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Reference Code:	2019/101/2363
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Secretary of Taoiseach
Secretary to the Government
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P.T.
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Confidential

Taoiseach's visit to Washington for St. Patrick's Day 1989
- Summary Note

The initial invitation to the Taoiseach to visit Washington came from Speaker Wright of the House of Representatives who invited him to attend a lunch on Capitol Hill on St. Patrick's Day.

The Taoiseach arrived on the afternoon of Wednesday 15 March and left on the morning of Saturday 18 March. In the course of his visit he had meetings with President Bush, Secretary of State Baker, Secretary of the Treasury Brady, House Majority Leader Foley and a group of the "Friends of Ireland", and Speaker Wright. In addition he attended the Speaker's lunch at which he delivered a formal speech; he attended a dinner given in his honour at Senator Kennedy's home (which was attended by a number of Congressmen and Senators); and he handled questions from editorial writers and journalists from the Washington Post, the Washington Times and the Baltimore Sun at a media lunch arranged by the Embassy.

These meetings, and the visit in general, were very successful. The main themes covered at most of these meetings were as follows:-

The Irish Economy

The Taoiseach outlined the ways in which economic indicators have come right - low inflation rate, low interest rates, balance of payments surplus, relatively good growth rates etc. He noted that the only exception is that unemployment remains high. This is due to some extent to technology - we are finding that a good growth rate does not automatically bring an increase in employment.

This has led to emigration, including emigration to the USA and we are anxious to see immigration reform which will help to legalise the position of out-of-status Irish.

European Community - Presidency

At each meeting the Taoiseach referred to the fact that we will take over the Presidency as from 1 January next. He spoke of our strong support for an outward-looking Europe which will not turn into a "fortress Europe"; and our wish to act in the Presidency in every way we can to resolve difficulties between the US and the EEC in the trade field. He also mentioned the important role which Commissioner MacSharry can play as Commissioner for Agriculture.

Super-royalties

The Taoiseach explained the impact which these proposals could have on US investment in Ireland and he got a generally sympathetic hearing. Secretary Baker (and Brady) spoke of working with the Embassy on the issue to see what could be worked out.

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The Taoiseach also explained that a consequence of the 1986 Tax Reform Act was that Ireland was made less attractive to US firms for investment or expansion because profits retained in Ireland could nevertheless be taxed in the US in certain circumstances (if a certain percentage of the company's income was derived from passive investments). Here again he got a favourable reaction. Treasury Secretary Brady in particular endorsed the view of one of his officials that there was concern about the over-broad reach of the 1986 Act and that the US would be interested in helping us in the matter.

Northern Ireland

The Taoiseach spoke of the Anglo-Irish Agreement as an agreement in place supported by the two Governments even if they sometimes have a difference of emphasis as to what it is or should be achieving. He said he regarded it as positive and a plus.

He also explained that side by side with the Agreement he had been making overtures to the Unionists for talks - particularly in the context of 1992. He explained that there was still a continuing reluctance to engage in such talks on the surface but that quite a lot of contacts had been taking place.

Proposed Congressional Delegation Visit to Ireland

The Taoiseach renewed the invitation to send a delegation for a study visit to Ireland. Speaker Wright appeared quite interested in this and spoke of August as a possibility. (The Embassy's advice is that such a visit would succeed best if it is led by either the Speaker or Majority Leader Foley. It should also not have the appearance of a "junket" in view of the hyper-sensitivity in the US on this issue at present.)

Landing Rights for Aer Lingus on the West Coast

The Taoiseach outlined the issue and explained that our problem in some sense is that we were too generous in signing the 1945 Agreement with the US. We had given virtually everything away and now had nothing further to give. He explained the importance of landing rights on the West Coast for US business in Ireland, for tourism etc. He got a very sympathetic hearing from the Friends of Ireland in the Congress. In talks with Secretaries Baker and Brady it was noted that there is an overall review under way at present of air transportation. Note was taken of our concerns but it was indicated that it would probably not be possible to meet them until this review is completed. (Note: some of the Friends of Ireland were optimistic about the extent to which they could influence the new Secretary of Transportation Skinner on this issue.)

President Bush

The Taoiseach's meeting with President Bush was notably warm and friendly. After the talks in the Oval Office the President brought in his wife to introduce her to the Taoiseach and the visiting delegation. He then took the Taoiseach for a walk and a private discussion in the gardens at the back of the White House.

UN Peacekeeping

President Bush expressed great sympathy for Irish losses and our continuing commitment.

In general the Taoiseach appeared pleased with the success of the visit. A factor which emerged quite strongly for the Taoiseach and the visiting delegation was the extent to which we can advance our interests on very important economic issues through the sustained lobbying efforts of the Embassy on the Hill which of course will be very greatly helped by a visit such as that

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which the Taoiseach has just made. This is so because of the particular features of the American system which do not exist elsewhere and in particular the powerful role exerted by the Congress and well-placed and sympathetic individuals within the Congress in pushing through legislation helpful to our interests in the economic and political fields.

A more complete note on the individual meetings is being prepared by Messrs. Burke and Davenport of the Embassy.

N. Dorr
Secretary
20 March 1989