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4/2 CONFIDENTIAL  
Mr Miller

Mr Small 37. 526.  
Mr Kelly 12/2  
[Signature]

NOTE OF THE SECRETARY OF STATE'S MEETING WITH MR DENNIS KENNEDY (HEAD OF THE EC OFFICE IN BELFAST)

Mr Hassanlou ~~Mr Allen~~

1. Mr Kennedy paid a courtesy call on the Secretary of State - his first since taking up his appointment - at Stormont Castle on Monday 3 February 1986. Mr Pearson and I were present.

EC Affairs

2. Mr Kennedy said that his formal reporting chain was to the head of the Commission's UK Office in London and, through him, to the ICC Directorate in Brussels. In practice, his effective links were with the cabinets of Commissioners Delors, Sutherland, Cockfield and Clinton Davies. His contacts there sought to influence colleagues in the Varfis, Pfeiffer and Andriessen cabinets in Northern Ireland's interest.

3. Mr Kennedy believed that increased financial aid for Northern Ireland would be readily achieved by a special regulation rather than by seeking to negotiate it from different funds (social, regional, agricultural etc) within the Commission. A special regulation was the only way to ensure additional money from member states; and it would have a more substantial public impact. The best tactic would be to bid for a high level of aid. Delors had committed the Commission to assist Northern Ireland by the warmth of his welcome for the Anglo-Irish Agreement; putting the package together would be primarily Varfis' responsibility. There was advantage in pressing ahead quickly with Northern Ireland's case; but the Commission would be looking for evidence of an economic strategy for Northern Ireland which could demonstrate how additional funds would contribute to the development of a productive and creative economic base (rather than merely building a few more roads).

4. In response to a question from the Secretary of State, Mr Kennedy said that his relations with the Province's 3 MEPs were poor: his relations with Mr Taylor were particularly bad.

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Politics in Northern Ireland

5. Mr Kennedy said that the alternative proposals being put forward by leading unionist MPs were probably being offered in the expectation that the Government would reject them: the unionists would then be able to counter accusations that they were being wholly negative. He likened Mr Taylor's proposals for "administrative devolution" to views previously put forward by Mr Andy Tyrie. He had sympathy with the feeling that the Agreement had altered the structure of government in Northern Ireland by allowing a foreign state a say in its processes; he had no sympathy with the complaint that the Agreement was a step to a united Ireland. Unionists could not be pragmatic enough to ignore the de jure elements of the Agreement and concentrate, as many people might wish, on its practical results. The "withdrawal of consent" tactic might be effective in the short term, but it was difficult to see how it could be sustained for a long period. He could not assess the likely effects on the social and economic fabric of Northern Ireland of a continued anti-Agreement campaign.

Roc

R P CLEASBY  
Private Secretary

4 February 1986

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