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Date 13 December 1994

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To Economic Division, DFA from Permanent Representation, Brussels

For Art Agnew

from Peter Gunning

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Copied directly to D. Donoghue (DFA), P. Hastings, D. Keane,  
S. Whelan (PRB)  
-----Subject Essen European Council, 9/10 December 1994

Attached for the record are:

- i) Extract from the Essen European Conclusions dealing with Northern Ireland.
- ii) "Suggested conclusions", elaborated in the week before Essen by UK, Cion and IRL and given to the Presidency.
- iii) "Antici notes" of European Council's discussion of Northern Ireland.

The discussion took place on the afternoon of 9 December. Earlier that day there had been word that the German Presidency was against including a specific sum for Northern Ireland assistance in the conclusions. The suggestion was that because they would be avoiding mention of specific sums in relation to Eastern Europe and the Mediterranean (a matter of controversy), they would wish to do the same and appear consistent in the Northern Ireland case.

Members of the Irish delegation were in touch with the Commission and the UK delegation. It was agreed that the best approach to the afternoon's discussion was to have PM Major and the Taoiseach speak first and describe the political context. Delors would then speak and deal with, in greater detail, EU support including specifying the 300 macu.

This is what happened. Both PM Major and the Taoiseach spoke at some length. The Antici briefing on the Taoiseach's remarks was curtailed because of the need to move on to the Central and Eastern Europe item. I asked the briefer afterwards for some more material. She recorded the Taoiseach as placing current developments in the context of previous efforts particularly the Downing St. Declaration. No guerrilla war, he said, could be carried on without popular support. Therefore, it was necessary to convince the actors in the guerrilla war, and the people, that a peaceful solution was possible. The Taoiseach insisted on the need to address marginalisation.

In his concluding remarks, he spoke of the Northern Ireland situation as the sole remaining conflict in Europe, said that EU assistance was very generous, thanked Chancellor Kohl and PM Major and said that the work of restoring peace would continue, whoever was in charge.

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The European Council draft conclusions appeared in the usual way overnight. The draft contained specific reference to 300 mecu (though not to the period of time to which it would apply). In contact with the UK delegation it was clear that they were satisfied with the text as it stood. When it came to be considered in the European Council on 10 December the only remark was from President Delors, who sought the replacement, in para 7.3 in the French text, of "complémentaire" by "additional" (the english draft had all along used "additional").

Peter Gunning

12 December 1994

**EXTRACT FROM CONCLUSIONS****6. Internal market and competitiveness**

The European Council, in agreement with the Commission report, stresses the importance of the internal market. It is now necessary to achieve uniform and effective application of the internal market rules.

The European Council intends also in the future to pay particular attention to the competitiveness of the European economy, as stated in the Commission's paper. In this connection, it welcomes the Commission's intention of setting up a high-level group which will deal with these matters and submit appropriate reports.

The European Council also notes that the high-level Legislative Administrative Simplification Group ("Deregulation Group") has begun its work. It stresses the need to monitor Community and national law for over-regulation. It requests the Group to submit a report by June 1995.

The European Council welcomes the Council Resolution of 10 October 1994, which is designed in particular to remove legal and bureaucratic obstacles in the way of small and medium-sized enterprises.

The European Council requests the Council and the Commission to continue work on legal provisions concerning biotechnology. The outcome must take full account of the need for health and environmental protection and the need for European industry to be competitive.

**7. Fisheries - Integration of Spain and Portugal into the common policy**

The European Council calls upon the Council to adopt non-bureaucratic Community measures for all Community fishing vessels before the end of the year, while taking full account of the Declaration on Fisheries adopted during the accession negotiations and the acquis communautaire in the fisheries sector, and to lay down conditions for access to the zones and resources which are subject to specific provisions by virtue of the Act of Accession of Spain and Portugal, bearing in mind that fishing effort must not be increased.

**8. Northern Ireland**

The European Council welcomed the reports of the Prime Ministers of the United Kingdom and of Ireland on the progress made in the peace process.

The European Council warmly welcomes the recent historic developments in Northern Ireland and reaffirms the necessity of ensuring the irreversible character of the peace process. The European Council confirms the commitment of the European Union to underpin this unique opportunity for reconciliation and economic recovery.

The European Council has agreed on the principle of a multiannual programme and on the allocation of additional funding of ECU 300 million which will provide support in the areas of urban and rural regeneration, employment, cross-border development, social inclusion and investment promotion.

The programme will apply to Northern Ireland and the border counties in the South, be additional, pursue the central objective of reconciliation and benefit both communities in an equitable and balanced way, and especially those areas and sections of the population suffering most acute deprivation.

The European Council took note of the commitment of the Governments of the United Kingdom and of Ireland to refocus existing Community programmes within the framework of present plans in order to meet the new demands and opportunities presented by the peace process.

### Subsidiarity

The European Council took note of the Commission's first annual report on application of the principle of subsidiarity. The European Council welcomes the Commission's intention of implementing rapidly its 1993 programme for the review of existing Community law. It invites the Commission to submit the proposals still required for this purpose as soon as possible and no later than June 1995. It asks the Council to discuss the Commission proposals speedily and in a constructive spirit.

The European Council confirms the great importance of the subsidiarity principle as a guiding principle of the Union as established in the conclusions of the Edinburgh European Council. It calls upon all Community bodies to apply that principle consistently in accordance with those conclusions. In this context the European Council stresses that administrative implementation of Community law must in principle remain the preserve of the Member States, without prejudice to the Commission's powers of supervision and control.



**ESSEN CONCLUSIONS**

Agreed Commission/  
Ireland/UK.

1630, 2 December

**NORTHERN IRELAND**

The European Council welcomed the reports of the Prime Ministers of the United Kingdom and Ireland on the progress made in the peace process.

A year ago the United Kingdom Prime Minister and the then Irish Taoiseach issued the Downing Street Declaration which launched the peace process in Northern Ireland. This represented a momentous advance, providing a framework which respects the rights and aspirations of both traditions in Ireland.

On the basis of the Downing Street Declaration, peace is now taking root in Northern Ireland. Daily life has started to return to normal. The stage is now set for movement towards a lasting settlement through political dialogue.

The European Council warmly welcomed these historic developments and reaffirmed the necessity to ensure the irreversible character of the peace process. The European Council confirmed the commitment of the European Union to underpin this unique opportunity for reconciliation and economic recovery. Twenty-five years of conflict have left a bitter legacy of high unemployment and social deprivation. Building prosperity is essential to building a durable peace.

The European Council welcomed in this context the special support programme for peace and reconciliation submitted by the Commission. It agreed on the priorities and main features of this programme (urban and rural regeneration, employment, cross-border development, social inclusion, investment promotion). The programme will apply to Northern Ireland and the border counties in the South, be additional in its funding, pursue the central objective of reconciliation and benefit both communities in an equitable and balanced way, while focusing on those areas and sections of the population suffering most acute deprivation.

The European Council agreed on the principle of a multiannual programme and on the allocation of [300] mecu additional funding for the first three years of a five-year programme.

The European Council took note of the commitment of the governments of the United Kingdom and Ireland to refocus existing Community programmes within the framework of present plans in order to meet the new demands and opportunities presented by the peace process.

The European Council invited the Commission, in consultation with the European Parliament as appropriate, to take the action necessary to give effect to this programme in order to ensure immediate and visible impact on the ground.

For a generation violence in Northern Ireland has scarred the face of Europe. In congratulating the two Governments on the progress already achieved, the European Council expressed its full support for their joint effort to secure, for all the people of Ireland, just and lasting peace and prosperity.

ANTI-CI NOTES

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Northern Ireland

Wajgel - in Financial perspectives 95-99 fore.... 200m ECU for special programme on Northern Ireland and border counties. Recalled Trilogue at end November. Recalled ECOFIN adoption of Financial Perspectives including this sum.

Major - What is being done now is not fully understood - ending centuries of and 25 years of terrorism. Ceasefire in force. This A.M. UK Government met Sinn Fein. New meeting 19 December. Another in January.

Personal Evaluation and confidential. We are now in most critical phase of peace programme. Turn ceasefire into durable peace. It will be a long process and there will be reverses and for which external support, especially from EU, is of fundamental importance. Contacts aimed at bringing Sinn Fein out of isolation re-establishing contact to reinsert it in political world.

Complicated questions of disarmament is now engaged.

In parallel to Sinn Fein discussion, framework document Ireland/UK. Product of long negotiation. Now almost finalised. Will be incorporated in discussions.

Aim at restoration of democracy in Northern Ireland.

Announced talks next week with Loyalist paramilitaries. Also - international conference which he(Major) will open - Trojan will represent Commission.



Two considerations:

- (i) Need to end feeling of alienation in both communities there - a policy aimed at raising living standards.
- (ii) Cooperation between Reynolds and himself over past 3 years. Harmony has not always reigned between Ireland and UK.

Kohl - Admiration for J. Major and A. Reynolds. Humane Persons can change course of history. New developments positive. Very important entry to history books.

Taoiseach - Thanked Kohl. Major was colleague in Ecofin. Built up friendship. Vowed to deal with problem if they become PMs.

Insisted on need to reduce marginalisation.

Employment. Investment.

Aim is not only economic. Take attention away from armed conflict. To aid economically N.I.

Delors - N.I. benefit from Structural Funds 1260 mecu for 6 Years. Cion increased IFI contribution. Trying to concentrate on areas where 2 communities can work together. Recalled programme Cion launched for 300 mecu over 3 years. 100 mecu from reserve.

25 November 1994

Ambassador

EU aid package for NI peace process

Missions will wish to be aware of the broad structure of the EU aid package for Northern Ireland and the Southern border counties which is being finalised at present by a special Commission Task Force and which will be forwarded to the Essen European Council for endorsement.

President Delors gave Permanent Representatives a brief outline of the proposed package on 23 November and mentioned that the scale of the resources envisaged for it will total 300 mecu over three years. He highlighted his personal commitment to the initiative and asked the Presidency Ambassador to ensure that Chancellor Kohl would promote its safe passage at Essen.

President Delors will brief Ministers at the General Affairs Council on 28 November. The package will be formally approved by the Commission on 30 November.

The package will consist of two main elements:

(i) a specially created Community Initiative for NI and the border counties, to cover

- employment (including tourism)
- urban and rural regeneration
- cross-border development.

(ii) a new Council instrument to deal with social inclusion (education, training, needs of vulnerable groups etc).

The package will be additional to the Structural Fund and Community Initiative (INTERREG etc) allocations which have already been made to both Governments. It will require matching funding from the two Governments.

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In addition, the two Governments will be asked to commit themselves to a "refocussing" of their existing Structural Fund resources in the direction of the areas which are to be covered by the new initiative.

The package will also (i) provide enhanced loan facilities for small and medium-sized enterprises on either side of the border; and (ii) identify possible new priorities in the context of the TransEuropean Networks (road/rail, energy links etc).

The head of the Commission Task Force has indicated that the resources allocated to the package will be in the region of 270 mecu over a three-year period (i.e., 90 mecu annually). President Delors has proposed to the President of the European Parliament a figure of "200-300" mecu over a three-year period. As indicated above, he has mentioned a figure of 300 mecu to Permanent Representatives.

Before the end of the three-year period, there will be a review to see whether further resources are required over a subsequent two-year period.

The North/South balance within this package remains to be settled and will probably be discussed informally among Commissioners with a view to resolution before Essen.

The Commission has been emphasizing the political objections likely to be raised by other member States if the Southern share appears disproportionate. Against this background, it has proposed a formula which is reasonable in overall terms.

The ratio for the first two headings of the Community Initiative (employment and urban/rural regeneration) would be 75:25 (the ratio used by the International Fund for Ireland).

The ratio for the third (cross-border development, which would cover enhanced trade, business and agricultural cooperation as well as infrastructural development - reinstatement of closed border roads, energy links etc) would not be specified. However, there would be an informal understanding between the two Governments and the Commission that the Southern share would not be less than 20 (i.e., the ratio would remain within the range 75/80: 25/20).

The ratio for the social inclusion element would be 80:20.

No undue difficulties are expected in securing the adoption of the package at Essen (though it will be scrutinized closely by other member States, who will be anxious to ensure that what amounts to a sizeable transfer of EU resources will not jeopardize their own developmental needs).

Once endorsed by Essen, the new mechanisms are expected to be put in place in January/February, at which point the two Governments will be asked to forward detailed programmes under the various headings.

There will be a single North/South monitoring committee for the package (on the lines of the current INTERREG arrangements). There will also be a North/South consultative structure to maximise the input from local Councils, employer and trade union interests, voluntary and community groups etc.

*David Donoghue*  
David Donoghue  
Anglo-Irish Division