
northern IRELAND

Peter Westmacott
Chancery

cc. Vivien Life, Trade Policy
David Gibson, DED
Roy Gamble, DED

Peter

US/NORTH OF IRELAND FREE TRADE ZONE

1. Please find attached the latest papers (available to me) on this topic. As you can see, DED (Roy Gamble) have taken DTI advice (John Hunt) and it is exactly as we would have expected and indeed as Vivien spelled out when I first told her of the idea.
2. Meanwhile Tom Rodgers of the Pathfinder Group has telephoned Janet McIver. Janet records what he had to say in the attached note. There is clearly scope for mischief here. Also the Group have asked to see the Trade people in the Embassy to explain their ideas and, presumably, to seek support for them.
3. The questions we now have to consider are what further damage the Pathfinder Group can do on this topic and how we counter it. We need to decide about granting them an interview.
4. It has been made clear in Belfast to some of those stimulated by Pathfinder to toy with this idea that the DED will not attempt to progress

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any such proposal in the absence of a fully worked up and convincing case which would have to contain a full analysis of the US and European Union aspects. We now need to get the message across that the proposal, as we understand it, will not have any official support whatsoever.

5. We should recall that all we have seen of the proposal is based on a model of the extension of the US/Israel free trade agreement to the West Bank and Gaza strip.
6. We need to get together to discuss what further steps we should take on this issue.

DA

Donald J Alexander
Northern Ireland Bureau
7th March, 1996



cc Mr Alexander
Mr MacCann
Mr Templeton

7 March 1996

To: Mr Gibson

From: R Gamble

FREE TRADE ZONE

This is to record the essential points made by John Hunt, Grade 5 in DTI's Trade Policy side, about the idea put forward by the lobbyist group Pathfinder for a free trade zone between NI/ROI border counties and the US.

His view was that it did not make any sense and his strong advice was that we should not get drawn into it or give any indication that we were at all open to the idea. He said:

- It is not practical, because to make it work you would have to be able to distinguish goods that come from within the designated zone from other goods. This is not possible in the EU which is a customs union, within which there is free circulation of goods. Goods for export to the US from all parts of the EU would be sucked through NI.
- It is not possible legally, because there is a common commercial policy in the EU. That means that all EU member states have the same trade arrangements with non-member states; not that there can be some member states with separate arrangements with some non-members.
- Moreover, under the common commercial policy, it is the European Commission which is the negotiator of trade agreements, not individual member states. Hence even the UK could not negotiate this matter, much less NI. The UK would be taken to the European Court if it tried.



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- Free trade agreements relating to regions or parts of states are not allowed (I think he said by either the EU or the World Trade Organisation); they have to cover the whole territory of the state.
- A "one-way free trade agreement" such as Pathfinder have proposed is a contradiction in terms. It is a euphemism for a preferential trade agreement. That is against the rules of the world trade organisation (the former GATT).

Mr Hunt said that a lot of damage could be done if this idea were pursued. He did not say how exactly, but I assume he meant that there would be trouble for the UK with the EU and/or the WTO if they were to get the idea that a Government Department was making moves in this direction. Hence his advice (perhaps easier to follow in Whitehall than here) that we simply avoid saying anything at all about the idea. He said that he would be happy to feel further questions or give us further advice if necessary.

R Gamble

R GAMBLE



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