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Secretary

INTERNATIONAL FUND FOR IRELAND : VISITS TO OTTAWA AND WASHINGTON

1. Last week I accompanied the Chairman of the Fund on a series of visits to various politicians and officials in Ottawa and Washington. The meetings afforded the Chairman an opportunity to report progress and to test the Canadian and US reactions to the seven programmes which were approved in principle by the Board at its last meeting. The meetings were very successful. We obtained a general endorsement of the Board's policies to date and satisfaction was expressed at the gratifying progress which had been made in a relatively short time.
2. The Chairman discharged his duties well. He generally gave a ten minute speech on progress to date which effectively set the scene for more detailed discussion of particular issues of interest to our hosts. Brendan Lyons and I coped with points of detail. The Chairman's introduction covered the following topics:
 - thanks to the government concerned for its contribution to the Fund;
 - recognition that money cannot solve the problem, but it can help to break down barriers and rescue people from despair; it also represented a rejection of murder and violence (Lord Justice Gibson's murder had been widely reported in North America);
 - timetable of key events over past 8 months;
 - adoption by Board of seven programmes;
 - listing of projects supported by the Board to date;
 - volume of applications coming from all sections of the community (with a few humorous examples);
 - commitment by Board to spend the money fairly (to the benefit of both communities) and quickly, but also wisely, bearing in mind the emphases of donors and the desirability of leveraging other sources of finance where possible.
3. I attach detailed notes of our discussions in Canada and Washington. The salient points are as follows:

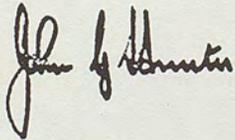
Canada

- the Chairman signed the Agreement with Canada and received a cheque for \$1.5m;

- the Canadians will support the youth training and exchange programme by easing visa restrictions;
- the responsibility for initiating action under the youth training and exchange programme and the business co-operation programme will rest with the Fund (working through appropriate agencies).

USA

- the State Department plans to oppose vigorously any extension of funding for the Fund beyond the present three year period, but there is substantial support in Congress for an extension (the prospect of obtaining such support would be enhanced were the Fund to develop distinctive programmes);
 - Mr Fine has indicated to State Department officials that he is likely to move back to New York, but would continue to act as observer;
 - there is no objection to the use of the US contribution, at the margin, to support reconciliation projects;
 - it may be difficult to obtain work permits/visas for young people to gain work experience in the US under the Wider Horizons Programme;
 - there is a strongly held view in Washington that the EC should support the Fund financially;
 - the Chairman signed papers for the release of the second US contribution of \$35m which should be received during May.
4. In addition official lunches and dinners were organised by the British High Commissioner and Irish Ambassador in Ottawa and the British and Irish Ambassadors in Washington. The Chairman presented his case positively and persuasively in the official speeches, but the discussion round the table was largely informal. Nonetheless useful contacts were made and it is evident that a large measure of goodwill exists towards Ireland in general and the Fund in particular.



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7 May 1987

INTERNATIONAL FUND FOR IRELAND

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INTERNATIONAL FUND FOR IRELAND

NOTE OF MEETINGS IN OTTAWA 27 APRIL 1987

1. Youth Training and Exchange Programme

1.1 Various Canadian officials described the different Youth Training and Exchange Programmes which already exist and the rules regarding work permits. In particular they described schemes for:

- university students to work in Canada for up to 6 months (the Union of Students in Ireland has been allocated 150 places and the British Universities North America Club 400 places);
- career related traineeships, co-ordinated by IAESTE (Ireland) and AIESEC (Ireland), on a reciprocal basis (costing \$10,000/12,000 each);
- civil servant exchanges with Australia;
- establishing support teams of industrialists/academics to help young people develop business ideas;
- industrial adjustment, to help employees and employers to adjust to changes in the workplace emerging from the introduction of new technology;
- job entry, to help firms take on young Canadians (16-25) and give them work experience;
- introduction of new technology involving training in new skills;
- agriculture exchanges, on a reciprocal basis.

1.2 In a brief discussion of these various Programmes officials emphasised the difficulty and cost of identifying suitable employers. In their experience, small businesses were more willing to take on young people for traineeships and exchanges than large corporations. The Fund might have to contemplate appointing someone in Canada to follow up leads, working through Chambers of Commerce, Rotary, Lions Clubs, etc. Officials undertook to provide such assistance as they could including arrangements for work permits; the issue of permits would be greatly helped by reciprocal exchanges. The most promising location in Canada was Southern Ontario, where the economy was very buoyant. It would be desirable however to spread exchanges across the whole country. Exchanges could be located outside Ireland and Canada as long as there was Canadian participation.

1.3 Among the areas discussed for possible IFI sponsored exchanges were:

- ad hoc support to individuals able to secure work experience with Canadian employers in business sectors of priority to the Fund (eg, fishing, forestry, energy, hotel management);
- institutional and industrial training in Canada with identified employers, perhaps using the Association of Community Colleges; the latter specialise in 'Sandwich' courses (the British Council representative in Ottawa, Mr Chadwick, strongly favoured this approach);
- companies engaged in joint ventures under the Business Co-Operation Programme who might take on trainees or exchange managers;
- cultural exchanges, eg, youth orchestras.

1.4 It was agreed that probably the best way forward would be for an official from Ireland to visit Canada for two/three weeks to explore the various opportunities in more detail with officials in Ottawa and the Provinces. Canadian officials made it clear that, although they were willing to assist, the initiative lay with the Fund. Mr Trudel of the Department of External Affairs, Head of Youth Exchanges, was nominated as the contact point.

2. Business Co-Operation Programme

2.1 The Canadian officials began by explaining some of the schemes of support available to Canadian companies which might facilitate joint ventures. These schemes included:

- Eureka Programme (Department of Industry): This Programme is designed to support collaborative research and development ventures with European partners;
- Technical Opportunities in Europe Programme (Department of Industry): This Programme is designed to support technology transfer and collaboration with European partners;
- Various Research Programmes supported by the National Research Council, which will finance up to 50% of RoD costs;
- Export Credits and Insurance;
- Small Business Development (Federal Business Development Scheme): This Programme is designed to help finance the acquisition of fixed assets and develop management skills;
- Information Banks on manufacturing activity and potential collaborative ventures at National, Provincial and Municipal levels, including a register of Canadian firms seeking investment opportunities overseas, published regularly by the National Research Council.

- 2.2 Officials of the Federal Business Development Bank identified a shortage of working capital as a major problem for small businesses in Canada and undertook to forward literature on how the Bank helped such businesses. They also offered to provide a Programme for a Fund official to explore in detail the Bank's services. The Bank official also mentioned a register of retired business experts who were available to advise small companies at a notional cost of \$100 a day for up to five days.
- 2.3 It was agreed that the next step would be for the IDB and IDA to follow up the various possibilities in conjunction with Canadian officials in London, Dublin and Ottawa. Mr Lévesque of the Department of External Affairs, Director Western Europe Trade Development Division, was nominated as the contact point in Ottawa.

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NOTE OF MEETINGS IN WASHINGTON 28-30 APRIL 1987

1. Ambassador Rozanne Ridgway, State Department

Assistant Secretary for European and Canadian Affairs

Wednesday 29 April 9.00 am - 9.30 am

- 1.1 Our meeting with Ambassador Ridgway was essentially a courtesy call. Ambassador Ridgway welcomed the Chairman's brief report of progress but noted that the State Department would be vigorously opposing any extension of US financial support for the Fund beyond the three years covered in the Anglo-Irish Support Act. The State Department's budgets in fiscal year 1989 were likely to be under severe pressure. However she admitted that there was considerable support for the Fund in the legislature.
- 1.2 There was little discussion of projects except that Ambassador Ridgway noted that the inner cities programme in the USA had often resulted in the gentrification of inner city areas and the migration of those displaced to poor suburban neighbourhoods. We assured her that the Fund's Urban Development Programme would be concentrating on the renovation and improvement of commercial property and would have a negligible impact on population movement.
- 1.3 Finally Ambassador Ridgway noted that Mr Fine seemed likely to relocate his consultancy business from London to New York in the near future. The Chairman saw no insuperable obstacle to his continuing to act as the US observer but noted that communication with him would become more difficult.

2. Messrs Kamens, Venezia, Stone and Cooper, Agency for International Development

Wednesday 29 April 9.30 am - 11.45 am

- 2.1 Mr Kamens (Director Middle East and Europe) began by apologising for the absence of Mr Bell who was in Tunisia. He reported that Mr Bell would be leaving Washington in the summer to go to Nairobi. Like Ambassador Ridgway, Mr Kamens referred to the State Department's budgetary problems in fiscal year 1989 but he noted that a bill before the House of Representatives covered contributions of \$35m in each of fiscal years 1988 and 1989. He also indicated that Congress did not share the concern of AID and State Department officials that the US contributions to the Fund should largely be spent on measures to stimulate private sector economic growth.
- 2.2 At Mr Kamens' request, the Chairman's broad overview of progress dealt with the extent to which the Board of the Fund would be willing to support high risk ventures. He explained that if the Fund were to complement the activities of existing industrial development agencies and financial institutions it was

inevitable that it would support high risk ventures with a prospect of viability in the longer term. It would not however seek out such ventures nor would it wish to involve itself in rescue cases. Moreover the Board considered that its role in industrial development cases would generally be as a member of a syndicate involving the provision of a package of support.

- 2.3 There then followed a discussion of the extent to which the Board was precluded from supporting reconciliation projects. The AID officials felt that the US emphasis on job creation in the private sector constituted a guide not a rule. The debate in the Senate had referred to the US contribution being used primarily, but not exclusively, for job creation. Thus the AID officials felt that Congress would not object to some expenditure "at the margin" on reconciliation projects with no job creation component. They confirmed their opposition to the use of the US contribution for general charitable purposes; nursing homes and the like; public infrastructure projects; cultural purposes; religious projects; and leisure activities.
- 2.4 The Chairman then explained each of the Fund's seven programmes to the AID officials. He emphasised the Fund's role in leveraging private sector investment through the "Urban Development Programme" and the "Business Enterprise Programme". Mr Kamens and his colleagues welcomed the progress made to date and offered their support in various areas, including the identification of a US business school which might be willing to assist in any Fund backed initiative to improve management training. They referred, in passing, to the need to take into account in planning programmes the desirability of avoiding support for projects which would seek to export textiles to the USA. They further believed that it would be difficult to secure the necessary visas and work permits to enable young people from Ireland to secure work experience in the USA under the Fund's "Wider Horizons Programme".
- 2.5 In conclusion, Mr Kamens expressed general satisfaction with the policies adopted by the Board so far and suggested that when Mr Bell's successor had been appointed he might make a trip to Ireland to familiarise himself with the Fund. We welcomed this suggestion and indicated that September or October might be a suitable time. The meeting ended with the Chairman signing a letter to secure the US fiscal year 1987 contribution of \$35m.

3. Senator Moynihan (Democrat New York)

Wednesday 29 April 5.00 pm - 7.00 pm

- 3.1 Senator Moynihan began by confirming his support for the Hillsborough Agreement and his belief that the Fund could contribute to the process of reconciliation and peaceful political change. The Chairman outlined progress to date and noted that money would not solve the political problems of Northern Ireland but it could help to break down barriers and rescue people from despair, particularly if sustained for over a reasonable period.
- 3.2 Senator Moynihan was anxious to learn of other contributions to the Fund and indicated that he would speak to Mr Murdoch (the Australian newspaper proprietor) with a view to persuading the Australian Government to contribute. He felt it important that the European Community should also contribute and

asked for an explanation of the difficulties. Although he was aware of opposition to a further US contribution to the Fund in fiscal year 1989 he was hopeful that the opposition could be overcome. The crucial debates were likely to be in the summer of 1988. The more projects the Board could identify by then the better. He recognised that it was important to spend the money quickly and wisely but he felt that some programmes could take time to get off the ground, such as the "Urban Development Programme". He confirmed the potential visa/work permit problem which might hinder the development of the "Wider Horizons Programme".

- 3.3 The discussion then turned to consider wider political matters. The Senator expressed his opposition to the McBride principles and noted that they could well harm Northern Ireland's prospects of securing inward investment from US companies. He also referred to his continuing opposition to the activities of the Irish National Caucus and to the fund raising activities of the IRA in North America, and noted that his opposition would cost him votes in the 1988 elections for the Senate. Finally he expressed his horror at the murder of Lord Justice Gibson and his wife and asserted the importance of the courts remaining free from political bias.

4. Press Lunch

Thursday 30 April 12.00 - 2.00 pm

- 4.1 The lunch for Washington correspondents of US newspapers was hosted by Mr Cornish, Information Counsellor, British Embassy and Ms Anderson, Press Secretary, Irish Embassy. Six journalists were present representing the Washington Post, USA Today, Chicago Tribune and National Public Radio. The occasion was designed to give the journalists background information on the Fund with an eye to possible future editorial comment. Most of the discussion took place round the table but a few questions were directed at the Chairman, particularly by Ms Patricia Shakow of the Washington Post.
- 4.2 Ms Shakow was critical of the US government's emphasis on economic projects. She felt that the Board should be free to develop projects in social and educational fields, such as curriculum developments which would more directly contribute to the process of reconciliation. She made the interesting point that if the Board wished to secure continued US funding in a climate of opinion hostile to foreign aid it was important that it developed distinctive programmes which were not economic in their focus. Economic problems were not unique to Ireland; the political/religious problems were unique and, if addressed effectively by the Board, might improve the Fund's chances of securing continued US financial assistance.
- 4.3 Amongst other issues briefly discussed were the desirability of integrated housing, the spread of applications to the Fund and how the Board intended to address the issue of equality of employment opportunity. On the last named, the Chairman emphasised the commitment of the Board to ensuring that its resources were applied in an equitable manner to the benefit of both communities in Northern Ireland. He noted that the Board would be adopting the precise words used by the President in his declaration to Congress in the contracts which recipients of assistance from the Fund would be asked to sign.

5. Meeting with Congressmen Donnelly, Kennedy and Coyne

Thursday 30 April 3.00 pm - 3.30 pm

- 5.1 The meeting began with the Chairman summarising progress to date with particular reference to the seven Programmes. All three Congressmen expressed considerable interest and support for the Fund. They were pleased to learn that applications were being received from the majority as well as the minority community, but emphasised the importance of speedy disbursement.
- 5.2 Congressman Kennedy expressed an interest in the appraisal criteria. The Chairman explained that the Board had given priority to private sector economic growth in accordance with the wishes of Congress. To this end it intended to use its resources, as far as possible, to lever private sector investment, eg, through the "Urban Development Programme". The Chairman also explained how the Fund's programmes would complement those of the two governments.
- 5.3 Congressman Donnelly expressed disappointment that the European Community had yet to make a contribution. He believed that the Fund should not be just an Irish-American effort. Other countries should contribute including Japan and Taiwan. Contributions from other countries would increase of the prospect of US support in fiscal years 1989 and 1990.
- 5.4 Finally Congressman Coyne asked whether the application from the Flax Trust had been approved by the Board. He felt that it was a good project. The Chairman replied that it was still being processed. (Subsequently we were advised by Irish Embassy officials that ex-Senator Tip O'Neill is also interested in this project.)

6. Meeting with House Foreign Affairs Committee - Congressmen Feighan, Atkins and Gilman and six staffers

Thursday 30 April 3.45 pm - 4.45 pm

- 6.1 The meeting with the House Foreign Affairs Committee was relatively informal and was not recorded. The Chairman gave his standard report of progress to date, emphasising the leverage role of the Fund. The Congressmen congratulated the Chairman and the Board on progress to date, and drew attention to the need for an EC contribution to balance the US contribution.
- 6.2 Congressman Atkins wondered whether the Fund could stimulate support from US non-profit organisations. We explained that while this had not occurred to date it was a possibility as illustrated by the package of support levered by the Fund for the Youth Enterprise Scheme. However we did not want to draw support away from the Ireland Fund with whom we hoped to develop a complementary relationship.
- 6.3 Congressman Gilman asked about the geographical spread of projects. The Chairman explained that the resources of the Fund would be spread widely and fairly without regard to religious affiliation and wherever possible would address the needs of communities with very high levels of unemployment.

Congressman Gilman also asked about the attitude of political leaders in Northern Ireland and the Republic to the Fund and referred in particular to Mr Haughey's reservations about the Anglo-Irish Agreement. He also expressed the view that the ideal project for the Fund would be a reconciliation project with a job creation component.

- 6.4 Finally Congressman Atkins expressed considered interest in the proposed Software Centre to be built using Fund monies in the Technology Park in Antrim. He asked for details. (I am arranging with the IDB to provide same.)

7. Meeting with the Committee for a New Ireland

Thursday 30 April 5.30 pm - 6.30 pm

- 7.1 The Committee comprises a group of "para-politicians" drawn from businessmen, lawyers, lobbyists and government officials with an interest in promoting peace and stability in Ireland. The Committee lobbied Congressmen on both the Anglo-Irish Agreement and the Fund and its membership contains a number of influential figures. The nine members present welcomed the Chairman's report of progress and affirmed their support for both the Agreement and the Fund.
- 7.2 The discussion which followed the Chairman's report was brief and concentrated on the spread of applications and the need to make speedy progress in disbursing money.