

E. R.

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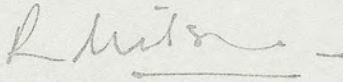
FROM: R WILSON
2 DECEMBER 1988

cc. PS/PUS (B&L) - B
PS/Sir Kenneth Bloomfield - B
Mr Burns - B
Mr Fell
Mr Murray
Mr Hopkins
Mr Thomas - B
Mr Spence
Mr Bell - B
Mr J McConnell - B

PS/Dr Mawhinney (B&L) - B

MEETINGS WITH MR DOUGHERTY AND OTHERS

As suggested by Sir Kenneth in his minute of 26 November I enclose a copy of my note of the meeting with Mr Dougherty and others on 17 November. There are a few minor typographical changes from the earlier version seen by some.


R WILSON
CENTRAL SECRETARIAT
/JH 292

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NOTE OF MEETING ON 17 NOVEMBER 1988 WITH MR C DOUGHERTY,
MR E HENNESSY AND GENERAL P X KELLEY

1. Those present:

Sir Kenneth Bloomfield
Mr D Fell
Mr A Hopkins
Mr J Murray
Mr R Wilson
Mr E Hallett

Mr C Dougherty
Mr E Hennessy
General P X Kelley

2. There were two phases to the discussion. The first phase, when Mr Hennessy was present, focused essentially on the economic/investment dimension and the prospect of tapping the potential of Allied Signal, of which Mr Hennessy is Chairman and Chief Executive officer, its suppliers and customers, and the development of contacts/networks in that context. Following Mr Hennessy's early departure to Dublin the discussion shifted to address networking at congressional/governmental level; the need for a more overtly NI presence in Washington, the establishment of a core group of influential NI and US players who could find common cause in improving the situation in NI, economically and politically; and the need to develop a strategy in respect of this activity.

3. The rest of this note highlights the main points which emerged in the course of these discussions.

4. On the Allied Signal front:

(1) Mr Hennessy was interested in the training provision and industrial relations position in NI compared with ROI where Allied Signal (AS) had recently established a turbo-charger plant which was expected to employ 1,000 people within a 2-year period. Mr Fell explained the nature and extent of the training

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arrangements and the assistance available to companies. Mr Hopkins outlined the favourable industrial relations climate in NI compared to ROI and elsewhere; the realistic and co-operative approach of NI unions and the successful experience of US companies with single union deals.

- (2) Mr Hennessy raised the prospect of a risk-sharing arrangement with Government in the establishment of a Belfast-based facility to build part of an engine being developed by AS and GE for the Shorts FJX aircraft. Mr Hopkins and Mr Fell agreed that this might be explored further. The award of the contract for the engine to AS was obviously a key consideration.
- (3) AS was anticipating considerable shortages in automotive and aerospace engineers and Mr Hennessy saw this as an area which NI might exploit, particularly in view of the demographic trends in NI.
- (4) Mr Hennessy was happy to provide IDB with contact points in the AS operation in the US (and elsewhere including Europe) and among its suppliers and customers. Mr Hennessy encouraged IDB to target these key executives whose active support would be vital to securing NI investment. He would provide his support but a bottom-up approach was likely to be more successful. It was agreed that Mr Hopkins would write to Mr Hennessy.
- (5) AS would watch with interest the performance of the SWOPS vessel in the North Sea where AS had an interest (a 50% stake?) in the Piper and Claymore fields.
- (6) AS would like to find a partner for the development and manufacture of anti-skid braking systems for the

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European and possibly also the US market. AS had just secured a contract with Ford (not announced). The development of the new technology (electronics and hydraulics) was expensive for AS and others but provided very real opportunities for the future since it will become a standard fitment requiring continual upgrading. There was some development work going on in France but AS was looking for someone to share the costs and the profits of a programme which could be in the region of \$300 million. It was agreed that IDB/DED might explore this directly with AS. The contact points were Mr Mace Reynolds or his successor in the near future, John Day, who could be contacted at AS in Southfield, Detroit. Mr Hennessy was to alert them to a possible follow-up contact from NI. Mr Fell suggested that DED/IDB might engage Mr Reynolds (who is retiring shortly) to help work up a project. This would be a matter to be pursued with Mr Reynolds.

- (7) AS needed all the software expertise they could find in all their businesses. Again IDB should pursue this directly with AS.
- (8) Mr Hennessy also mentioned two other areas in which AS was active, namely, the production of high strength fibres to compete with Du Pont's Kevlar and powdered metals (met-glass) which had very real energy-saving potential in transformer application.
- (9) Mr Hennessy encouraged IDB to pursue its interests in the defence field.

5. In addressing the wider economic and political dimensions the following points emerged:-

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- (1) Apart from the corporate networking discussed earlier it would also be useful for NI to have specific information on possible avenues for exploration at Federal level eg could NI secure the sort of advantages enjoyed by Israel or others with most favoured nation status. We needed advice on what is involved and on whether, and how best, to pursue equivalent understandings/arrangements which might benefit NI.
- (2) Mr Dougherty considered that there was a pressing need for NI to develop influential contacts at congressional and governmental level in Washington : being one element in the Embassy agenda was not good enough. Mr Dougherty advocated an "unofficial" co-ordinating committee on NI to comprise Mr Hennessy and 8/9 others in the US and, on the NIO side, certainly Dr Mawhinney and Sir Kenneth. This would be a private group with a common interest in improving the situation in NI, both economically and politically. Mr Dougherty outlined the sort of contacts and influence it was possible to muster at congressional level.
- (3) There was also a need for some administrative back-up to complement the activities of this group and to cultivate contacts on the Hill from an essentially NI perspective. Janet McIvor was mentioned as a possible candidate. Mr Dougherty suggested that Cassidy Associates (with which Mr Dougherty is involved) may be willing to provide some facilities. Whoever is appointed to this role, however, needed to be based in Washington, not New York.
- (4) Sir Kenneth made it clear that any such arrangement

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would need to be consistent with overall UK policy and acceptable to the FCO.

- (5) It was agreed that there was a need for a paper to pull all this together. This should address both the strategic objectives and the organisational aspects. Sir Kenneth undertook to discuss the matter with Dr Mawhinney and to send a considered note to Mr Dougherty, who would reciprocate. The NIO note would also indicate areas for further exploration which had not been addressed at the meeting.
- (6) Mr Dougherty pointed out that Mr Hennessy, in particular, was very close to the RC hierarchy in the US and he stressed the importance of addressing the Church dimension in the US. Support of the US hierarchy would be important in advancing NI's interests and Mr Dougherty outlined a plan to get Bishop Cahal Daly to Philadelphia in Spring 1989 to receive an honorary degree from St Joseph's University (with which Mr Dougherty has close involvement). Mr Dougherty proposed, at the same time, to organise a conference on "Investment for Ireland" at which he and Mr Hennessy would hope to attract chief executives from a number of US companies, and others, with the objective of encouraging investment in West Belfast etc. The hope was that Bishop Daly would also use the occasion to urge rejection of the IRA.
- (7) Mr Dougherty also indicated proposals to finance an SDLP office in West Belfast, staffed by local people, with a view to putting forward a credible candidate against Gerry Adams in the next Parliamentary election. Mark Durkin's name was mentioned.

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- (8) The development of a Philadelphia, Belfast, Dublin connection to parallel the Derry-Boston link was also mentioned. Given the position in Belfast a political link is hardly feasible but Mr Dougherty considered that the establishment of a tripartite link between Trinity College Dublin, St Joseph's University and Queen's could be a useful starting point.
 - (9) On the IFI front Mr Dougherty suggested it would be useful to have a list of the projects supported by the Fund which could be used by Congressmen/Senators to demonstrate that Catholic areas were benefiting in a practical way from the fund.
 - (10) At the weekend meeting with Dr Mawhinney, Mr Dougherty will be looking for a commitment to a follow-up meeting in Washington involving Dr Mawhinney and Sir Kenneth. Mr Dougherty had in mind a meeting in December.
6. By way of follow-up to the Allied Signal dimension, on his journey to the Airport Mr Hennessy indicated:-
- (1) he was very favourably impressed by NI;
 - (2) interest in coming back for a 2-day visit (possibly in conjunction with follow-up visits to H&W and Shorts);
 - (3) IDB should move quickly to make contact with his people in the US;
 - (4) General Kelley had good contacts on the Hill and we should concentrate on him for the political/military aspects;
 - (5) an interest in the security/political position in NI.

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He apparently wrote to Cardinal O'Fiaich about the Church's failure to condemn violence. He would like to meet the Cardinal and other church leaders.

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