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MM/58/9

FROM: M T H MAXWELL
AS CENT SEC

DATE: 22 SEPTEMBER 1994

cc PS/Sir John Wheeler (DFP,B&L) - B
 PS/Michael Ancram (DENI,B&L) - B
 PS/Baroness Denton (DHSS,DANI&L) - B
 PS/PUS (B&L) - B
 PS/Mr Fell - B
 Mr Thomas - B
 Mr Legge - B
 Mr Williams - B
 Mr Watkins - B
 Mr Bell - B
 Mr Gibson, DED
 Mr Quinn, DFP
 Mr Stephens - B
 Mr Brooker - B
 Mr Maccabe - B
 Mr Smyth - B
 Mr Dodds - B
 Mr Hamilton, DED
 Mr Kyle - B
 Mrs Kenny
 Mrs Sear - B

PS/SECRETARY OF STATE (B & L) - B

IC(94)5 - INTERGOVERNMENTAL CONFERENCE BRIEFING - EUROPEAN UNION
ASSISTANCE PACKAGE FOR NORTHERN IRELAND

I attach a background briefing note on a possible package of European Union aid for Northern Ireland for inclusion in the Secretary of State's Conference briefing folder.

[Signed: MTHM]

M T H MAXWELL
CENTRAL SECRETARIAT

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IRA CEASEFIRE : EUROPEAN UNION ASSISTANCE PACKAGE FOR NORTHERN IRELAND

Line to Take

- Welcome President Delors' announcement of an increased EU contribution to the IFI, and the Commission's willingness to consider the development of its policies in support of the peace process.
- We are currently in discussion with the Commission, through the UK Permanent Representative in Brussels, on the shape which any new assistance package might take.
- Speed of any decisions on this matter will be determined by President Delors' statement in the European Parliament on 27 September, and on any decisions taken at the Foreign Affairs Council to be held on 4/5 October.
- Agree that our officials should keep in touch with each other over future developments.

BACKGROUND

1. Immediately after the announcement of the complete cessation of violence by the Provisional IRA, President Delors announced that the European Commission would consider, in consultation with the British and Irish Governments, how best the European Union's continued support and assistance for the peace process could be shown through additional financial and other measures.
2. The Downing Street Declaration of last December underlined the European dimension of Northern Ireland's situation. The European Union has for many years been playing an important role in helping to promote social and economic progress in Northern Ireland, especially through the contribution of the Structural Funds as part of the Union's policy of economic and social cohesion. The European Union has also demonstrated its willingness to provide practical assistance to Northern Ireland through its annual contributions to the International Fund for Ireland.

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3. As a first step to demonstrate its support for recent development, the Commission has decided to propose the raising of the Community contribution to the International Fund for Ireland (IFI) to 60 Mecu over the next three years. It has used the occasion of a rectifying letter in relation to the 1995 budget to propose an increase of one third, from 15 Mecu to 20 Mecu in the Union's contribution to the IFI next year. It has also committed itself to proposing similar contributions for the next two years.
4. The increased contribution to the IFI is to be seen as a first practical response towards helping the peace process. The Commission is also examining how to develop its policies further and to re-focus them in support of the peace process. We, and the Irish, have welcomed the Commission's proposals, which will probably take the form of a new Community Initiative. The Commission will make a statement about the broader package of proposals in the European Parliament in Strasbourg on 27 September. The Foreign Affairs Council will also be discussing the matter on 4/5 October.
5. In preparation for the Strasbourg Parliament debate Sir John Kerr, the UK Permanent Representative to the European Communities, has requested us to prepare a three or four page text on a package of EU aid for despatch to the Commission before 27 September. Sir John has advised that the best vehicle for conveying our prospectus would be a message from the Prime Minister to President Delors. The purpose of the despatch would be to define our ideas on the content and objectives of a new Community Initiative, which is likely to concentrate on measures designed to embed the peace process - inner urban regeneration, with special emphasis on Belfast, reduction of long-term unemployment, rural development, and infrastructure particularly in tourism which is confidently expected to show significant growth in the aftermath of peace, and roads and ports.

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6. Officials will in the course of today be drafting the text of a new initiative which will be circulated on the Whitehall net, including HM Treasury: a submission will subsequently be put to the Secretary of State in the course of tomorrow. Critical to the quantum of EC assistance sought, is HM Treasury agreement to the notion that any EU assistance is truly "additional". Such agreement is absolutely vital if we are to avoid a major consequent reduction in other parts of the Northern Ireland Block. A submission on this issue will be put to the Secretary of State by DFP this evening.

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