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Anglo-Irish Secretariat
Belfast

Secure Fax: 991

3 October 1996 **No of pages including this one: 3 + 8** (11)

For: Mairtín O Fainín **From: Kieran Dowling**

Subj: Economic Boycott

1. Further to my SF 975 of 27 September, we are continuing to monitor developments here in relation to the "economic boycott" - both the boycotting of Protestant businesses in the border areas and the threat of the so-called 'Business Consortium' to engage, in retaliation, in a trade boycott against suppliers from the South. We had conversations on the matter this week with CBI (NI) Chairman Bill Tosh, SDLP Economic spokesman Sean Farren, and with the British side here (who in turn are keeping in touch with Tony Canavan of the Central Community Relations Unit who is acting as coordinator in the matter between the Political Affairs and Security Sections of the NIO and the Department of Economic Development).

CBI (NI) Chairman Bill Tosh

2. Tosh has confirmed to us that there is no evidence of any widespread boycott against Protestant businesses. As he had said publicly, the CBI has not had a single complaint from any of its members - representing as they do some 70 per cent of businesses in Northern Ireland. While it was probably true that there were some isolated incidents - which would be distressing for the individuals involved - the whole boycott affair was "a bit of a farce" and the British Government were correct in their general approach of not giving it status by commenting on it. As regards the so-called "Business Consortium", he had no idea as to who the individuals involved were. It seemed clear however that he saw them as having very little weight and was obviously attaching little importance to their threat to boycott suppliers from the South.

Sean Farren, SDLP

3. In reaction to charges that the SDLP had not been sufficiently active in condemning the boycotting of Protestant businesses, Farren issued the (attached) press release indicating that party spokespersons have consistently condemned boycotts as damaging community relations as well as being a totally inappropriate means of

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seeking retribution for any wrongs alleged to have been done by particular individuals. He also rejected as totally without foundation suggestions that the SDLP had been engaged in organising or had in any way been responsible for organising boycotts against any businesses. Such accusations from leading unionist politicians and from organs of unionist opinion had not been supported by any evidence and were dangerously sectarian. Those who were now threatening to mount retaliatory counter-boycotts against southern and Catholic owned businesses were simply promoting what was clearly a politically motivated campaign.

4. Farren mentioned to us that John Hume had received a letter from UUP Chairman Josiah Cunningham asking him to meet with the UUP and other parties on the problem of boycotts. Farren indicated that Hume was not inclined to do as (in Farren's words) this could result in elevating hysteria on the issue to the level of reality.

British side here

5. Earlier in the week the British side indicated to us that Tony Canavan of the CCRU (who, as mentioned, is acting as coordinator and who was then in the course of compiling update briefing on the matter for Minister Ancram) was "fairly relaxed" that the boycotting issue was not a serious or widespread one. While it was having very little impact in economic terms, the political repercussions could, however, prove greater than any economic hurt that might result. As regards the threatened boycott against the South, the suggestion was that this was being inspired by certain DUP-minded individuals.

6. In more detailed discussion with the British side today, they offered further information, drawing mainly on a report of a meeting which Minister Ancram had in Castle Buildings on 17 September with members of "Business and Professional People for the Union" (BPPU) and others in Castle Buildings on 17 September (in addition to UKUP members Alan Field and Cedric Wilson of BPPU, others present apparently included John Cobain of the UKUP, Jeffrey Donaldson and Peter Weir of the UUP, and Oliver Gibson of the DUP).

7. The general feeling was that while the boycott against Protestant businesses was in operation in specific areas, it was not general. The assessment on the British side was that while Sinn Fein activists in those local areas were behind such activities, the motivation for the boycott was not coming centrally from the "Sinn Fein high command". The information was that community centres were the main focus of the local Sinn Fein activists involved in stirring up boycotting activity. (For this reason Ancram has met and is remaining in contact with the various Community Relations representatives to monitor and keep in touch with what is happening locally).

8. The pressure was being kept up through "low-level intimidation" (e.g. phone-calls, and minor damage to property such as the scratching of cars. In one incident in Pomeroy, a nationalist pensioner had had his oil tank damaged beyond repair because

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he had purchased oil from a Protestant supplier.) Victims of such intimidation were in most cases unwilling to lodge a complaint because of fear of further action against them.

9. Boycotting activities remain strongest in Pomeroy and Armagh. They are also continuing in Enniskillen, Lisnaskea, Newtownbutler and Roslea. The signs were that the problem was fading in both Bellaghy and Castlederg. The well-publicised incident in Portglenone was an isolated case. The boycotts at local level were also being used by the Sinn Fein people behind them to put pressure on the SDLP.

10. Ancram had explained at the 17 September meeting that the British Government was keeping a low profile on the sensitive issue of boycotting since it was felt that more forthright condemnations might simply result in making matters worse. He said he would, however, he willing to meet the people affected by the boycott (if they can be identified) in order to give them confidence, and show them, at least, that the Government is aware of the problem. If any such meeting was to be set up (by the unionists), he would be happy to invite Economy Minister Denton also to attend.

11. One of the main interests of the people present at the meeting had been to establish if the British Government would be willing to pay compensation to any traders losing business through intimidation. (The British Government attitude in this regard is that it is very difficult to prove that intimidation is terrorist-related as opposed to based on criminal activity.).

12. The information is that the (anonymous) group of business people making up the so-called "Business Consortium" consist in the main of "local traders and a group of wholesalers". We can probably safely assume that they are unlikely in such case to involve major players on the business scene.

13. I attach, for information, copy of a report on boycotting prepared by the Business and Professional People for the Union which they handed over at the 17 September meeting with Ancram.

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Press Release

Sean Farren

SDLP Spokesperson on Employment and the Economy

SDLP Rejects Business Boycott Accusations

The SDLP rejects as totally without foundation suggestions that it has been engaged in organising or has in any way been responsible for organising boycotts against any businesses. On the contrary, party spokespersons have consistently condemned boycotts as damaging community relations as well as being totally inappropriate means of seeking retribution for any wrongs alleged to have been done by particular individuals.

Accusations from leading unionist politicians and from organs of unionist opinion to this effect have not been supported by any evidence of an SDLP involvement. Such accusations are dangerously sectarian and in no way offer the prospect for a resolution to the problem.

Those who are now threatening to mount what they describe as retaliatory counter-boycotts against southern and Catholic owned businesses are simply promoting what is clearly a politically motivated campaign. Such a campaign could have much more serious and damaging implications for businesses in Northern Ireland than for any that might be affected in the South. Furthermore, the image which such a boycott campaign would create internationally could seriously damage prospects for inward investment.

Ending any boycotts that might exist must be the priority rather than supporting their extension.

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BUSINESS AND PROFESSIONAL
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REPORT ON THE POLITICAL/SECTARIAN BOYCOTTING OF BUSINESSES IN NORTHERN IRELAND JULY/AUGUST/SEPTEMBER 1996

Business and Professional People for the Union is non-sectarian and is not affiliated to any political party, but wishes to associate with all those who desire to maintain the Union with Great Britain.

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BUSINESS AND PROFESSIONAL PEOPLE FOR THE UNION

REPORT ON THE POLITICAL/SECTARIAN BOYCOTTING OF BUSINESSES IN NORTHERN IRELAND JULY/AUGUST 1996

1. The BPPU is a body which came into existence in 1995 to represent the views of those business and professional people in Northern Ireland who are committed to maintaining the Union between Great Britain and Northern Ireland. It was felt ,at that time, that the established organisations such as the CBI and the Institute of Directors, did not reflect the views of the business and professional classes, in that the CBI and the Institute were too ready to support Government policy, particularly where the effect of Government policy was to weaken the Union.

2. This report summarises the results of a survey of boycotting activity in border areas throughout Northern Ireland. For convenience, a sample list of the boycotting episodes is contained in Appendix I.
This consists of a brief description of some incidents. Many of these have been investigated in depth by BPPU members, while others are as reported by various agencies, or are based on press reports..

3. The boycotts contain a number of significant features.

a There was evidence that the boycott was organised. A letter was sent to about 8 traders in a town in which the writer expressed disquiet at the incidents arising out of the Drumcree confrontation and declared his intention to withdraw his custom from shops or businesses owned by those whom he considered were involved or condoned what the author describes in emotive language as 'intimidation and horrific acts of violence against innocent Catholics.....', anti-Catholic thuggery.....', etc.
The vast majority of the recipients of this letter are not members of any of the Loyal Orders and had absolutely no connection with any protests. Their only 'crime' is to live and conduct business in areas with large nationalist populations.

b.There is evidence that the boycotts were planned prior to the Drumcree confrontation. One of the traders was told that his name had been mentioned as a likely victim of a boycott on 9th July,i.e 2 days before the Drumcree situation came to a head.

c. Few of the traders chiefly affected by the boycotts were involved in roadblocks or any other action associated with Drumcree, in fact only a small number are members of the Orange Order. The conclusion is therefore that the organisers of the boycotts are either poorly informed, which, being local people in a small community, seems highly unlikely, or the boycotts are not a reaction but political and sectarian.

d. The suddenness and completeness of the boycotts lend credence to the view that they were planned in advance.

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e. The boycotts appear to have been enforced. In several cases a number of extremists from the nationalist community, well known to the traders, were seen to be keeping observations on the boycotted stores. Also when a few of the ex-customers of the businesses started to return ,it is understood that they were telephoned and warned to stay away.

f. The businessmen are fearful of going public about their predicament because it may make their situation worse and exacerbate the damage already done to community relations. They make the valid point that the number of murders of their community by the IRA/Sinn Fein and the destruction of property over a period of 27 years has not led them to striking back against the nationalist population whereas the Drumcree incidents are being used as a pretext by the nationalists to undermine their livelihoods and to drive them out of business, and ultimately out of the area altogether.

g. A failed Sinn Fein/IRA attempt to relocate a Post Office in a nationalist estate has been followed by the organised bussing of benefit claimants to an alternative Post Office in another village.

h. There is growing concern at the boycotting of protestant/unionist businesses by catholic/nationalist businesses.
Those currently brought to our attention are in the mushroom growing and quarrying sectors.

i. Incidents in the Republic of Ireland causing concern are the intimidation and firebombing of a Protestant business and what has been described as 'the illegal use of the Garda to enforce a boycott of any business in the Republic that wishes to act as a courier, on the public's behalf, for the U.K. National Lottery.'

j. The S.D.L.P. publicly introduced the concept of boycotting when, in the same week as the business boycotts got underway, they announced their party would boycott the Forum aspect of the multiparty talks. The S.D.L.P. response to the boycotting of Protestant businesses has been the same as Sinn Fein/IRA. i.e.., promoting it as an acceptable action against 'legitimate targets'.

k. In parallel with the boycotts there has been a wave of physical attacks on Unionist farms and businesses in various border areas.

4.We would suggest to the Minister that the boycotts and the various incidents involving violence and destruction of property referred to in this paper indicate clearly that there are two strands of Government policy which are inherently contradictory and which work against each other. On the one hand there is the aim to please the pan-Nationalist front. On the other, there is a perceived need to preserve or improve community relations. Quite clearly, the pursuit of the former aim is having disastrous consequences for the latter. Community relations have never been at such a low ebb and they appear set to get much worse. The political and sectarian boycotts against the Unionist community, if they persist, will inevitably be followed by counter-boycotts against nationalist-owned businesses in mainly Unionist areas.

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We have a number of specific questions for the Minister.

a What is the precise legal position in regard to the likely success of claims for compensation arising from a boycott. What evidence would be required?

b What is the position with regard to the use of Community Relations vehicles for political purposes such as the bussing of customers to nationalist shops?

c What can or will, the Government do to discourage the use or organisation of boycotts and prevent the spread of such tactics?

d We are aware of a potential problem in regard to the effect of boycotts on employment. Apparently there is pressure on employers to make members of the nationalist community redundant in circumstances where boycotts are being pursued. This pressure is said to come from the employees themselves because they want to remain eligible for Social Security benefits. However if their wishes are granted the employers are laying themselves open to claims for unfair dismissal.. How can employers protect themselves against these tactics?

e There is a distinction between consumer boycotts of retail businesses and boycotts of companies by other companies. Is this not a case of unlawful discrimination on religious and political grounds?
If so, should this kind of unlawful discrimination not disqualify the offending company from receiving Government grants and lay them open to prosecution?

f Will the Minister take up the issue of U.K. National Lottery couriers in the Republic of Ireland, with that government, as this is having an effect on the lottery retailers in Northern Ireland?

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APPENDIX I

SURVEY OF POLITICAL/SECTARIAN BOYCOTTS IN NORTHERN IRELAND

CASE NO 1
CASTLEDERG

A number of traders reported the sudden loss of custom from the nationalist community on 16th July. This had been preceded by an anonymous letter to each of them on 16th July accusing them of taking part in the actions which followed the Drumcree confrontation. As nationalists formed up to 50 per cent of their customer base the boycott has had a serious effect on their businesses. In one case takings were down by £8,000 per week. The boycott has been policed by political extremists known to the traders. They have been spotted keeping observations on who enters the shops in question. Any drift back of nationalist customers has been checked by telephoned warnings to those concerned, according to information reaching the traders..Prior to the present boycott, there was an attempt by Sinn Fein to get the Post Office re-located in a nationalist estate but this failed. Since then, there has been a determined attempt to divert custom from a Post Office by bussing benefit claimants to a nationalist-owned Post Office in a neighbouring village.

CASE NO 2
AUGHER CO TYRONE

A switch from Unionist to nationalist-owned shops as part of a comprehensive boycott was reported in this village, irrespective of whether the Unionists were members of the Orange Order or took part in the Drumcree incidents. On a related front the local Development Association has been disbanded and community relations are at an all-time low.

CASE NO 3
BRYANSFORD CO DOWN

A trader in this area has been subjected to a boycott. An interesting characteristic of this boycott has been that in spite of SDLP condemnation of the boycotts, he reports that many of his missing customers are middle-class SDLP types.

CASE NO 4
CASTLEWELLAN CO DOWN

Every Protestant-owned shop in this town, as well as being boycotted, was physically attacked, irrespective of the involvement of the owners in the Orange Order or the Drumcree incidents. As a result one person has gone out of business.

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CASE NO 5
CASTLEDERG CO TYRONE
A Castlederg businesswoman whose shop in Letterkenny,Co Donegal has been destroyed in an arson attack, also ran a business in Castlederg. Members of the nationalist community have set up a collection point to have the service which she provides, carried out in the Irish Republic.

CASE NO 6
ENNISKILLEN CO FERMANAGH
As a result of the boycott of a school uniform supplier, the businessman in question will lose the agency.

CASE NO 7
LISNASKEA CO FERMANAGH
The last remaining Protestant owner of a petrol station in this town has been subjected to a boycott in spite of the fact that he has no links with the Orange Order or with Unionism.

CASE NO 8
POMEROY CO TYRONE
A milk delivery business has collapsed as a result of a boycott. A butchers shop has also been seriously affected..

CASE NO 9
REPUBLIC OF IRELAND
Members of the Garda are visiting shopkeepers, in Dublin, who act as couriers for the U.K. National Lottery, warning them not to continue. One trader was arrested, but was not charged with any offence as he was not breaking any law. Even after this ruling the Garda continue to harass traders.

CASE NO 10
CO ARMAGH
A number of companies have cancelled supply contracts with Protestant owned companies.

CASE NO 11
CO TYRONE
An oil supply business has been set up by Nationalists to cater for those customers that are boycotting a Protestant owned business. A Catholic who refused to change allegiance to the new business suffered a hatchet attack to his full oil tank, the contents of which polluted his property.

THESE ARE ONLY SAMPLES OF THE SECTARIAN BOYCOTTING TAKING PLACE ACROSS NORTHERN IRELAND AND IN THE REPUBLIC OF IRELAND.

nb. Most recent reports suggest that intimidation, by Nationalists, is hardening to ensure the boycotts continue to hold firm.

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CONCLUSION

1. The boycott campaign, where there was, initially, perhaps a degree of spontaneity, is now organised and two months after Drumcree is being enforced in areas where Sinn Fein/IRA are most active.

2. The boycott campaign is both sectarian and anti-British in nature, and not now based on events at Drumcree, as some would suggest.

3. The boycott campaign is a continuation of a Republican ethnic cleansing campaign aimed at British businesses in border areas.

4. The boycott campaign is having a disastrous effect on community relations, with traders regarding the situation as the worst they have ever experienced.

5. The effect, in human terms, is distressing due to completely inaccurate rumours being spread round local communities so as to give reasons to boycott.

6. The effect on personal finances is severe. Employees have been paid-off and overtime cut. The income of extended families, running family owned businesses, is being badly affected.

7. In some areas, Nationalists are taking advantage of traders' predicaments, with boycott enforcers' directing customers to recently established traders.

Further comment:

The boycotts have been half-heartedly condemned by the SDLP, and John Hume's assertion that there are 'legitimate targets' for this, or indeed any type, of uncivilised behaviour must be challenged.
He should be reminded of the Northern Ireland politician who once said that if people adopted an 'eye for an eye' mentality we will all go blind.

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