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cc Mr Chesterton
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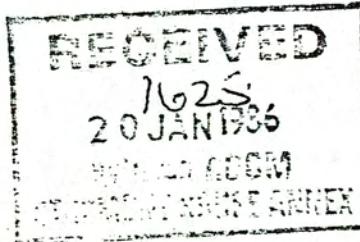
POSSIBLE EC AID INITIATIVE FOR NORTHERN
IRELAND

I attach a partial draft EQ paper which fleshes out Sections 1 and 2 of the outline which I circulated on Friday. I will press on with Section 3 (to follow) but would envisage Belfast supplying the text for Sections 4 and 5 and also Annex C and D.

N R Cowling

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20 January 1986



FIRST DRAFT OF EQ PAPER

POSSIBLE EC AID INITIATIVE FOR NORTHERN IRELANDBackground

1 The Prime Minister and the Taoiseach signed the Anglo/Irish Agreement on 15 November 1985 - see Cmnd. 9657. It was subsequently approved by large majorities in both the British and Irish Parliaments and is now in force. Article 10(a) states:

"The two Governments shall cooperate to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years and shall consider the possibility of securing international support for this work."

2 President Delors issued a statement on behalf of the Commission on 15 November 1985 warmly welcoming the Intergovernmental agreement - full text at Annex A. M. Delors statement concluded:

"In the past, the institutions of the community - the Commission, the Council and the European Parliament - have given concrete expression to their concern about the problems of Northern Ireland. The Commission's communication to the European Parliament in November 1984, summarised the impact of present community policies and actions. I pledge the continued wholehearted support of the Commission to the economic and social development of Northern Ireland and to effective cross border cooperation. I thus support the objectives underlying the Agreement announced today."

3 The European Parliament subsequently debated the Agreement and expressed widespread support for it. A motion (approved 150 for and 28 against) stated inter alia;

"The European Parliament believes that the Agreement will have all the greater chance of success if it is underpinned by a programme of economic development which would reduce unemployment and poverty which are both a consequence of and a contributing factor to the violence;

therefore reaffirms its call to the competent community bodies to assume a greater responsibility in the economic and social development of Northern Ireland and thereby give practical expression to the Parliament's resolution of March 29, 1984;

calls also upon Member States of the European Community to consider ways and means of supporting the British/Irish Agreement."

4 President Reagan also speaking on 15 November 1985 stated that:

"I will be working closely with the Congress in a bipartisan effort to find tangible ways for the United States to lend practical support to this important Agreement".

On 15 December the US Congress passed a concurrent resolution declaring "Its willingness to work with the President in supporting the Anglo/Irish Agreement through appropriate United States assistance, including economic and financial support, to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the violence of recent years." Considerable progress has been made by British, Irish and US officials on the establishment of an International Fund - see Annex B.

5 Even before the signing of the Anglo/Irish Agreement UKREP reported an intensification of interest in the Commission in economic and social initiatives for Northern Ireland against the unpromising background of declining receipts from the Regional Fund, the expiry of the Urban Renewal Regulation, lower than expected social fund receipts, and Mr King's decision to disengage from the wide-ranging EC assisted economic study of Northern Ireland.

6 There is evidently a strong political will in Brussels to give new, concrete expression to EC support for Ireland and especially Northern Ireland. However it is far from easy to reconcile such an objective with UK budgetary and public expenditure policies or

with the different perspective on such matters in Brussels and Dublin.

7 Tactically however the UK cannot afford to let the Irish or the Commission have all the running. Northern Ireland Departments have therefore urgently examined the possibilities for an initiative in terms of what is likely to be practical and also politically acceptable to the Secretary of State. UKREP held an informal meeting with the British members of the Delors, Cockfield and Clinton Davis Cabinets on 10 January (reported in Tel No. 056 10 January). Further similar contacts are planned but it is apparent that the Commission will expect proposals to come from the UK and/or the Irish.

Northern Ireland Objectives

8 The prime political objective is to enable the community to express positive practical support for the Anglo/Irish Agreement so that the Agreement and public support for it in Northern Ireland are enhanced. It would be completely counter-productive if the Government's critics were able to demonstrate that the EC initiative brought no tangible additional help to Northern Ireland. (Comparisons would also inevitably be drawn - not only by the Europeans - with the arrangements for the US International Fund.)

in this order of

9 In these circumstances Northern Ireland's aims are: *precedence one*:-

- a) to obtain additional resources for the NI Block which may be applied in line with local priorities and needs;
- b) to secure any other forms of real economic benefit for the Province;
- c) to play our full part in assisting the UK to derive maximum benefit from membership of the community;
- d) to be in a position to fend off Commission initiatives which run counter to the above aims.

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10 It is not always easy to determine what does or does not constitute truly additional resources for Northern Ireland. Moreover the interactions of the rules governing non-additionality policy with the arrangements governing the Northern Ireland public expenditure block make this at once a very complex field and one of considerable importance to UK interests and other Departments.