

COVERING CONFIDENTIAL

19 JAN 1994 SA/240/94

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From: D E S Blatherwick
Date: 14 January 1994

ASST SEC
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C.C.R.U.

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To: Mr G Archer, RID

cc: PS/SofS (L&B)
PS/Sir John Wheeler (L&B)
PS/Michael Ancram (L&B)
PS/Lady Denton (L&B)
PS/Mr Smith (L&B)
PS/PUS (L&B)
PS/Mr Feil
Mr Thomas
Mr Legge
Mr Williams
Mr Daniell, SIL
Mr Leach

ASST SEC 274/1
20 JAN 1994
CENT M&W SEC

654/1

ANNUAL REVIEW FOR 1993

1. Herewith my Annual Review. The signed copy will follow in the next bag.

18/1 ca
1. cc Mr McNeill NIB
2. Mr Quinn
3. Mr Quinn
4. Mr Quinn
5. Mr Quinn
21/1
the
18.1

(Signed)
D E S Blatherwick
AMBASSADOR

ASST SEC 21 JAN 1994
CENT SEC

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BRITISH EMBASSY

DUBLIN

17 January 1994

The Rt Hon Douglas Hurd CBE MP
Foreign and Commonwealth Office
LONDON

Sir,

REPUBLIC OF IRELAND: ANNUAL REVIEW FOR 1993

1. This was a good year for British interests in the Republic.

Internal

2. The coalition which took over in January has proved unexpectedly solid. To their initial surprise Irish Ministers work well together. Reynolds and Spring soon developed a good relationship, with Reynolds as the dominant partner. With the opposition stuck in the doldrums, the coalition looks set for the foreseeable future.

3. There was (and is) little to be done about unemployment (still about 17%), and the economy stayed sluggish. But fiscal policy was kept tight, inflation and exchequer borrowing remained low and growth was satisfactory (3%). The reform of state industries was begun. Some Labour die-hards hated such policies, but to little effect. The devaluation of the punt in January, when the rate against sterling finally proved unsustainable, shattered Irish confidence in the ERM and delusions that Ireland was among the hard economies of Europe. More important, it demonstrated the dominance of the trading relationship with the UK. Politicians were chagrined, businessmen relieved. Since August the punt has floated successfully. The fracas over the promised £8 billion in EC structural funds obscured the fact that Ireland did well out of the negotiation: a new construction spree is under way. The biggest cloud on the horizon is the soaring public sector wage bill, if the Government cannot secure a new agreement with with Trade Unions.

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No. Northern Ireland

4. As expected, the combination of Labour and republican Fianna Fail under a moderate leader suited us well. Here too Reynolds is in charge, though he leaves the detail to Spring and to Geoghegan-Quinn (Justice). Throughout the year he doggedly pursued his goal of a formula acceptable to both HMG and the Provisionals which might quickly bring about peace. Spring promoted a more thoughtful line, the need for a new understanding between unionism and nationalism based on equal rights including (in effect) the right of unionists to remain British and to block Irish unity. He was nevertheless deeply frustrated by the reluctance of unionist leaders to meet him. The two approaches coalesced in the Downing Street Declaration.

5. The Irish consistently helped frustrate our attempts to relaunch the talks process. Their caution may have reflected Reynolds' belief that the talks are unlikely to succeed without peace, or a determination to secure their preferred constitutional framework first, or indecision and a reluctance to commit themselves to proposals for an outline settlement: probably all three. Certainly, Reynolds proved single-minded. Hume's interference in September, touting an alleged peace plan agreed with Adams, led to the first ever serious estrangement between an Irish Government and the SDLP - though Hume's popularity in the Republic remained untarnished and Reynolds was glad to mend fences at the end of the year. The final negotiation of the Declaration was complicated by revelations of HMG's contacts with the IRA throughout 1993 over ending the violence. The Irish believed they had been made to look fools, and were shocked as well as angry. In a flurry of press leaks, and with blood pressure high on all sides, we were railroaded.

6. In its recognition of unionist concerns the Declaration marks a signal shift from the policies of previous Irish Governments. The prize for the Irish - and the Provisionals - is British acceptance of the principal of Irish self-determination, however qualified. In effect, HMG have agreed that the Irish question should be settled in an all-Ireland context, not in that of the United Kingdom. If the Irish believe - as they say they do - that the fundamental characteristic of the unionist is his Britishness, they will need to think deeply about the institutions of their state, which reflect overwhelmingly the struggle against Britain. There is little sign of radical thinking, especially in Government. We should encourage it. Squaring the circle will entail hard thinking for HMG too, especially over the implications of equal esteem for both traditions.

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7. The Declaration made Reynolds a hero at home. It brought us advantages too: a common position with the Irish Government on constitutional issues and on violence, the initiative against the Provisionals, and the support of the population of the Republic. And it persuaded many that HMG were better disposed towards nationalist opinion than they had thought, and willing to take risks to resolve the Irish question. The Prime Minister's stock soared, as well as the Taoiseach's. The downside is that the Declaration, like the Hume/Adams talks, has brought the Provisionals centre-stage. Many here sympathize with calls for "clarifications" and "just a little more". Perceived insensitivity towards Provisional feelers or controversial action by "Crown forces" could bring back old suspicions (shared in high places here) that the British do not really know or care, or will take the easy path of appeasing unionism.

8. But I suspect that even allowing for popular elation at the Declaration, the ratchet in 1993 has moved substantially in the right direction. The protests over Spring's acknowledgement of unionist realities have died away, as has criticism of Reynolds' appeal to his party conference in November to abandon outdated myths. The language about unionist rights in the Declaration evoked not a whisper of dissent. The inability of traditional republican doctrine convincingly to accommodate unionism, and the futility of republican violence, are increasingly remarked on. The Warrington bombing produced extraordinary feelings of revulsion, shame and guilt by association throughout the Republic. I doubt the level of support for violence, or of acquiescence in it, has ever been lower here. And the growing threat of loyalist bombs has provided an extra spur to moderation.

9. With the Irish personal relationships matter, and the Prime Minister's with Reynolds stood us in good stead. President Robinson's unwise handshake with Adams in Belfast in June outraged Irish Ministers as much as it did British. But popular feeling was much in her favour, and they confessed she was out of control. We were right to stay out of the quarrel, and used the incident to tighten up arrangements for future visits.

10. The British-Irish Inter-Parliamentary Body had another successful year. Members now feel comfortable enough with one another to tackle head-on such sensitive issues as security. It is a valuable instrument for exposing Irish politicians to Northern Ireland and to British views. It includes proportionately more Irish parliamentarians than British, and membership is eagerly sought. Dail debates on Northern Ireland are increasingly well informed and the old bombast has disappeared.

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11. Benign interest in Northern Ireland increased in other ways too. Some leading Unionists are now regular visitors to Dublin. Irish Ministers and opposition politicians visited Northern Ireland, often under HMG's auspices. Commercial and economic contacts prospered. The more influential Irishmen we can persuade to see the realities for themselves, the better.

Security

12. The political atmosphere favoured security cooperation. The key relationships, between the Garda, the RUC and the security forces in Britain, are close but politically sensitive, especially where infringement of the territory of the Republic may be involved. I have no doubt about the Government's or the Garda's determination to tackle the IRA: their main handicap is their small resource base in the Republic. Contacts with the Irish Army continue to be more sensitive still. While our investment in training programmes and visits by senior officers are beginning to pay some dividends, there is a long way to go before the Irish lose their inherited suspicion and dislike of the British Army in Northern Ireland. The main exception is search and rescue, where RAF crews visit as a matter of course. Attitudes in the Naval Service and Air Corps are also more relaxed. Nevertheless there have been important improvements in border security operations. The generally excellent conduct of the Army in Northern Ireland is slowly being recognized. The Royal Irish Regiment by its change of name has magically lost its old associations with the UDR. And routine Irish complaints about 'confidence issues' - security matters in Northern Ireland, barricaded border crossings etc - have become less shrill, though no less tiresome. The only real disappointment is Irish failure so far to enact promised extradition legislation.

13. There is much more to do. We should accelerate the discussions on security cooperation at senior official level. We should seek more opportunities to thicken relations with the Irish Army, and perhaps pursue a naval visit. Above all, we should continue to discuss security matters calmly and sensibly with the Irish, eschewing point-scoring and treating them as colleagues with interests in common. We thus bring home to them the complexity of the problems and the rationality of our approach - except, so far, over helicopter overflights, which is politically difficult for them and where they may suspect we are playing games. They sometimes agree practical steps of cooperation so long as we do not press them formally to acknowledge the wider principle involved. There may be a lesson here.

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External

14. The President, Taoiseach and other Ministers travelled extensively, visiting countries with Irish communities, seeking investment and markets, or simply widening the Republic's contacts abroad. The Government signalled that were the 1996 IGC to require an end to Irish neutrality, they would so recommend to the people. Irish law was changed to allow Irish soldiers to participate in the UN peace enforcement operation in Somalia. These are further examples of Irish attitudes becoming less angular.

Bilateral

15 Our wider relationship prospered too. The meeting between The Queen and the President was warmly welcomed. In a country where symbols are all-important, it was a momentous event. Mrs Robinson also met the Prince of Wales twice - in Edinburgh and Cardiff - and the Duke of Edinburgh at Warrington. The Princess Royal visited Dublin privately, and the Duke of Kent toured RNLi stations along the east coast: both received wide and favourable publicity. Other senior visitors included the Prime Minister, the Lord Chancellor, the Speaker, you yourself, Sir, all the Northern Ireland Ministers and many others, and the Leader of the Opposition. Traffic in the other direction was even thicker. The number and level of these visits is an indication of the increasing normality of our relationship. We should try to keep up the momentum. In particular, I hope that the Prince of Wales might come here in 1994, and that another meeting between The Queen and the President might be arranged.

16. Sellafield remains a major irritant. The THORP announcement was expected and caused correspondingly less upset. But the Irish will continue to make trouble.

Trade

17. We continue to supply over 40% of Irish imports, worth some £5.6 billion. There is room to do better yet. The Republic is an ideal export market for new exporters (and established ones) in virtually all sectors and the injection of EC structural funds offers new opportunities. Too many British firms think the Single Market means continental Europe. We need to spread the word wider. And we need to appoint the Trade Promoter heralded here by Mr Needham in July, but still unidentified.

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18. The gas pipeline linking Britain and Ireland began operation in December. There is interest in a connection with the National Grid. Both the Welsh Office and Merseyside are seeking Interreg projects with the Republic. The Department of Transport is coordinating a joint study on Irish Sea transport links. The scope for economic cooperation and business grows.

Objectives

19. The Embassy's objectives were met, though the most important ones remain outside our control.

20. I am sending copies of this despatch to the Secretaries of State for Northern Ireland and Defence, the Attorney General and the Minister for Trade; and to HM Ambassadors at other EU Posts, Washington and the Holy See.

I am, Sir,
Yours faithfully

(Signed)
D E S Blatherwick.

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REPUBLIC OF IRELAND: ANNUAL REVIEW FOR 1993

Her Majesty's Ambassador at Dublin to the
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

1. A good year for British interests. Irish attitudes over Northern Ireland became less angular and despite frustrations we maintained a common front. The President's call on The Queen was widely welcomed and broke an important taboo. It and other contacts helped promote a more 'normal' relationship with a Government and populace increasingly pragmatic in their attitudes towards Britain. Security cooperation went well. The Warrington bombing further reduced support for the IRA. Our exports flourished: the Republic is now Britain's sixth biggest market. Economic links prosper, but Sellafield remains a major irritant.

2. The Irish Government is stable and the economy in reasonable shape.

3. We should continue to foster:

- a) contacts North-South and East-West (including royal visits and the British-Irish Interparliamentary Body);
- b) discussions on security cooperation and relations with the Irish Armed Forces;
- c) awareness of the Republic as an export market and the appointment of a Trade Promoter.

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