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FROM: DAVID FERGUSON
CENTRAL SECRETARIAT
23 MARCH 1998

cc PS/Mr Semple
NI Permanent Secretaries
Mr Watkins
Mr McCusker
Mr Stephens
Mr Bell
Mr Quinn
Mr Brooker
Mr Howard
Mr Hill
Mr Fergusson, RID
Mr Smyth

cc Mr Gibson
Mr Kay
ARM
25.3.98

Mr Thomas

AREAS FOR NORTH-SOUTH CO-OPERATION

1. I spent an hour and a half on Friday afternoon with Ray Bassett of the DFA reviewing areas of potential North-South co-operation.
2. I had half expected, on the basis of some reporting from Peter Bell last week about activity in Departments in Dublin, that I might be presented with a fresh list of new areas and possibly some specific (and innovative?) proposals for implementation bodies. In the event, while there clearly has been a round of discussions with Departments, what emerged was relatively small beer. Ray Bassett agreed either that it was not worth flagging or that it could be subsumed under one or two of the broad generic headings in the Lancaster House paper on potential co-operation.
3. Reviewing that list we also agreed (tentatively and ad referendum Ministers) on a split in to areas for co-operation and areas for joint action using existing machinery North and South. The split, conveniently, is exactly the same as Annexes A and B to our crunch issues paper which I circulated this week. The only exception is the removal of

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inward investment from the joint action section, which the DFA, clearly under pressure from their Industrial Development Agency, have on reflection asked to be dropped. (I had reluctantly accepted it, late on the Saturday afternoon before Lancaster House at the end of January, as the price of agreement on the potential areas of co-operation paper subsequently tabled. It is very much a John Hume idea, pushed at the time for political reasons at official level by Paddy Teahon who has since, I understand, come to accept our reservations, at least about immediate feasibility. Ray Bassett assured me that the SDLP, and presumably Mr Hume, will be squared away on the point before any further list(s) of co-operation areas surface(s) with the parties).

4. As to implementation bodies, there seemed to be little in the locker on the Irish side, apart from some talk of a single Tourist Board (though not first on any list) and a fairly vague idea of Dermot Gallagher's that something might be done in the area of environmental protection (I pick this up in a separate minute today to Ronnie Spence, qv). In discussion with Ray Bassett the previous evening (Thursday), Rory Montgomery had apparently undertaken to give some thought to a list of up to a dozen implementation bodies (it sounded a bit like a back of an envelope job to me). However, I note from David Hill's interesting record of his discussion with Rory over lunch on Friday that he at least on the Irish side seems to be backing away not only from specific implementation bodies but also from categorisation. If the idea gains general support from the rest of his colleagues, there may be something rather more to be made of the Unionist idea of a work programme, on which as you know I have asked Alan Smyth to give some thought. If not, I think we are reasonably well placed to get agreement with the Irish on the paper cleared through Mr Murphy over the week-end.
5. The paper will need slight adjustment following exchanges with colleagues in Departments over the last couple of days (Mr Murphy knew this was a possibility). I will be in touch later today with Martin Howard about the version that might be handed over to the Irish.

[Signed DGF]

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