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24 November 1998

Dear John,

NORTH/SOUTH IMPLEMENTATION BODIES

State of Play as at 4pm on 24 November

This note sets out the latest position on north-south bodies.

Good meeting between Trimble and Mallon on Monday, following up good meeting in Dublin on Friday. UUP and SDLP officials tasked to work on remaining areas of disagreement.

Irish paper on implementation bodies rewritten to take account of (most of) Friday's discussion, cleared with the SDLP and Sinn Fein yesterday and presented to UUP officials this morning.

Close to agreement

Inland Waterways; Food Safety; Language; Strategic Transport Planning; Aquaculture and Marine Matters; Tourism (latest Irish paper neatly addresses Trimble's concerns)

Still under discussion (further analysis below)



EU programmes

- Trimble's suggestion that HMT would oppose a cross-border implementation body in this area is unfounded. We see **no technical or financial obstacles**
- the Irish proposal **does not embrace mainstream EU funds**, just Community initiatives (c.£80m pa) many of which have a cross-border element. Unlikely to distort public expenditure in NI
- UUP and SDLP officials meeting now

Trade Promotion, Business Development and Inward Investment

- a significant 'economic' body'. Very important to the SDLP
- Trimble says it's below his bottom line
- 2.5 hr meeting between UUP and SDLP officials yesterday made only limited progress, and Mallon disowned any concessions
- other UK regions may have concerns about enhancing NI's ability to compete for inward investment projects, and about sharing market intelligence with NI if it ends up with a joint body



- business development: issues barely explored but Irish proposals cover a large area of public administration.

Prospects

- may be scope to agree on a body for trade promotion and with a significant role in business development, perhaps initially with a remit to harmonise regulations
- with that and an EU programmes body and ten NI Departments Mallon might be prepared to drop inward investment

Officials will be able to provide a further update at Hillsborough this evening.

Yours ever,
N P Perry

N P PERRY

IMPLEMENTATION BODIES: EU PROGRAMMES

IRISH PROPOSALS

- until 1999, assume responsibilities currently exercised by Department of Finance and Department of Finance and Personnel in respect of INTERREG, the peace programme and LEADER
- offer advice to North South Ministerial Council (NSMC) and the two Departments of Finance in relation to negotiation of post-1999 successor arrangements
- post-1999, exercise managerial and grant making functions on community initiatives
- policy objectives and expenditure allocations to be agreed by the two administrations and the Commission
- spending priorities will need the approval of both administrations

UNIONIST POSITION

- appear content with central secretarial roles and responsibility for monitoring, research and evaluation, technical assessments and developmental aspects;
- baulk at an implementation body having responsibility for implementation of programmes and grant making functions;
- can live with advisory role in relation to post-1999 programmes, but not direct involvement in negotiations;

DLP POSITION

- matches Irish position but perhaps more firm on programme implementation and grant making responsibilities;

TECHNICAL ISSUES

- some unease in UK Departments about role in post-1999 negotiations but can accept an advisory position;
- concern about an additional level of administration in terms of implementation and grant allocation and possible lack of coherence;
- depending on the level of autonomy of an implementation body, concern about distortion of the public expenditure priorities set by a Northern Ireland Executive

**IMPLEMENTATION BODIES
TRADE PROMOTION, BUSINESS DEVELOPMENT AND
INWARD INVESTMENT**

Irish Proposals

- Establishment of an Enterprise Development Agency to provide all Trade Promotion and Business Development Services to businesses North and South and to co-ordinate the inward investment work of the IDA and IDB. May be prepared to accept less.

Unionist Position

- May be prepared to accept something on Trade Promotion.
- Unclear what their exact position is on Business Development but may balk at the scale of the proposal.
- Totally opposed to anything on the inward investment side.

SDLP Position

- In line with Irish proposals; likely to prove harder to move to a lesser position; may sacrifice inward investment at the very end.

TECHNICAL ASSESSMENT

Trade Promotion

- No major hurdles.

Business Development

- Body would absorb a major part of existing organisations North and South; need to harmonise regulations North and South as a preliminary.

Inward Investment

- May be difficulties in terms of the overall UK position as regards competing for Inward Investment.
- DTI uneasy about sharing market intelligence with the Republic of Ireland.