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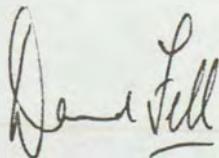
PSDED 261/86

c.c. PS/PUS (L & B)
PS/Mr Bloomfield
Mr McAllister
Mr Elliott
Mr Mayne
Mr Chesterton
Mr Bell
Mr S Hewitt
Mr Pearson
Mr R Gamble

MR R B SPENCE

**CATHOLIC EMPLOYMENT AT MACKIES AND
THE ANGLO-IRISH AGREEMENT**

I have seen Mr Elliott's minute to you of 27 March on the above matter. There is clearly a spectrum of views on the issue. Rather than prolong the correspondence, might I suggest a meeting of those most closely involved on the British side, at which we could settle on an agreed line to take in response to requests from the Irish for information on particular industrial development cases?



DAVID FELL
27 March 1986

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27 MARCH 1966

ME/106/86/SB

cc PS/PUS (L&B)

PS/Mr Bloomfield

Mr Fell ✓

Mr McAllister *cc Mr Mayne*

Mr Mayne

Mr Chesterton *Mr R. G. G. G.*

Mr Bell

Mr S Hewitt

Mr Pearson

Mr Spence

CATHOLIC EMPLOYMENT AT MACKIES AND THE ANGLO-IRISH AGREEMENT

Mr Fell's minute of 26 March to Mr Bell on this subject prompts me to intervene with a pragmatic suggestion.

2. I have much sympathy for Mr Bell's view that it may be difficult for us in practice to resist Irish attempts to put forward views on major industrial development cases which appear to them to raise issues of general principle. At the same time it is clearly right that we should preserve both the independent position of the IDB and the confidentiality of its relations with investors.

3. As regards the "complaints bureau" point, our rule of thumb has been that we can accept requests for information, and in replying to them can usefully enlighten the Irish as to the policy considerations which underlie our decisions if we so wish, but that this need not amount to using the Secretariat as a means of examining complaints.

4. As you know the Irish have asked for a discussion with you about policy issues and public expenditure (your minute of 21 March to Dr Quigley, not to all). I think that we could use discussion on that occasion as a means of defining more precisely the areas where we can respond to Irish interest. However I hope that we shall not attempt to resist making any reply to Irish expressions of interest in particular industrial development cases of which they have become aware. Our reply need not be especially forthcoming, and we need not go out of our way to bring particular cases to Irish attention. But the Irish do have a legitimate interest in equality of employment opportunity, as you say in your original minute of 29 January; and within this interest they must be allowed to raise particular examples.

Mark Smith 27/3
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PSDED 251/86

MR P N BELL
NIO(L)

cc PS/PUS (L&B)
PS/Mr Bloomfield
Mr McAllister
Mr Mayne
Mr Spence
Mr Chesterton
Mr M Elliott
Mr S Hewitt
Mr Pearson
Mr R Wilson
Mr R Gamble

**CATHOLIC EMPLOYMENT AT MACKIES AND
THE ANGLO IRISH AGREEMENT**

1. Thank you for copying to me your minute of 17 March to Ronnie Spence, in which you suggest that under Article 5c of the Anglo Irish Agreement the Irish Government has a right to offer views in the Intergovernmental Conference on any industrial development project that might affect job opportunities for Catholics (which would in the end, I think, come down to any new project at all). I must say that that is not my reading of Article 5c; it seems to go well beyond the text. Certainly the Irish Government is entitled to put forward views on major legislation or major policy issues which significantly or especially affect the interests of the minority community. But your approach implies that they have a right to offer views on individual industrial development cases (or indeed individual cases of any other kind) - which is an entirely different matter. That appears to me to be a recipe for turning the Conference into a "complaints bureau", with all

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the difficulties that would entail; my understanding is that everyone involved, on both sides, has agreed that the Conference should not be used in this way.

2. Ronnie Spence's point about the confidentiality of the relationship between IDB and its client companies is a valid one and was made after specific consultation with the Chief Executive. Companies prize this confidentiality and if they conclude that information provided for the purposes of negotiation of assistance may be used in discussions in another context, the freedom and frankness of their relations with the IDB may be expected to be damaged and perhaps seriously so. I therefore agree with his view that any tendency to raise individual industrial development cases that may emerge on the Irish side should be quite firmly discouraged.

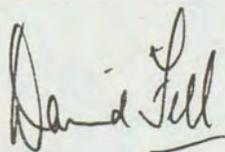
3. You say in your third paragraph that you are sure that in any case the IDB does not take decisions without regard to the political context; that is certainly the case. But the location of a new investment - or the relocation of an existing one - cannot be regarded as an "IDB decision": the investor has a say in the matter. It is not possible for the IDB to direct investors to particular locations, and though it tries to influence location towards areas of high unemployment, the final choice, within the constraints of factory availability etc, must belong to the investor. The Intergovernmental Conference should not be a channel for complaints to the IDB on this score or for suggestions that the IDB might try to override the considered

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judgement of investors made following negotiations in which the differential rate of aid for various areas and other relevant factors will have been discussed. That is not of course to say that IDB would do other than have regard, in all its dealings with client companies, to Government's policy on equality of employment opportunity.

4. On a point of detail, (which of course strengthens and underlines the point I have just made), the IDB is legally a part of the Department of Economic Development, not a separate entity as your minute states (para 2). Nevertheless I think it is important that we all should remember that the IDB was established to take a commercial, and to that extent, independent view of industrial casework and will inevitably have views on the question of IDB casework being considered by any other body. This is a factor which should not be underestimated in considering the political sensitivities and serious difficulties which surround any question of casework being reviewed within the Conference arrangements.



DAVID FELL

26 March 1986

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