



cc also, by fax, Dr P Smyth, (who seems to have been
dropped, in error, from the list -
apologies!)

cc'd
19/12/97

cc PS/Lord Dubs (DoE)
PS/PUS
PS/Mr Semple
Mr Loughran
Mr Stagg, EUD(E), FCO
Mr Hunt, TPE1, DTI
Mr Gibson
Mr O'Doherty
Mr Mercer ✓

18 December 1997

To: 1. PS/Mr Ingram (DED) (DOE)
2. PS/Secretary of State

From: R Gamble
Strategic Planning Unit, DED

**LETTER FROM CONGRESSMAN M MEEHAN ABOUT FREE
TRADE ZONE**

1. Congressman Martin Meehan, whom the Secretary of State met briefly on her recent visit to Washington, has written to her about proposals for a free trade zone between the US and certain areas of Northern Ireland and the border counties of the Irish Republic. This is part of Mr Meehan's efforts to garner support for the idea (and minimise opposition to it).
2. Mr Meehan has introduced a Bill into the House of Representatives which would enable the President to enter into a free trade agreement involving certain areas of NI - part of Belfast and areas adjacent to the border - and the Republic. Also, only areas in which firms adhere to the MacBride Principles would qualify. A similar Bill has recently been introduced into the Senate.
3. The UK's view on the proposal (confirmed to us by DTI and the FCO and expressed by the previous Administration) is that it suffers from insurmountable legal and practical difficulties, not to mention the unwelcome MacBride aspect: it would infringe the EU's status as a customs union (separate trade agreements cannot be



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made by Member States, still less regions within them); it would be counter to World Trade Organisation rules; the arrangements could not be policed; and goods would inevitably be sucked into the qualifying areas, for export to the US, from other parts of NI, UK, RoI and EU.

4. FCO's assessment is that the Bills have very little chance of success, but the proposal has been gaining support in Northern Ireland amongst local politicians (particularly SDLP) some businesspeople and certain academics. Our contacts indicate that the Irish Government, the US Department of Commerce and the EC Commission fully appreciate the intractability of difficulties facing the initiative, but they have so far avoided public criticism of it; indeed, somewhat oddly, the Irish tourism Minister, Dr McDaid, has voiced support for it.
5. Mr Meehan refers to his meeting on 30 June with Lord Dubs at Stormont, suggesting that the Minister undertook to help "establish channels of communication" and assured Mr Meehan that HMG would "keep an open mind" on the issue. Lord Dubs has commented that he did not say what Mr Meehan suggests; he did point out the potential EU problems but tried not to sound unduly discouraging.
6. The attached draft reply welcomes Mr Meehan's intention to promote trade. However, it goes on to describe, frankly but politely, our pessimistic assessment of the prospects for his proposal, while falling short of outright dismissal.

R. Gamble

R GAMBLE



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FILE REF NO:

To:	Enclosures:	Copied to:
Congressman Martin T Meehan Congress of the United States House of Representatives Washington DC 20515 United States of America	None	PS/Lord Dubs PS/PUS PS/Mr Semple Mr Loughran Mr Stagg, EUD(E), FCO Mr Hunt, TPE1, DTI Mr Gibson Mr O'Doherty Mr Mercer

LETTER DRAFTED FOR SIGNATURE BY SECRETARY OF STATE

Thank you for your letter of 5 December and for you kind words of support. I was glad to meet you in Washington.

As you suggest, my overriding priority as Secretary of State for Northern Ireland is to work towards a political settlement and the establishment of lasting peace. I am keenly aware of the close interrelationship that exists between building peace and building prosperity; that is why the Government places such firm emphasis on strengthening the local economy and providing worthwhile opportunities for all.

We greatly appreciate the many invaluable words and actions of support from the United States for our efforts to make political progress and to boost investment and jobs. The US is the most important single source of internationally mobile investment for us. Another key element is of course the promotion of increased trade between Northern Ireland and the US, and we warmly welcome the commitment which you and your associates have shown towards the development of new trading opportunities.

The proposal to establish a free trade zone in parts of Northern Ireland and the border counties of the Republic is very interesting, but it strikes me as being dauntingly ambitious, given the scale of the legal and practical impediments that stand in its way. EU law

and the rules of the World Trade Organisation present very major difficulties, not to mention the practical problems of implementation and policing. I therefore feel that it would not be right for me to express optimism about the prospects of the proposal.

As I have said, however, I do appreciate the interest you and others in the US have shown in enhancing trading links and will be happy to discuss other initiatives which may come forward in the future.

MAJORIE MOWLAM