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AN INTERNATIONAL FUND FOR IRELAND: VISIT TO WASHINGTON -
13 AND 14 JANUARY 1986

1. Mr Bloomfield and I visited Washington on 13 and 14 January primarily to open talks with the State Department and representatives of other US Federal agencies about the prospect of American funding for Ireland. The background was President Reagan's statement after the conclusion of the Anglo-Irish Agreement that he would be working closely with Congress to find "tangible ways" for the United States to lend practical support to the Agreement; Speaker O'Neill's public undertaking, in referring to the commitment of the United States to help promote peace and conciliation in Northern Ireland in a concrete way, to do everything in his power to see that such a commitment, including appropriate financial and economic assistance, was honoured by Congress; and the subsequent Resolution by both Houses of Congress declaring willingness to work with the President in supporting the Agreement through appropriate United States assistance, including economic and financial support.

2. We took the opportunity of the visit for discussions on Capitol Hill with Mr Werner Brandt, Chief Assistant to Congressman Foley, the House Majority Whip, and Chairman of the Friends of Ireland, and with Mr Carey Parker, the Legislative Assistant to Senator Kennedy.

Talks with the Administration

3. These talks were tripartite, US/UK/ROI, the Irish team being led by Mr Sean Donlon. We prepared for them with a briefing session with Mr Michael Jenkins, HM Minister in Washington, and subsequently at a working lunch hosted by the Irish Ambassador in Washington, Mr MacKernan.

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4. The discussions fell into two parts, initially, at a broad political level, with Ambassador Ridgeway, Assistant Secretary for European Affairs in the State Department, when we were accompanied by Sir Oliver Wright, and subsequently at a technical level with a team led by Mr Martin Wenick, Director of the Office of Northern European Affairs in that Department, which included representatives of the Federal Foreign Aid Administration (AID) and the Federal Bureau of Economic and Business Affairs.

5. The substance of these talks is set out in Washington telegram 97 of 14 January the text of which Mr Bloomfield and I cleared before it was sent. Before the discussions, the Embassy had given the State Department the agreed Anglo-Irish document on the scope and administration of a Fund, and during the meeting we gave them our paper on projects in Northern Ireland which might be supported from the Fund, stressing that it was no more than illustrative and that we were not in the business of pre-empting decisions which, we were proposing, should be taken by the Fund's administering Board.

6. The talks were to a degree overshadowed by the dilemma in which the State Department has been placed by the Congressional "Gramm-Rudman" Resolution, calling for the reduction of the budget deficit, and in effect for substantial cuts in public expenditure programmes including those of the State Department itself. On the one hand the State Department faces some painful public expenditure decisions; on the other it is under pressure to find new money to give effect to the Presidential and Congressional statements recalled above. We detected no lack of goodwill to resolve this in a way which would enable a Fund to be established but it clearly accounted for the slowness in responding to the joint Anglo-Irish paper which had aroused the impatience of our Irish colleagues. In the event, although the importunity of the Irish had caused some irritation in the State Department, we did not think that our visit was premature; it enabled us fully to bring home to the Administration the continuing importance of US support for the Agreement, and the damage which would be done, after so much publicity - not of our seeking - for the prospect of American aid, if, in the event, it was not forthcoming.

7. For the rest, the significant points emerging from the discussions were:-

1. The Administration had no difficulty with our broad approach of establishing an International Fund to be administered by a Board nominated jointly by the UK and the ROI Governments. And they appeared to be content with our additional proposal that part of the Fund should be provided to investment companies in both parts of Ireland for the purpose of furnishing venture capital to the private sector. They stressed that "additionality" would be essential.

2. They reserved their position at this stage on whether the Board of the Fund might include American representation - volunteering that if the Fund were to be resourced from a number of countries, each having representation, the Board could become unwieldy.
 3. They emphasised, without going into detail, that if the Fund were to be wholly or almost wholly provided from the US, we would become subject to auditing procedures and other controls which we would find irksome and which might raise questions of sovereignty. We explained that we had hesitated to go far in opening up possibilities with other countries until we could say more to them about US intentions.
 4. US officials were clearly not disposed at this stage to talk about the amount of money that might be available, and we thought it best not to press them.
 5. The US side recognised that, in so far as the financial climate might limit the sum which Congress was prepared to vote, there could be advantage in developing forms of economic assistance such as tax breaks but emphasised that these were not generally popular with Congress and themselves had financial consequences. It was helpful, in connection with tax breaks, that we extracted a "personal opinion" from Mr Donlon that, given the existing edge of the Republic over Northern Ireland in attracting overseas investment, any US concessions in this area might be concentrated on Northern Ireland. We were able, by suitably oblique language, to put this thought into US minds.
8. Point 3 above - the desirability of getting other contributors to the Fund - is of some importance in view of the State Department's warning about audit, etc, and we propose that we should now ask the FCO, without waiting for a further US response to our proposals, to request selected Missions, notably in Canada and Australia, to explore the possibilities. We would need to concert such approaches with the Irish.
9. Meanwhile, as far as the US is concerned, the ball is in the State Department's court, and we shall need to resume tripartite discussions with them as soon as they signal that they are ready.

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Meetings with Mr Brandt and Mr Parker

10. These discussions, at which we were accompanied by Mr Sheinwald from the Embassy, were largely devoted to up-dating these two influential staffers on the implementation of the Anglo-Irish Agreement and the present political situation in Northern Ireland. Mr Brandt emerged very clearly as a driving force behind the Friends of Ireland, and spoke strongly about the need to neutralize the activities of the Biaggi group and its supporters. Mr Parker (whose office was festooned with manifestations of his Irish-American background including a picture of him with Mr Haughey!) gave us a friendly hearing, and seemed wholly confident that Congressional financial aid would be forthcoming, mentioning a "floor" of \$250m. He did, however, express some scepticism about whether it was wise to be seeking a grant of financial aid and at the same time be trying to push through the supplementary extradition treaty. Mr Parker (and to a lesser degree Mr Brandt) appeared somewhat sceptical about the State Department's commitment to produce proposals for aid, and Mr Parker - as had Mrs Verstandig from the House Foreign Relations Committee in her recent conversation with Mr Bloomfield in Belfast - talked in terms of the House taking its own legislative initiative. We were able to advise him that things were moving in the State Department, and that we were hopeful that a proposal from the Administration would be forthcoming before too long.

Other meetings

11. In other meetings apart from these formal meetings, I met socially with two old Washington friends. One of these, Richard Velde, whom I got to know when he was Head of the Law Enforcement Assistance Administration, is now an Adviser to the Senate Majority leader (and prospective Presidential candidate) Senator Dole. He suggested that a meeting with the Senator might be arranged if we have to return for further talks. The other, Mr Ronald Gainer, is an Associate Deputy Attorney General. I had some discussion with him about extradition, and he kindly told me - and I so informed Mr Sheinwald - that our Embassy might contact him if he could help in any way over the treaty.



A J E BRENNAN

22 January 1986

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