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30 November 1992

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Sean Watkins.

US: NORTHERN IRELAND

1. Thank you for copying your minute of 16 November to us. You will have seen Graham Archer's minute of 19 November recording the Ambassador's views. This letter, which takes account of Danny McNeill's views, elaborates.

2. There are now two ideas that have been floated informally: the Beeman/Archard idea of a "Christmas Tree" Bill and the Joe Kennedy/Frank Costello idea of a bill offering tax incentives for investment in Northern Ireland (Jonathan Powell's letter of 19 November to John Owen). It would be good if we could find safe ways of putting this interest in Northern Ireland to good use. We all need to find a way of turning Clinton's references to Northern Ireland in the campaign to positive ends. He could then demonstrate to the Irish American constituency that he was doing something without having to push the peace envoy or other more difficult ideas. We need also to avoid discouraging helpful initiatives by people like Beeman, Archard and - even - Costello.

3. Given Speaker Foley's key role and interest, we have consulted his office in confidence. They expressed serious reservations about this concept. In their view legislation on Northern Ireland would be a mistake on several grounds. First, a "Christmas Tree" bill of the sort envisaged would have to be referred to at least four Committees. Without powerful political patronage, it would never cross these hurdles (Congressman Thurman, as a neophyte, would have next to no clout in Congress.) Second, there would be a major danger that any bill would be hijacked by radicals who would be bound to try to tack on unacceptable MacBride language, or something linked to the idea of a peace envoy. Third, anything involving tax credits would have to be appended to an omnibus tax bill, rather than becoming free-standing legislation (in other words it would be an ornament on another Christmas tree). The only way to get this through would be in a private deal with the Committee Chairman, Rostenkowski. In any case, there is no prospect of investment tax breaks for Northern Ireland under a Clinton administration, since Clinton specifically campaigned

/against



against existing tax breaks for US companies investing overseas. Fourth, securing new money for the International Fund in the current fiscal climate in the US is becoming increasingly difficult. We only get the money thanks to Foley and Obey in the appropriations process, where it is difficult for our opponents to run interference. Aggregating the IFI appropriation with other legislative measures would put it in serious danger. Above all, short of a significant upturn in Northern Ireland itself ie a political settlement, Foley's office would not welcome any move, however well intentioned, which gave Northern Ireland a higher profile in Congress, since this would be bound to backfire.

4. There are a number of other difficulties with the proposal. The Irish, while probably supportive in principle, are likely to try to frustrate us in practice. They will see special concessions for Northern Ireland as competition, though if we modify the proposals to include border counties they might possibly be more helpful. It is also difficult to see how Northern Ireland could be separated from the rest of the EC for trade purposes, eg on textiles. The DTI and IDB seem already to have ruled out Beeman's proposals for this reason (see Campbell (IDB)'s minute of 30 October to Templeton (DED)).

5. We may be able to persuade the Clinton administration to take some of these steps by executive order or administrative decision. The proposal on food and pharmaceuticals might be possible by changing FDA regulations. Likewise, access to the European Commissary of US forces could perhaps be arranged by administrative fiat, though we understand that there are new, stricter, guidelines about this. Contracts too could perhaps be steered and investment encouraged by Government order. It would be helpful if copy addressees could try to identify other ways we could seek to engage the Clinton administration in encouraging economic growth in Northern Ireland without legislation. If we could put together a package, we could then approach the administration early in the new year to seek their support. Our friends in Congress might be willing to lend support.

6. I hope you will let Doug Archard down gently. It would be helpful if the FCO could also go over the ground with the US Embassy. If Beeman raises the proposal with us, we will speak to him similarly.

Yours sincerely,

Richard Ralph

R P Ralph

cc: HMA Dublin
Mr Archer, RID, FCO
Mr Pellew, NAD, FCO
Mr Brooker, NIO (L)
PS/Mr Chilcot
PS/Mr Fell
NI Perm Secs
Mr McCann, IDB
Mr Ledlie, NIO (B)

Mr Thomas, NIO (B)
Mr Alston, NIO (B)
Mr Gibson, NIO (B)
Mr Cooke, NIO (L)
Mr Maxwell, NIO (B)
Mr McCusker, NIO (B)
Mr McNeill, NIB
Mr Marsden

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DJW/31/11

FROM: D J WATKINS
US CENT SEC
DATE: 16 NOVEMBER 1992

CC: PS/PUS (B&L) - B
PS/Mr Fell - B
NI Perm Secs
Mr McCann, IDB
Mr Ledlie - B
Mr Thomas - B
Mr Alston - B
Mr Bell - B
Mr Gibson
Mr Cooke - B
Mr Maxwell - B + D A Hill
Mr McCusker
Mr McNeill, NIB
HMA, Dublin - B
Mr Powell, Washington
Mr Archer, RID - B
Mr Pellew, NAD

Mr Loughran, DED

US CONGRESS : CHRISTMAS TREE BILL?

1. I took a call this morning from Doug Archard. He wished - discreetly - to sound me out on the possibility of promoting a bill in Congress early in the New Year which would contain a number of positive steps and developments in relation to Northern Ireland. I suspect, with some reason, that Jo Beeman may be one of the originators of the idea (eg, it was he, apparently, who used the term "Christmas Tree Bill" - not to denote anything which should happen around this Christmas, but rather a bill which would include a number of "goodies").
2. In a lengthy conversation, the following points emerged. First, there appeared to be a change of climate in the USA in relation to NI which now enjoyed a more positive image

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there; the linkage between unemployment and violence was more clearly appreciated; and clearly the Presidential election campaign had drawn further attention to NI. If developments during that campaign were construed here as having negative potential, the suggested Christmas Tree Bill might be a way of turning negative into positive.

3. What was envisaged was as follows. A group of Congressmen might be encouraged to promote a bill, which might, for example, be called the "Island of Ireland Reconciliation Support Bill". Congressmen such as Thurman, who was a friend of Paisley, might be ready to promote a fairly broadly-based bill. Clearly neither Archard nor HMG could be associated with its promotion, but somebody like Beeman would be well placed to do the legwork in Washington. Some well judged support from the Irish Embassy might also be helpful.
4. Secondly, the bill itself might include a range of good news for Northern Ireland, particularly on the economic/jobs front:
 - some change in FDA legislation which might allow food and pharmaceuticals companies here to export to the USA (Archard mentioned Unipork and Norbrook as having explicitly said to him that FDA regulations were currently an impediment for them);
 - access for Irish companies to the European Commissary of the US forces (their NAAFI);
 - access to the US for certain categories of NI textiles;
 - access to Department of Defense medical research contracts for companies/research establishments in Northern Ireland.

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But the bill would have to range more widely: it might, for example, express support for the establishment of the UN university in Londonderry; promote the provision of more money to the IFI, etc. It might need some modified and conciliatory language on MacBride; and it might need some language, again conciliatory, to make it attractive to Unionist support here. Lastly, it should include at least part of the Republic (? border counties) as beneficiary areas as well as NI.

5. On timing, it would clearly be most helpful if such a bill could be presented in the early life of the new administration: late January or February would be optimal. Archard saw a linkage in terms of time between presentation of a bill around then and the visit of the 4 Irish church leaders to the USA in February when a visit to the White House and a dinner with Tom Foley were envisaged.
6. Lastly, we discussed further steps. As noted above, Archard himself could not be explicitly or visibly associated with the process unless we made a proposal to him with a formal request for advice as to how it might go further. He suggested that the first step would be to draw up a list of items on the economic front which might go into the bill. We could discuss these with Jo Beeman when he comes to Belfast in mid-December. Beeman would then be able to take the idea forward in terms of identifying suitable Congressmen, etc.
7. If this idea seems attractive (and prima facie it does so to me), then perhaps I might ask you to bring together a list of possible developments on the economic front, in its widest definition, which might usefully be handed to Beeman in December. This might, for example, include some of the ideas in terms of access to the US market mentioned

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above for both manufacturing products and services (and so if other colleagues have ideas as to services in their functional areas where changes in US policy/statute might open up valuable export markets, then perhaps they could let you have these). Other colleagues may wish to pass to me their views on the general proposition and on the wider content of such a bill, eg, IFI provisions. And you yourself will have observations to make on the MacBride dimension.

8. I should be grateful if your response and the comments of other colleagues could be with me by Tuesday, 1 December at the latest, please, so that we can then draw up a co-ordinated view as to how to take the idea forward, perhaps with Jo Beeman.

DJW

D J WATKINS

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