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FROM: D J WATKINS
US CENT SEC
DATE: 27 OCTOBER 1994

CC: PS/Sir John Wheeler (DFP,B&L) - B
PS/Michael Ancram (DENI,B&L) - B
PS/Baroness Denton (DED,DANI&L) - B
PS/Mr Moss (DOE,DHSS&L) - B
PS/PUS (B&L) - B
PS/Mr Fell - B
Mr Thomas - B
~~NI Permanent Secretaries~~
Mr Bell - B
Mr Williams - B
Mr Gibson, DED
Mr Quinn, DFP
Mr McNeill, DANI
Mrs Brown, DOE
Mrs Brown - B
Mr Hewitt, DFP
Mr Hamilton, DED
Dr McCormick, DENI
Mr Kearney, DHSS
Mr Maxwell - B
Mr Dodds - B
Mr Stephens - B
Mr Maccabe - B
Mrs Kenny
Mr Capella



PS/Secretary of State (B&L) - B

EUROPEAN UNION ECONOMIC ASSISTANCE PACKAGE FOR NORTHERN IRELAND :
CONSULTATIONS

1. The purpose of this submission is to advise the Secretary of State of the proposed consultation exercise to be undertaken with local political, business and community interests on the proposed European Union package of economic assistance.

Background

2. In his speech to the Institute of Directors on 21 October the Prime Minister announced that we were in close touch with the European Commission about a new European Community Programme for Northern Ireland. This initiative will seek to fund new

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projects to regenerate the inner cities; cut long-term unemployment; attract inward investment; and stimulate tourism. Details of the Commission's initiative are still being worked out in consultation with Commission officials and ourselves. It is expected that the initiative will result in a substantial package of new measures and new money, and the European Union's programme will be in addition to the Government's own expenditure plans for Northern Ireland. The European Union has also increased its contribution to the International Fund for Ireland by 15 mecu over the next three years.

3. The Prime Minister also indicated during this speech that the Government would now start consultations with business and financial interests in Northern Ireland, and with the leaders and Chief Executives of the local Councils in Northern Ireland. He also issued an invitation to the Mayors and Clerks of the District Councils to meet him at Downing Street at some stage. The purpose of this submission is to advise the Secretary of State how we propose to take this consultation exercise forward.

Consultations

(a) Political Parties

4. (i) Party Leaders

As a matter of courtesy we believe that the Secretary of State might write to the 4 party leaders outlining in broad terms the nature of the consultation exercise. A draft is attached at Annex A. Two of the party leaders - Dr Paisley and Mr Hume - will already be well up to speed on these issues in their role as MEPs - see (ii) below.

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(ii) MEPs

President Delors has already met the three MEPs on 14 October to discuss the shape of a possible EU package, and they have submitted some outline proposals to him. In addition, there are three Northern Ireland observers on the Delors Task Force (headed up by M Trojan) who will themselves be consulting with local interests, and who will be reporting back to the MEPs. The three observers are currently in the Province, and were fully briefed by officials on our ideas about the shape of a European package. I therefore believe that the interests of the MEPs will be fully covered, and that no further consultation is required with them at this stage.

(iii) Northern Ireland Members of the Committee of the Regions

DFP will write to the four Northern Ireland representatives on the Committee of the Regions (COR) - the two members and the two alternatives; a copy of the letter to be issued is at Annex B. This will ensure that their interests are covered fully.

(iv) Mayors and Clerks of District Councils

In his 21 October speech the Prime Minister also indicated that we would also consult the leaders and the Chief Executives of the local Councils in Northern Ireland. He also said that he intended shortly to issue invitations to meet him at Downing Street. In response to the Prime Minister's initiative we propose firstly to write to the District Councils along the lines of the draft letter at Annex C. We have given them a deadline of mid-November to fit in with the timescale of the European Union Task Force, but it is almost inevitable that such a tight deadline will

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attract complaints from a number of Councils. Letters to District Councils will issue from the Department of the Environment to Chief Executives, copied to Mayors; a proposed draft is at Annex C. We would also propose to send a copy of the letter to the Association of Local Authorities for Northern Ireland (ALANI) for information.

The draft letter also refers to the Prime Minister's invitation to the Mayors and Clerks to meet him in Downing Street to discuss both the European Union package, and possibly other economic matters. In this context the Secretary of State should be aware that of the 26 Mayors/Chairmen of Councils in 1994/95, only 3 are Nationalists (1 SDLP and 2 independent Nationalists), while the remainder are made up of 22 Unionists and 1 Conservative. A better political balance might be achieved by inviting Deputy Mayors/Vice Chairmen: this would bring in a further 8 SDLP Councillors, 14 Unionist Councillors. However, 1 of the Deputy Mayors is Sinn Fein, and it would not be politic at this stage in the peace process to consider inviting a Sinn Fein representative to No 10. We therefore believe that the invitation should be restricted to the Mayors/Chairmen and Clerks of the Councils. Further advice on the invitation to No 10 will be submitted in due course.

(b) Business and Community Interests

5. In addition to the political parties we also propose to consult a representative cross-section of business and community interests. Annex D sets out the list of bodies whom we propose to consult. The draft letters, which will issue from Departments, will be along lines similar to that issued to the political parties and COR members.

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Conclusion

6. The Secretary of State is invited to:

- (a) note the Prime Minister's commitment to consultations with local political, business and community interests about a possible package of European Union assistance for Northern Ireland (paragraphs 2 and 3);
- (b) agree the structure of the proposed consultation exercise with local political, business and community interests (paragraphs 4 and 5), in particular the proposed two-stage consultation exercise with the District Councils;
- (c) agree the terms of the proposed letter to the four party leaders, COR representatives and to the Mayors and Clerks of the District Councils (Annexes A, B and C); and
- (d) agree the list of bodies to be consulted by the Northern Ireland Departments (Annex D).

[Signed DJW]

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SC 28151

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ANNEX A

DRAFT LETTER FROM SECRETARY OF STATE TO FOUR NORTHERN IRELAND PARTY LEADERS ON EU ECONOMIC ASSISTANCE PACKAGE

The European Union has expressed a strong wish to make a positive contribution to the peace process in Northern Ireland, and as an immediate response to recent developments has already made a commitment to increase its annual subvention to the International Fund for Ireland.

The European Commission has also appointed a dedicated Task Force under the personal supervision of President Delors to consider the scope for further assistance. A new integrated European Union programme for Northern Ireland designed to help heal divisions between the two communities and to stimulate economic growth and employment now seems likely.

While the Commission has not yet given any indication of the level of additional funding that will be available for Northern Ireland, my officials have been seeking to identify ways in which the European Union could help underpin the reconciliation process. I favour measures that will immediately assist this process by addressing Northern Ireland's underlying economic, social and community difficulties. Already themes such as training and employment, economic development, urban and rural regeneration and help for the tourism sector have emerged.

I would welcome your views on these emerging themes, or on any others you believe should feature in discussions with the Task Force, by mid-November if possible.

I am writing in similar terms to the leaders of the three other constitutional parties in Northern Ireland.

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ANNEX B

DRAFT LETTER FROM DFP TO NORTHERN IRELAND COR REPRESENTATIVES

As you know the European Union has expressed a strong wish to make a positive contribution to the peace process in Northern Ireland, and as an immediate response to recent developments has already made a commitment to increase its annual subvention to the International Fund for Ireland.

The European Commission has also appointed a dedicated Task Force under the personal supervision of President Delors to consider the scope for further assistance. A new integrated European Union programme for Northern Ireland designed to help heal divisions between the two communities and to stimulate economic growth and employment now seems likely.

While the Commission has not yet given any indication of the level of additional funding that will be available for Northern Ireland, Government officials have been seeking to identify ways in which the European Union could help underpin the reconciliation process. I favour measures that will immediately assist this process by addressing Northern Ireland's underlying economic, social and community difficulties. Already themes such as training and employment, economic development, urban and rural regeneration and help for the tourism sector have emerged.

I would welcome your views on these emerging themes, or on any others you believe should feature in discussions with the Task Force, by mid-November if possible.

I am writing in similar terms to the other COR representatives.

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ANNEX D

PROPOSED LIST OF KEY PARTNERS FOR CONSULTATION

DEPARTMENT

ORGANISATION

DANI

NI Agricultural Producers'
Association
Rural Development Council
Ulster Farmers' Union

DED

Confederation of British Industry
Institute of Directors
Irish Congress of Trade Unions
(Northern Ireland Committee)
Law Society
NI Centre in Europe
NI Chamber of Commerce
NI Economic Council
NI Economic Research Centre

DENI

Council for Catholic Maintained
Schools
Education and Library Boards
NI Council for Integrated Education
Queen's University, Belfast
University of Ulster
Youth Council

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Community Relations Council
Co-operation North
Three NI MEPS/COR

DHSS

Health and Social Services Boards
Health and Social Services Trusts
NI Council for Voluntary Action
NI Voluntary Trust

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\Chief Executives, District Councils
Laganside
NI Housing Executive
Historic Buildings and Monuments
Council
Council for Nature Conservation and
the Countryside
NI Construction Industry Advisory
Council
Transport and Harbour Undertakings
Several other bodies

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