



HCS/310/98

FROM: JOHN SEMPLE
27 MARCH 1998

cc (as attached)

PS/SECRETARY OF STATE (B&L)

POLITICAL SETTLEMENT: US ASSISTANCE PACKAGE

Issue

1. To identify priority elements of a possible US assistance package, so that the Embassy in Washington can shape US thinking.

Timing

2. Pressing. If the Embassy is to exercise influence, it needs early guidance.

Recommendation

3. A package should be a mixture of enduring/flagship investment and measures to make a difference in daily life post-settlement. It should benefit both communities and be geographically spread.
4. The priority elements could include (in no particular order):



- ◆ Springvale campus (approx £10-15m and in kind). Symbolic, forward-looking, critical interface locality, both communities;
- ◆ rebuilding of the cross-border section of the Belfast/Dublin road (total cost £75m - £25m in Northern Ireland). Highly symbolic, real contribution to N/S economic development. But the Embassy's first contact with the US authorities has revealed reluctance to contribute to infrastructure (more appropriate to the EU) This could be a flagship attracting support from 4 relevant authorities - UK, ROI, EU, US;
- ◆ social inclusion measures eg voluntary/community sector infrastructure, community safety/crime prevention measures in areas affected by the troubles, schemes to help those suffering troubles-related trauma, measures to help victims of violence, education initiatives, etc - see menu in Annex. These might be targeted through the IFI to which the US might provide more resources for specific projects;
- ◆ retraining: although the Americans may have prisoners and RUC officers in mind, we should not specifically commit to this unless and until there is a clear commitment to a restructuring programme in these areas: in any case it is redundancy and not retraining costs which are heavy, and LEDU/T&EA have resources/expertise in retraining. But some retraining of eg socially excluded groups (which might include those on fringes of paramilitary groupings) and prisoners under current release arrangements might be included (and later expanded if prisons restructuring proceeds). This could be linked to social inclusion measures;
- ◆ integrated schools (capital). Up to £35m could be valuable. Highly symbolic.



- ♦ Crumlin Road jail/courthouse redevelopment: £20m. Highly symbolic, key interface location. Possible imaginative re-use for public and community purposes, including genealogy/history/public records;
 - ♦ rural tourism and food marketing development: see menu of possibilities in Annex. Cross-border potential. Job creation in (disadvantaged) rural areas.
 - ♦ 'stars for peace': American encouragement to entertainment/cultural/sporting stars to visit Northern Ireland and for big US companies to sponsor major cultural and sporting events. Opportunities this year;
 - ♦ 'blue ribbon' committee of US businessmen: as part of the Chancellor's proposals DED has devised a marketing initiative. This would, inter alia, include a taskforce of prominent North American and Irish business people and other leaders.
5. This would be a reasonable mixture of big and small, and fairly balanced. The total cash cost is highly elastic; most could come through IFI on a targeted basis and there would be enough here to meet some indications from Washington that \$100m might be feasible.

Key Underlying Issues

6. In considering a package, Ministers might like to bear in mind some key contextual points:
- ♦ a US package is likely to be part of a wider whole, eg, support from EU, some Commonwealth countries. The US may be better equipped in some areas than others, eg expertise, leverage, symbolic measures; cash maybe less so;



- ◆ although no plans have been developed beyond the Chancellor's package, we should not give any really good ideas to the US if this might preclude ideas which HMG would want to pick up. The Belfast/Dublin road, though expensive, may be one such. Likewise, we should not cut across measures in the Chancellor's package eg a US marketing drive;
- ◆ we should focus on items of a direct economic and political benefit to Northern Ireland; the Irish and Americans will have other motivations and we may need to be robust;
- ◆ there is a choice between large flagship bricks and mortar projects and a multiplicity of smaller, recurrent measures which might make a greater difference to peoples' lives, We should seek a balance;
- ◆ the Americans, abetted by the Irish, may seek to promote an all-Ireland package. This would make it a good deal less attractive to unionists. We should aim for a package focused on Northern Ireland plus, at most, the 6 border counties (as with IFI and 1994 package);
- ◆ although the Americans may see a package as linked to a settlement (and as such likely to be announced during the putative Clinton visit in mid May), we should encourage at least elements of it anyway, eg Springvale. But we need to strike now while the iron is hot.

7. The US is thinking in terms of (a) assisting with the referendums and Assembly elections and (b) broader issues like a ceremony at the White House prior to the referendum. Anita Bharucha's submission of 25 March argues against (a) in terms of support for parties; (b) will be the subject of separate advice, but our initial posture should be caution.



Menu

8. The package in para 4 above was drawn both from the proposals discussed in Washington on 24 March (see Cary/Brooker letter of that date, copied to you); and also from ideas garnered from departments. The annex brings them together, with brief notes: Ministers may wish to add some of these ideas to the para 4 package suggested. Separate advice will be provided shortly on Jim Lyons' proposal for a small business specialised financial institution.

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cc PS/Mr Murphy (DFP, B&L) ✓
PS/Mr Ingram (DED, B&L) ✓
PS/Mr Worthington (DHSS, DENI&L) ✓
PS/Lord Dubs (DANI, DOE&L) ✓
PS/Mr Pilling (B&L)
Mr Steele
Mr Thomas
Mr Jeffrey
NI Perm Secs
Mr Bell
Mr Daniell
Mr Leach
Mr McCusker
Mr Shannon
Mr Stephens
Mr Watkins
Mr Brooker
Mrs Brown
Mr Fergusson, RID ✓
Mr Cary, Washington) ✓
Dr Smyth, NIB) By Fax
Mr Warner

MENU

1. Springvale Campus:

- ♦ £10m capital - to plug present gap;
- ♦ £5m endowment - to pump-prime innovative community-based programmes;
- ♦ help in kind
 - to promote linkages with US bodies (academic and commercial);
 - visits by academics, video-conferencing and multi-media links, course sharing;
- ♦ other
 - to link academic and business worlds in the Applied Research Centre etc;
 - to develop research excellence, graduate schools.

2. Training

- ♦ RUC and prisoners - timing difficulties, but potentially useful for prisoners under current arrangements and once a programme has been agreed here;
- ♦ vocational training for prisoners - £5m - to equip 400 prisoners over a 3 year period with skills and qualifications to enable them to contribute to community on release. Would need to be dovetailed with any release programme.

- ♦ socially excluded, eg joyriders, those formerly on fringe of paramilitary groups. US experience in inner cities potentially valuable, as might be US association with some retraining programme.

3. Education

- ♦ integrated schools capital - £35m. Highly symbolic, though controversial on both sides;
- ♦ careers database - £1.5m over 2 years. Links with Maine;
- ♦ pre-school provision - £20m - increasing opportunities for early age positive play/learning experience;
- ♦ Irish-medium schools capital - £10m.

4. Infrastructure

- ♦ Newry/Dundalk section of Belfast/Dublin road. Already an EU TENS route, and preferred line for cross-border section already agreed with Irish. Most of construction in ROI (£50m); £25m in NI. Highly symbolic. Strong economic case. Other options/additions include dualling of Loughbrickland/Newry stretch (£25m).
- ♦ Derry/Dublin road: - £50m in NI. By-passes, realignment, widening: not dualling. Less important in economic terms, and less symbolic. In recent conversation Hume much preferred Belfast/Derry upgrading (Toome). But useful as west of Bann counterweight?

- ◆ Road improvements in North-West: £35m, including Toome, Dungiven and Limavady by-passes. See above on Hume.
- ◆ Crumlin Road Court/Jail development: £20m. Prison/court usage ending. Landmark buildings of architectural significance. Unlikely to find commercial use. Key interface location; critical to local regeneration. Potential HQ for Public Record Office; genealogical resource appealing to Americans; and for some local community use.

5. Business/Jobs

- ◆ 'blue ribbon committee of US businessmen': as part of the Chancellor's proposals DED has devised a marketing initiative. This would, inter alia, include a taskforce of prominent North American and Irish business people and other leaders;
- ◆ should avoid initiatives which would duplicate components of Chancellor's packages eg export marketing programme.

6. Rural

- ◆ canals for tourism development, eg Ulster Canal (£70m - half in NI), Lagan/Lough Neagh (£12m); Newry Canal (£15m). Links to Republic's waterways, so all-Ireland perspective. Shannon-Erne shows value to tourism/image;
- ◆ rural tourism/angling/forestry recreation - £15m;
- ◆ agri-food marketing/packaging development - £15m.

7. Social Inclusion

- ◆ foundation for community infrastructure - £5-10m;
- ◆ counselling/support to help with trauma of troubles - up to £4m a year;
- ◆ IT and communications skills for young people - £20m - multi-media equipment for schools and FE colleges, extending National Grid for Learning to libraries. Either NI-wide or targeted to disadvantaged areas.
- ◆ Job Corps-style initiatives for those not reached by New Deal - £4m*;

(* focused in local community learning centres)

8. Stars for Peace

- ◆ promote visits/shows by pop stars, other entertainers, sports personalities;
- ◆ encourage large commercial US sponsors to back events in NI;
- ◆ no cost to US taxpayer. Big impact on NI self-confidence and international image;
- ◆ NI Events Company available as delivery mechanism. Events possible this summer and autumn.

9. Other

- ◆ US contribution to new building for NI Assembly and HQ for North/South body? Say £10-20m. Both highly contingent. We need both, not just one. But highly symbolic.