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COVERING CONFIDENTIAL

FROM: DAVID KYLE
20 March 1992

cc: Mr. Laughran
Mr. Gibson
Mr. Thomson
Mr. Beattie

DK/17791/92/HC

20 MAR 1992

PS/MR NEEDHAM (L, DED and DOE)

cc. Mr Gamble

INTERNAL PLENARY RECORD OF THE INTERGOVERNMENTAL CONFERENCE HELD IN DUBLIN ON 6 MARCH 1992 - IC(92)2

I now attach the final version of the Internal Plenary record covering the Economic and Social Topics discussed at the Intergovernmental Conference held in Dublin on 6 March 1992.

[Signed]

DAVID KYLE

COVERING CONFIDENTIAL

CONFIDENTIAL

IC(92)2

INTERNAL PLENARY RECORD OF THE INTERGOVERNMENTAL CONFERENCE
HELD IN DUBLIN ON 6 MARCH 1992

Present:

British Side

Secretary of State
Minister of State
Mr Needham

Officials

Mr Fell
Ambassador Blatherwick
Chief Constable
Mr Thomas
Mr Ledlie
Mr Alston
Mr Bell
Mr Dodds
Mr Cooke
Mr Kyle

In Attendance

Mr Archer
Mr Fittall
Mr Gamble
Chief Supt Lewis

Irish Side

Minister Andrews
Minister Flynn
Minister O'Malley*

Officials

Mr Dorr
Mr Brosnan
Garda Commissioner
Mr O hUiginn
Mr O'Donovan
Mr Dalton
Mr Hughes
Mr Donoghue
Mr Hennessy
Mr Barry

In Attendance

Ms Aylward*

* Part of the Plenary Session only.

The Plenary Session began after lunch at 1400 hours and ended at 1630 hours. The Ministerial tete-a-tete had taken place between 1030 and 1115 hours, and the Restricted Security Session began at 1120 and finished at 1245 hours.

2. Mr Andrews welcomed the British Ministers and officials to Dublin and commented that the start of the Plenary Session had been delayed until after lunch due to the fact that the morning round of discussions had gone so well. There was a sincerity and depth of feeling about the problems common to both sides and he believed that

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they could address the issues in a direct and honest way. Mr Brooke thanked the Irish Foreign Minister for his words of welcome. It was agreed that, in order to facilitate the early departure of Mr Needham and Mr O'Malley, the Social and Economic issues on the agenda would be addressed first.

SECURITY SITUATION (WITH REFERENCE TO SOCIAL AND ECONOMIC AFFAIRS)

3. Dr Mawhinney set the scene for this discussion by saying that there were major social and economic implications flowing from the security situation in Northern Ireland which also had consequences outside Northern Ireland. The image portrayed of Northern Ireland by the media was not conducive to attracting inward investment and the Minister made the point that his comments were not aimed as criticism at the media; it was their job to report the news. However, it was the case that perceptions existed and these perceptions had to be addressed if we were to overcome the problems of attracting investment, selling goods and services abroad and developing tourism. The recent bomb attack in Lurgan had highlighted the difficulties faced in Northern Ireland in formulating the best use of resources. As a result of that bomb compensation would be paid for damage to homes, business premises and for any personal injuries suffered. In the financial negotiations with Her Majesty's Treasury, Northern Ireland received a block grant and if there was a sustained bout of intensive terrorist activity there would be consequences for the allocation of resources from that block of money.

4. Dr Mawhinney explained that the defeat of terrorism and support for the RUC remained HMG's first priority but that did not mean that economic and social issues were not being addressed. Dr Mawhinney referred to programmes to address the particular needs of areas like West and North Belfast, Londonderry and other provincial towns and to stimulate economic growth. The British Government believed that as the economic and social conditions of people improved their attitudes were affected and their perception of terrorists was changed. In short, HMG pursued an integrated set of policies in

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seeking to make progress but there were cost implications for the terrorist activity in terms of reduced economic activity, loss of jobs, damage to the physical infrastructure and the need to allocate resources which could otherwise be used much more constructively for the benefit of all the people.

5. Mr Needham explained that over the last 10 years HMG had pursued, with determination, economic and social programmes aimed at rejuvenating the most deprived social areas and he referred to the example of Belfast where Action Teams had been introduced to bring together various interested groups such as the voluntary sector, the business community and statutory agencies. In this way local people felt involved in their community and these efforts had met with considerable success. There had been increased private sector investment, especially in Belfast; the Belfast 1991 celebration had been very successful and in particular the Tall Ships event in July had brought many folk together. The introduction of fair employment legislation confirmed HMG's determination to see fair treatment in the workplace. There were links between Northern Ireland, the Republic of Ireland and the United States which aimed to improve social and economic conditions in particular areas such as Londonderry and Newry.

6. Mr Needham then went on to say that the upsurge of terrorist bomb attacks on town centres over recent months had caused concern and undermined the confidence of the business sector. There were social and economic consequences to the terrorist violence and he was keen that the people and the Government of the Republic of Ireland should understand this. He cited the example of the recent peace train from Dublin, when 1,400 people had travelled to Belfast, as a helpful sign. It was important that people in the Republic of Ireland understood the significance of gestures such as this to the people of Northern Ireland; such events could contribute to undermining the credibility of the Provisional IRA. Mr Needham emphasized that it was the success of the social and economic measures in Northern Ireland that had led the terrorists to mount their campaign to try and undermine the confidence and the progress

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which these measures had brought about. The more that the people of Northern Ireland and the Republic of Ireland could do to develop contacts and build bridges, the more it would be to the advantage of both countries in countering the effects of terrorism.

7. In response, Mr Andrews welcomed the presentation given by the British Ministers and said that he deplored the violence and its effects. He was pleased to hear that the people of Belfast welcomed the recent visit by Dubliners on the peace train and he knew that those in Belfast would be welcome on a similar visit to Dublin. Mr Andrews explained that like the United Kingdom, the Republic of Ireland had a huge financial commitment to securing peace and that it had been estimated that since the beginning of the troubles in 1969 the cost to the Irish Exchequer had been IR £1.9 billion; this meant that the Irish taxpayer was paying four times per capita more than the British taxpayer.

8. Mr Andrews then referred to unease about recent changes in the payment of compensation in Northern Ireland and in particular the raising of thresholds. Dr Mawhinney explained that increases had been introduced taking the £400 threshold in physical injury cases to £1,000 in line with the rest of the United Kingdom. In the case of claims for nervous shock the threshold had been raised to £2,500, but it had to be borne in mind that there had been no increase for over 10 years and that this increase was mainly a catching up process in value terms. The thresholds were needed to act as a mechanism for taking out of the system those claims which were of little financial value but entailed a disproportionate amount of work in dealing with them.

9. Mr O'Malley said he was glad to have the opportunity to discuss economic and social issues and he noted that with effect from 1 January 1993 there would be no barriers to trade within the European Economic Commission. The completion of the Channel tunnel would mean that the island of Ireland would be the only part of the Community with no direct land bridge to Europe. The dismantling of the Customs barriers within Europe at the end of 1992 would allow

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both parts of the island to seek opportunities to increase their volume of business. Mr O'Malley felt that both sides had failed to research the opportunities open to them but he had been encouraged to see real growth in co-operation between business organisations north and south of the Border over the last 3 years. There was advantage in further co-operation and both sides should be looking for opportunities to penetrate overseas markets. The Confederation of British Industry in Northern Ireland and the Confederation of Irish Industry in the Republic of Ireland merited a special word of appreciation by both Mr Needham and Mr O'Malley. Both Ministers had agreed an agenda for further co-operation in various areas: opening up public sector markets in the North and the South, initiatives on cross-border business opportunities, developing contacts to dispel misconceptions, examining cross-border initiatives elsewhere in the EC to see if they could be applied within Ireland, possible pooling of research and development resources.

10. Mr O'Malley referred to the interest aroused in a recent speech (entitled 'Ireland - An Island Economy') by Dr Quigley (Chairman of Ulster Bank). He also referred to a report from the National Westminster Bank disclosing total profits of £100m, and including the information that their Northern Ireland off-shoot, the Ulster Bank (with branches in the Republic of Ireland as well as Northern Ireland), had contributed £60m of that figure. He suggested that this was a sign that it was not all doom and gloom on the island. Mr O'Malley went on to say that when he was at the Department of Justice in 1971 discussing the extra cost to the Irish Exchequer of security he would not have believed that he would be discussing the same issue in 20 years' time. The economic cost of the violence had been appalling and he suggested that it was just impossible to judge what economic progress there might have been had the violence not persisted. It was reckoned that tourism in the Republic of Ireland was at the same level today as in 1969 whereas in world terms tourism had increased by 5% per annum over the period since 1969. Mr O'Malley said this failure to see tourism develop its potential could represent around 150,000 to 200,000 jobs and he attributed the levels of unemployment to the IRA more than any other single

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factor. Another example of the consequences of the terrorism was the loss of the electricity interconnector which had had an effect on consumers on both sides of the Border. Mr O'Malley hoped that both Governments would make every effort to seek improvements and to make the same level of progress as he believed had been made in the 1960's.

11. Dr Mawhinney said he had read Dr Quigley's speech to the Confederation of Irish Industry and he welcomed the news that the Irish had found it interesting. Mr Needham believed that there was a much greater willingness to work together and he agreed that the Intergovernmental Conference should look at cross-border economic issues. The difficulties of unemployment in the North and the South had meant that the two sides often competed rather than worked together and in noting the ideas canvassed in Dr Quigley's paper it was worth bearing in mind that other ideas were around, eg proposals on an interconnector in the West. Mr Flynn enquired about gas pipeline proposals and Mr Needham responded that following the sale of the Ballylumford Power Station to British Gas it was to be converted to a gas burning station and that the delivery of Northern Ireland's gas supply from Scotland would be facilitated through part of the Republic of Ireland's pipeline in Scotland. Mr Needham suggested that this latest development could give rise to the possibility of a gas pipeline connector between Northern Ireland and the Republic of Ireland in the future.

BELFAST-DUBLIN RAIL LINK

12. Mr Andrews said that he appreciated fully the British side's wish to have a final answer on the important project of the cross-border rail link. He went on to convey his regrets that no announcement could be made at today's IGC but he did suggest that in the Communique reference should be made to the importance of the project, that progress had been noted, and that it was hoped that a joint announcement about it could be made in the near future. Mr Andrews commented that the total cost of upgrading the

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Belfast-Dublin rail link over a 5-year period would be IR £73.15 million, involving IR £42.02 million for the southern side and IR £31.13 million for the northern side; the DOE NI propose to fund its side of the project on the basis of an EC grant of 75% with the balance coming from the UK Exchequer.

13. Mr Brooke said he did not wish to introduce a note of discord into the discussions but he thought it would be useful if he gave a factual account of the historical background to this particular issue. The Belfast-Dublin rail link was first discussed at the IGC on 17 July 1990 when it was agreed that a further and more detailed examination should be carried out. The issue was then raised at the IGC on 30 November 1990 by which time the terms of reference for the study had been agreed. The subject had been raised at successive IGCs held on 31 January 1991, 9 and 26 April 1991, 16 July 1991, 13 September and 17 October 1991. At the IGC on 20 November 1991, the issue was discussed with a view to an announcement at the Heads of Government meeting in December, but the matter was not raised at the Summit. It was then raised at the IGCs of 18 December 1991 and 28 January 1992 and a proposal that an announcement be made at the meeting between the Prime Minister and Mr Reynolds on 26 February was not fulfilled. Mr Brooke said he was delighted to hear that we were now on the verge of an announcement but he contrasted the delay over a decision on the rail link with the speed of the British response to the Ballyconnel Canal project. He had considered an initial submission in May 1990, agreed the matter at the IGC on 17 July 1990, and the project had been completed and opened by November 1990. Mr Andrews agreed with Mr Brooke that there was a strong symbolism associated with the cross-border rail link. Mr Flynn commented that he might have to take part of the blame for the tardiness in reaching a decision because in his previous Ministerial appointment (Department of the Environment) he had used structural funds to improve roads.

NOTE: At the conclusion of the discussion on social and economic issues (1455 hours) Mr O'Malley withdrew from the Conference.

JOINT STATEMENT
ANGLO-IRISH INTERGOVERNMENTAL CONFERENCE
DUBLIN, 6 MARCH 1992

1. A meeting of the Intergovernmental Conference was held in Dublin on 6 March 1992. The British Government was represented by the Joint Chairman, the Rt Hon Peter Brooke MP, Secretary of State for Northern Ireland, accompanied by Dr Brian Mawhinney MP, Minister of State, Northern Ireland Office. The Irish Government was represented by the Joint Chairman, Mr David Andrews TD, Minister for Foreign Affairs, and by Mr Padraig Flynn TD, Minister for Justice. The Northern Ireland Minister for the Economy, Mr Richard Needham MP, and the Minister for Industry and Commerce, Mr Desmond O'Malley TD, joined the Conference for a discussion on North-South trade and the implications of the Single European Market for the island of Ireland. The Chief Constable of the RUC and the Commissioner of the Garda Siochana were present for discussion of security matters.

POLITICAL TALKS

2. The Conference welcomed recent political developments which had removed obstacles in the way of political talks. Accordingly, in order to allow an opportunity for talks to take place on the basis announced by the Secretary of State in the House of Commons on 26 March 1991, the two Governments have agreed that there will be no further meeting of the Conference until after the British General Election has been called. The talks would then cease. The two Governments envisage that a Conference will be held very shortly after the Election and that that Conference will decide, taking account of discussions in the meantime with the Northern Ireland party leaders, a further interval between Conference meetings in order to provide an opportunity for talks to be resumed on the same basis.

SECURITY SITUATION

3. The Conference condemned recent acts of terrorist violence which have left such a toll of death, misery and destruction in their wake. They reiterated their determination that terrorism should not be allowed to dictate the agenda in either part of Ireland and welcomed the activities of community groups in opposing terrorism. The two sides considered arrangements for security co-operation with a view to strengthening them in every possible way and ensuring that those responsible for terrorist violence are brought to justice. They held a specific discussion on this occasion of the economic and social damage caused by terrorist attacks such as those in Lurgan and Belfast yesterday. They condemned the very serious risk to human life that these attacks posed and drew attention to the consequential loss of jobs and job prospects, the costs of security measures and compensation and the impact on policies of economic growth and development in both parts of Ireland. They welcomed efforts by both Governments to stimulate and focus economic growth.

CONFIDENCE ISSUES

4. The Conference discussed a number of issues relating to the confidence of the whole community in the security forces. The British side reaffirmed the importance it attached to such confidence as a critical element of its security policy. Conference discussion covered recent instances of the use of lethal force by the security forces, the Nelson case, the situation in Crumlin Road Jail with reference to the recent Colville Report, the question of the accompaniment of the regular army and UDR by the RUC, issues arising in regard to the patrolling of Carlingford Lough by the Royal Navy and the closure of cross-border roads.

EXTRADITION

5. There was a discussion on extradition and it was agreed that a further meeting of officials would take place shortly.

NORTH/SOUTH CO-OPERATION AND THE EUROPEAN SINGLE MARKET

6. The Conference underlined the importance of the Single European Market in meeting the economic challenge facing both parts of Ireland as among the most peripheral regions of the European Community. The Conference welcomed increasing interest and new initiatives in North-South co-operation as well as the continuing work of the economic development agencies, the International Fund for Ireland, the CII/CBI Joint North-South initiative, the Chambers of Commerce and other bodies working together to improve the economic position of the island. The Conference reviewed joint initiatives to expand North-South trade and promote economic co-operation, particularly in respect of research, technology and innovation and of the opening up of public sector markets. The Conference agreed arrangements for officials to undertake further work to encourage cross-border trade and economic co-operation.

7. The Conference also reviewed developments in the field of energy and tourism. The Conference noted with satisfaction the decision of British Gas to join with An Bord Gais in gas inter-connection which will link Scotland with both parts of Ireland. The Conference also welcomed the decision that the ESB and NIE are joining together to improve the reliability of electricity supplies in the North West which suffers from being at the extremity of both supply systems. It also welcomed the initiative of Bord Failte and NITB for an all-Ireland tourism and reservation system and their preparation of a joint submission for funds under the EC INTERREG programme.

8. The Conference agreed on the need to improve transport communications between Belfast and Dublin and expressed satisfaction that consideration of the up-grading of the rail link between the two cities is nearing completion and that both Governments hope to make an announcement in the near future.