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cc Mr. Gwynne

Mr Taylor
Mrs Githabate 12/10
Mr Bayliss
Mr Gifford
Mr Gifford
AM
12/10

FRAME GENERAL

FOREIGN AFFAIRS COUNCIL, LUXEMBOURG, 4 OCTOBER 1994
SUBJECT: NORTHERN IRELAND PEACE PROCESS

SUMMARY

1. You, Spring and Delors look forward to further EU economic package, focusing on cross-community reconciliation and urban regeneration. Helpful the Council conclusions, noting political agreement on contribution to International Fund for Ireland.

DETAIL

2. Kinkel (Presidency) recalled discussion at Usedom, and agreement there to discuss later specific economic and other measures to assist the consolidation of the peace process.

3. You agreed on the need to seize the historic opportunity opened up by the Downing Street Declaration, and welcomed Delors' immediate support at the time. The cease-fire had now held for more than a month. There were growing signs of hope throughout the community in Northern Ireland that IRA violence was over for good and that loyalist paramilitaries would be brought to end violence themselves. You explained the UK position on the timing and conditions of Sinn Fein participation in the political process.

4. You stressed the importance of the European Union underpinning the political process - not just as a gesture: help was needed on the ground. The UK welcomed the Commission proposal to increase the Community contribution to the IFI. We hoped for a further package of additional measures, focusing on urban regeneration, particularly in Belfast and Londonderry, which had experienced a serious decline in employment in recent years, and also severe distrust between the two communities. Measures to promote

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development between the two main communities would be essential in building bridges instead of walls in order to promote reconciliation and confidence.

5. You made clear that there was no need to discuss figures at this FAC. We looked forward to the Commission putting forward their ideas. Community support could contribute to healing one of the deepest wounds in Europe.

6. Spring (Ireland) said that the IRA's complete cessation of violence was five weeks old. The two Governments continued to work closely together to advance the peace process. The social and economic regeneration of Northern Ireland and the border regions would be the best way to prevent a return to violence and ensure a stable and peaceful future.

7. Spring welcomed the EU's support since the Joint Declaration, and the proposed increased IFI contribution. This was a helpful first step, but substantial additional resources were needed to help consolidate the peace. The aim should be to promote jobs and growth in the early stages, to prevent a dangerous vacuum developing. Key elements included: measures to stimulate employment; urban regeneration, particularly in Belfast and Derry; promoting inward investment and trade in particular north/ south trade; restoring infrastructure including disrupted cross-border road links; promoting tourism in Northern Ireland and in the border areas. He hoped the Commission would base its proposals on these elements, for presentation at an early FAC.

8. Delors (Commission) noted existing structural funds assistance to Northern Ireland, and the Commission proposal to increase the IFI contribution. In addition, a working group was studying a further package aimed at reconciliation between the communities, and in particular to combat long-term unemployment. The aims would be to assist in urban renewal, particularly in Belfast and Londonderry, boost external investment, promote tourism and increase training and job creation. Additional resources would have to be found within a limited budget. Delors hoped to produce proposals by the end of November.

9. Kinkel concluded as follows:

- The Council heard reports from the UK and Irish Foreign Ministers, welcomed the progress made since Usedom and reaffirmed

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the need to ensure that the peace process was made irreversible. It recognised that peace offers a unique opportunity for social and economic recovery in which Community assistance would continue to play an important role.

- The Council welcomed the Commission's proposal to increase the Community contribution to the International Fund for Ireland to 60 mecu over the next three years. It invited Coreper to finalise the legal text concerning this contribution with a view to its adoption by the Council at its next session.

- The Council furthermore took note of the preliminary thinking of the Commission and the UK and Irish Ministers on a package of additional economic measures over the coming months to promote reconciliation between the communities in Northern Ireland.

- The Council invited the Commission, in consultation with the UK and Irish Governments, to take the necessary measures within its own competence and where necessary bring forward specific proposals to the Council. The General Affairs Council will keep progress in this area under constant review.

COMMENT

10. Delors had told me, earlier in the day, that he agreed that:

(a) the Commission's proposals must be an appropriately political response to an important political development, and that

(b) this must mean some repeat some new money.

11. Delors does not agree with Millan that "refocussing" existing spending plans will suffice. He wants some refocussing, and some additional spending. He likes our (NIO) prospectus: his trailer for the package (para 8 above) picked it up. Our next move should be to flesh it out with Trojan, who is working directly to Delors. We should continue to by-pass Millan.

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