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EU Aid for Peace Process

FAX

To: HQ

From: Delegation at GAC

For: Art Agnew from A/Sec Fahey

(copy D. Donoghue & A. Dunning, D/Taoiseach)

Subject: GAC, 28 November 1994

- Package in support of NI Peace Process

Over lunch Delors gave a brief presentation on the plans for a package to present to Essen. In a hurried discussion he added little to what he said at Coreper last week. The intention will be to build on the IFI experience. The package will concentrate on "run-down areas" and "trans-frontier development". He mentioned an envelope of 200/300 mecu over the first three years.

Only Portugal raised questions, asking where the new money would come from, to which Delors responded "unused funds". Portuguese Minister assured MOS Kitt that the question was a matter of getting information and not an indication that they would oppose the forthcoming Commission proposals.

(Above based on debriefing by MOS)

Mr Gibbons
S.H. 29.11.94

Mr Hare

TOTAL P.02

EU Aid for Peace Process

Mr. Gubbins

S.H. 1.12.94.

This note (prepared for our Embassies in EU capitals) may be of assistance in context of Monday's GAC* and run-up to Essen

DD 25/11

Confidential

Mr Hayes

EU aid package for NI peace process

* brief being prepared for MS Kitt by Eco Div.

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.

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.

DD

David Donoghue
Anglo-Irish Division
25 November 1994