said he was sympathetic to what Senator Dooce had just said. It was important that the SDLP should be encouraged. The unionists on the other hand said that since Stormont they were the ones who had been asked to give way all the time. He urged the Irish to stop the SDLP from demanding

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bull-headedly for the 'guarantee' to be withdrawn and for a federal system. This was bound to be counter-productive. He appreciated the Taoiseach's method of talking of consent. Some unionists were now willing to accept there should be a new political arrangement in the North. He had to be careful that neither side said anything that would push the other side too far. Mr O'Leary said that the IRA's move to the ballot box was a sham. The absence of a central institution was a greater block to the SDLP than to the IRA.

21. The meeting ended at 1.00 pm.

Foreign and Commonwealth Office

11 November 1981 (Received 17 Nov.)

Distribution:

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