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DESK IMMEDIATE - BY FAX

cc WJ Gaudin

Mrs Cullbert

Peace dividend

Mr Templeton

MM/9/9

FROM: M T H MAXWELL
AS CENT SEC
DATE: 2 SEPTEMBER 1994

- cc PS/Mr Fell - B
- Mr Thomas (B & L) - B
- NI Permanent Secretaries
- Mr Gibson
- Mr Watkins - B
- Mr Bell - B
- Mr Wood (B & L) - B
- Mr Daniell - B
- Mrs Brown - B
- Mr Alexander, NIB
- Mr Archer, RID, FCO - B

MR J N POWELL
HME, WASHINGTON

US ECONOMIC ASSISTANCE FOR NORTHERN IRELAND

1. I have seen copies of your correspondence with Mr Archer (RID, FCO) about a possible US economic assistance package for Northern Ireland (referred to initially in your letter of 26 July).
2. We were in the process of putting together a list of possibilities for submission to the Secretary of State, via Mr Fell, and have already canvassed the Northern Ireland Departments for ideas. The following are from our point of view the "plums":
 - a. Long-term unemployed

We would propose to launch a major programme of work of benefit to the community to provide worthwhile jobs for thousands of the long-term unemployed which would also include a significant training element, perhaps starting with a number of experiments in the most disadvantaged areas as quickly as possible;

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b. Springvale University

A proposal exists to establish a new university campus at Springvale, stretching between North and West Belfast, spanning both Catholic and Protestant areas. This would be designed not only to meet Higher Education needs but also to have a regenerative impact on the surrounding depressed areas - in both cases drawing in and benefiting both sides of the community;

c. Integrated Education Trust Fund

Additional resources to the independent Education Trust Fund would enable it to support a faster growth rate of new independent schools. New integrated schools rely on the Trust Fund for their initial capital provision, and its existing funds are almost completely committed;

d. Transport/Roads Infrastructure

We have the capacity to bring forward quickly substantial capital projects to include upgrading rail connections and roadworks, which would:

- i. provide jobs;
- ii. improve our infrastructure;
- iii. make certain key areas more attractive to investors and tourists; and
- iv. improve North/South trading links.

e. IFI Funding

An increase in IFI funding (to say \$60m per annum) would be welcomed. You had mentioned this in your original letter of 18 July, although I note your comments about finding a means of spending IFI money more quickly. We will be giving more thought to this;

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f. US Tax Concession

A US tax concession on repatriated profits for US firms willing to train long-term unemployed people from disadvantaged areas in Northern Ireland would also be welcomed. As I understand this, the tax break is the difference between UK and US rates of corporation tax which would be given to US companies taking on as low a proportion of their employees from the long-term unemployed as 4% (the subsidy is I believe attached to 3% of profits). This idea was again mentioned in your letter of 18 July, although I note from your 1 September letter that such tax ideas are considered by the US authorities to be too complicated and are likely to be dropped. We would regret this;

g. Housing

Certain areas of Northern Ireland continue to suffer from acute housing need, which because of public expenditure constraints we are finding harder to meet. Extra resources for housing, channelled through the voluntary sector, would be welcomed. We would also be keen to find new ways of encouraging private sector housing in inner city areas and to improve rural housing conditions, including the possibility of encouraging co-operatives;

h. Belfast and Londonderry Initiatives

We are working towards the concept of "vision statements" for both Belfast and Londonderry - new city partnership arrangements - involving the public, private and community sectors; and area-based partnerships within each city. This work would be greatly assisted by a US economic assistance package. An immediate impact at local level could be made in each Belfast Action Team and to similar work in Londonderry. We believe that it is crucial that

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the parts of Belfast and Londonderry which bore the brunt of the terrorist conflict see a tangible change in the pace of change on the ground;

i. Sponsored Air Service between US and Northern Ireland

Temporary financial support to stimulate increased direct air services from the US to Northern Ireland would provide a welcome boost for tourism in Northern Ireland;

j. Arts/Tourism, Sports-related Facilities

We have a need for greater provision of facilities for arts, tourism and sports-related activities. These might include a concert hall for Londonderry, sponsorship of visits by world class entertainers (Michael Jackson, Diana Ross, Barbara Streisand, Pavarotti etc), a Northern Ireland Disneyland or theme park etc; and a major centre for sporting excellence;

k. Research and Development

Sponsorship of research by US Government or US companies in Northern Ireland institutions, eg Queen's University and the University of Ulster, would be welcomed;

l. Medical Research

The establishment of a medical research institute linked to the Belfast teaching hospitals would provide a tremendous boost to the image of excellence of our locally-based teaching hospitals;

m. Business Education

An expansion of the existing Business Education Initiative which provides training in the US for students in the

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tertiary sector would be a major asset to our third level training provision;

n. Green Cards

An allocation of 25,000 Green Cards specifically for Northern Ireland residents living in disadvantaged areas, with special assistance to find meaningful work in the US, would help to tackle our long-term unemployment problems;

3. As Mr Watkins has already mentioned to you we would, of course, be open to US suggestions also.
4. I hope that you will find this note helpful in your discussions this evening with Nancy Soderberg in the NSC. If you require any further information I can be contacted this evening at the Wellington Park Hotel (Belfast 0232 381111). In any event we look forward to having your readout of your meeting with Ms Soderberg.

[Signed: MTHM]

M T H MAXWELL
CENTRAL SECRETARIAT

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