

GRS 1000

(574) **CONFIDENTIAL**

1. Mr Lyttle 4/2
You may wish to see this.

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FM UKREP BRUSSELS
TO DESKBY 310900Z FCO
TELNO 317
OF 301850Z JANUARY 86
INFO IMMEDIATE DUBLIN

2. Mr Miller
Record file.

FRAME STRUCTURAL
EC SUPPORT FOR NORTHERN IRELAND

3. Mr Hamilton
B 3/2

SUMMARY

1. IN USEFUL MEETING CABINET REPRESENTATIVES INDICATED THAT COMMISSION UNLIKELY TO SUPPORT IDEA OF EC CONTRIBUTION TO INTERNATIONAL FUNDS. SOME CAUTION ON ALTERNATIVE APPROACH OF SPECIAL MEASURE BUT SUPPORT IN SOME CABINETS SEPARATE INFORMAL CONTACTS WITH UK AND IRISH CABINETS URGED IMMEDIATE PREPARATION OF JOINT UK/IRISH PROPOSALS FOR PRESENTATION TO COMMISSION IN DETAIL.

2. WE SHALL UPDATE IRISH PERMANENT REPRESENTATION AT THEIR REQUEST. IRISH MFA OFFICIAL DUE IN BRUSSELS NEXT WEEK. IN VIEW OF CURRENT CONFUSION IN COMMISSION, OPPORTUNITY APPEARS TO EXIST TO PUT FORWARD JOINT ANGLO-IRISH PROPOSALS FOR A SPECIAL MEASURE PROVIDED THAT WE MOVE QUICKLY.

DETAIL

MEETING WITH COMMISSION

3. NORTHERN IRELAND TEAM AND UKREP HAD INFORMAL DISCUSSIONS WITH CABINETS OF DELORS (VIGNON AND WHITE), SUTHERLAND (HOURICAN), COCKFIELD AND CLINTON DAVIS (MOMAN AND GAUDIN), AS WELL AS VARFIS AND MARIN. BARLEBO-LARSEN AND REICHENBACH OF CO-ORDINATION UNIT ATTENDED.

4. NORTHER IRELAND TEAM SKETCHED THE SOCIAL AND ECONOMIC BACKGROUND TO NORTHERN IRELAND AND EXPLAINED THE SIGNIFICANCE OF ANGLO-IRISH AGREEMENT. ARTICLE 10 OF AGREEMENT ENVISAGED POSSIBILITY OF INTERNATIONAL SUPPORT AND DISCUSSIONS WERE UNDERWAY WITH US ADMINISTRATION ON SETTING UP OF AN INTERNATIONAL FUND. ALTERNATIVES FOR EC SUPPORT APPEARED TO BE EITHER CONTRIBUTING TO INTERNATIONAL FUND OR DEVELOPING A SPECIAL MEASURE DESIGNED TO ALLEVIATE UNEMPLOYMENT AND BREAK DOWN BARRIERS BETWEEN THE COMMUNITIES. THE BELFAST URBAN RENEWAL REGULATION PROVIDED A USEFUL PRECEDENT BUT IT WOULD HAVE TO BE BROADENED IN GEOGRAPHICAL SCOPE AND TYPES OF EXPENDITURE. INFORMAL REACTIONS OF COMMISSION WOULD BE USEFUL BEFORE NECESSARY INTERDEPARTMENTAL DISCUSSIONS WERE UNDERTAKEN IN LONDON AND FURTHER DISCUSSIONS PURSUED WITH DUBLIN.

INTERNATIONAL FUND

5. IN DISCUSSION, COMMISSION SOUGHT CLARIFICATION OF AMOUNTS OF MONEY LIKELY TO BE MADE AVAILABLE BY US, ADMINSTRATIVE ARRANGEMENTS FOR FUND AND TIMING OF AN ANNOUNCEMENT. NORTHERN IRELAND TEAM INDICATED THAT DETAILS HAD TO BE WORKED OUT BUT THAT POLITICAL WILL EXISTED AND LIKELIHOOD WAS THAT ANNOUNCEMENT WOULD BE MADE WITHIN

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1-2 MONTHS. VIGNON CONFIRMED THAT LEGAL, POLITICAL AND PRACTICAL DIFFICULTIES MADE IT UNLIKELY THAT COMMISSION WOULD WISH TO PROPOSE ALTERNATIVE ON AN EC CONTRIBUTION. HOWEVER, THE EXISTENCE AND ROLE OF FUND HAD TO BE TAKEN INTO ACCOUNT IN ASSESSING BEST USE OF EXISTING STRUCTURAL FUNDS OF COMMUNITY. NORTHERN IRELAND TEAM SAID THAT NO SEPARATE APPROACHES WERE BEING MADE FOR CONTRIBUTIONS FROM EC MEMBER STATES UNTIL COMMUNITY POSITION HAD BEEN CLARIFIED.

SPECIAL MEASURE

6. IN DISCUSSION, COMMISSION REPRESENTATIVES EMPHASISED NEED FOR ECONOMIC DEVELOPMENT STRATEGY AND THE FOSTERING OF PRODUCTIVE INDUSTRY. THERE WAS ALSO SCOPE FOR BETTER INTEGRATION OF EXISTING STRUCTURAL FUNDS AS BELFAST INTEGRATED OPERATION ILLUSTRATED. A SPECIAL MEASURE WOULD TAKE CONSIDERABLE TIME TO PREPARE AND NEGOTIATE THROUGH COUNCIL. COMMISSION SOUGHT CLARIFICATION ABOUT FOLLOW-UP TO EARLIER PROPOSAL FOR LONG-TERM ECONOMIC STUDY. NORTHERN IRELAND TEAM EMPHASISED THAT ANY EC RESPONSE TO ANGLO-IRISH ACCORD HAD TO BE URGENT AND TACKLE THE PROBLEMS OF URBAN AND RURAL DEPRIVATION, IMPROVED COMMUNITY RELATIONS AND THE CROSS-BORDER DIMENSION. A STUDY COULD NOT BE A SUBSTITUTE FOR ACTION, THOUGH AN ALTERNATIVE STUDY WAS BEING EXAMINED. SOME COMMISSION REPRESENTATIVES INCLUDING VIGNON EMPHASISED THE MORE EFFECTIVE USE OF EXISTING FUNDS BUT CAMHIS (VARFIS CABINET) AND HOURICAN POINTED TO POSSIBLE NEED FOR ACTION IN AREAS NOT ELIGIBLE FOR ERDF AND ESF SUPPORT AND THUS OF A SPECIAL MEASURE. NI TEAM SAID THAT PRODUCTIVE INVESTMENT ASPECT WOULD BE COVERED ESSENTIALLY IN PROPOSALS FOR VENTURE CAPITAL UNDER INTERNATIONAL FUND. COMPLEMENTARY SUPPORT FROM EC MIGHT USEFULLY BE DIRECTED AT SOCIAL INFRASTRUCTURE IN WAYS WHICH HAD PROVED BENEFICIAL UNDER BELFAST REGULATION. IF A SPECIAL MEASURE WAS THOUGHT TO BE POSSIBLE APPROACH, UK AND DUBLIN MIGHT PRESENT DRAFT PROPOSALS WITHIN TWO MONTHS. SOME COMMISSION REPRESENTATIVES URGED UK AND IRELAND TO PRESENT JOINT PROPOSALS FOR CONSIDERATION SUBJECT TO NECESSARY CLEARANCE BEING OBTAINED. SUMMING UP DISCUSSION, VIGNON EMPHASISED NEED FOR ANY EC SUPPORT TO COMPLEMENT WHAT WAS BEING DONE TO INTERNATIONAL FUNDS. MORE EFFECTIVE USE COULD BE MADE OF EXISTING FUNDS BY BETTER CO-ORDINATION. HE INVITED CO-ORDINATION UNIT TO BRING FORWARD IDEAS FOR AN INTEGRATED APPROACH SO THAT POSSIBILITY OF EXTRA EC SUPPORT COULD BE CONSIDERED. MEANWHILE IT WOULD BE HELPFUL TO KNOW IN MORE DETAIL OF UK AND IRISH PROPOSALS.

INFORMAL CONTACTS

7. IN INFORMAL DISCUSSION THIS AFTERNOON, UK AND IRISH CABINETS SAID THAT PRECISE IDEAS BACKED BY POLITICAL CLOUT WOULD BE NECESSARY TO OVERCOME MEDITERRANEAN SCEPTICISM. THEY WERE READY TO ACT AS INFORMAL SOUNDING BOARDS. UK AND IRISH GOVERNMENTS SHOULD PROCEED URGENTLY TO DRAW UP JOINT PROPOSALS FOR EARLY PRESENTATION TO COMMISSION. TIME AVAILABLE BETWEEN NOW AND ANNOUNCEMENT OF INTERNATIONAL FUND WOULD HAVE TO BE USED TO MAXIMUM EXTENT IF GOVERNMENTS WERE TO WIN ROUND COMMISSION TO SUPPORTING SPECIAL MEASURE. PRESENTATION OF SPECIFIC SCHEMES WOULD HAVE TO BE MADE IN CONTEXT OF A WELL-ARGUED SOCIO-ECONOMIC FRAMEWORK WHICH HIGHLIGHTED

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CROSS-BORDER AND RURAL AS WELL AS URBAN DIMENSIONS. COMMISSION WERE GOING AHEAD TO PROPOSE ADDITIONAL FUNDS FOR A COMMUNITY PROGRAMME FOR DECLINING STEEL AREAS.

8. MY OPPOSITE NUMBER IN IRISH REPRESENTATION HAS ASKED TO BE KEPT IN TOUCH AND WE HAVE ARRANGED TO BRIEF HIS STAFF TOMORROW. HE SAID THAT DAVENPORT (IRISH MFA) WAS DUE TO COME TO BRUSSELS NEXT WEEK. THIS SUGGESTS NEED TO BRIEF DUBLIN TO ENSURE CONSISTENT EXPRESSION OF VIEWS.

HANNAY

FRAME STRUCTURAL

FCO ADVANCE TO:-

FCO - RENWICK, WALL, SAWYERS

(ADVANCED AS REQUESTED)

CAB - WILLIAMSON, JAY

TSY - NORTON, CRABBIE, EDWARDS

DFP(NI) - QUIGLEY, ~~SMALL~~

DED(NI) - HINGSTON

NIO - COWLING

CENTRAL SECRETARIAT, STORMONT - SPENCE, BLOOMFIELD

UCLNAN 0398

FRAME STRUCTURAL

ECD(I)

RID

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