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cc: PS/Secretary of State (B,L&T)
PS/Sir John Wheeler (B,L& DFP)
PS/Baroness Denton (DANI,DED&L)
PS/PUS (B&L)
PS/Sir David Fell
Mr Loughran
Mr Thomas
Mr Legge
Mr Bell
Mr Leach
Mr Steele
Mr Watkins
Mr Wood (B&L)
Mr Stephens
Mr Maccabe
Mrs Collins
Mr Hill (B&L)
Mr Lavery
Mr Perry
Mr Stanley
Mr R Gamble
Mr Whysall (B&L)
Mrs Mapstone
Mr Corbett

From: J A Canavan
CCRU

7 October 1996

To: PS/Michael Ancram (DENI,B,L&T)

ECONOMIC BOYCOTTS - BRIEFING FOR MEETING WITH BUSINESS PEOPLE

1. Following the Minister's recent meeting with representatives of the Unionist parties and Business and Professional People for the Union on 17 September, he requested co-ordinated advice on various aspects of economic boycotting, in anticipation of a further meeting with business representatives. The Minister had particularly asked for DED advice on whether Baroness Denton should accompany him at this future meeting. Mr Gamble of DED has advised against the Baroness's involvement in this meeting.

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2. Before turning to the particular points on which the Minister had requested advice, some general comments need to be made about the boycotting issue. First, it is virtually impossible to separate fact from rumour in assessing the extent of boycotts. Within the small business community, there is a generalised tendency to down-play the significance of the issue, perhaps even among some of those directly affected. Recent statements from the CBI and NI Chamber of Commerce took a very sceptical line. Asserting the positive aspects of business life in Northern Ireland has become a natural reaction for most business people over the past 25 years and there is a widespread belief that the least said about boycotts, the sooner the problem will come to a natural end. Other individual business people have sought media attention as boycott victims, sometimes because of their strongly held political views, and sometimes from a misconceived hope for compensation. It is also clear that the Unionist parties and sympathetic media have a political interest in depicting economic boycotts in the most lurid colours. The recent suggestion of a Unionist business boycott against trade with the Republic, which was given much prominence in the Newsletter, seemed to use local sectarian boycotts as an excuse for a politically motivated campaign.
3. As time passes since the original impetus to local boycotts in July, it becomes harder for small business people to distinguish between the possible effects of boycotting and other negative trade conditions. The indigenous retail sector in provincial towns is in long term decline, particularly in the face of competition from national chains and out-of-town shopping centres. Some of those who complain most loudly may be suffering as much from market forces as boycotting.
4. What is certain is that boycotting, both real and imagined, is adding to the sectarian polarisation evident since last July. Unionists are right when they point to the negative impact on community relations of boycotts, but this is only one symptom of the poison of sectarianism which has spread throughout Northern Ireland society since July. The Government's response must continue to be one of denunciation of economic boycotts in principle, together with all other manifestations of sectarian thinking and behaviour.

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CROs Update on Extent of Boycotting

5. In July we were able to make a preliminary assessment of the extent of boycotting from information supplied by District Council CROs. The exercise has been repeated, achieving wider coverage. However, for various reasons, we have not received returns from a small number of Councils. Several others have supplied nil returns or denied any knowledge of boycotts in their areas. These include Derry, Newry and Mourne, and Strabane. From the remainder, we can confirm the general pattern established in July, ie sporadic boycotts in Catholic majority areas of the South and West of Northern Ireland. The exception to this pattern is the isolated case of Portglenone, Co Antrim, where one particular trader has highlighted an apparent local boycott in the media. Otherwise, there is no evidence of the spread of boycotting to the rest of Northern Ireland. The reasons for this are obviously that there is less scope for Nationalists to make an economic impact on traders in areas where they are in a minority and because patterns of residential segregation in the Belfast conurbation must limit the extent of cross-community trading in the small retail sector.
6. All sources agree that boycotting is localised, with little evidence of wider co-ordination. The Unionist victims range from individuals believed to have been involved in specific Drumcree-related incidents (eg a Banbridge butcher who is alleged to have been instrumental in refusing access to a funeral through a barricade) to a general boycott of Protestant traders in towns, such as Pomeroy and Bellaghy.
7. Boycotts are reported to have ended or be abating in Fermanagh, Kilrea and the Fintona and Dromore areas of Tyrone. They persist in Limavady, Armagh, Tobermore, Bellaghy and certain towns in South Down (Castlewellan, Newcastle, Downpatrick, Ardglass and Bryansford). The most severe boycott at the moment seems to be in Pomeroy. This was associated with one of the few documented cases of intimidation of a Catholic continuing to trade with a Unionist shopkeeper. In this case, an oil tank was punctured. The local Catholic Priest has made a strong public statement condemning boycotting, which was appreciated by the local Protestant community. However, there has been obvious

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damage to community relations, with a breakdown in links between the two local primary schools.

8. Threats of counter boycotts have appeared in the press, but these seem in reality to be rare. There are reports of leaflets being circulated to Protestants, urging them to boycott Catholic businesses in Pomeroy and some other areas. There is also a rumour of a Protestant boycott against a Dunloy baker who was involved in the local Concerned Residents Association at the time of the marching disputes. As several Nationalist sources have pointed out, for a year before Drumcree some Fermanagh Protestants were organising an economic boycott of Nationalist-owned businesses in Roslea, Co Fermanagh. This continues, though only hardline Unionists are involved, rather than the Protestant community as a whole.

SF/IRA Orchestration of Boycotts

9. SPOB sources generally agree with the CRO assessment of the distribution of boycotts. It is, however, more difficult to locate concrete evidence that SF/PIRA are playing a co-ordinating role. Sinn Feinn's public position is that a boycott is justified, particularly against those who took part in the events surrounding Drumcree, which should not be applied indiscriminately against Protestants. Gerry Adams was quoted in the Irish Times of 9 September as saying "It is a very legitimate, peaceful and democratic tactic".
10. Because of the sensitive nature of the following information, which was gathered from a variety of sources, it should not be directly used or referred to by the Minister in his meeting with business representatives. It is believed that the campaign is organised at local level by Sinn Fein and enforced by PIRA. Unusually, however, for the PIRA/SF axis, the boycott is not thought to be a "top-down" orchestrated activity, but is rather a "bottom-up" campaign stirred by local activists. This theory would be supported by the patchy nature of the boycott, strong and solid in some areas (Pomeroy, Armagh), weakening in others (Castledearg, Fermanagh). The security forces also believe that the campaign is being underscored by low level intimidation, such as phone calls to those who may have been shopping in Protestant businesses or minor damage to property. The

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RUC believe that Nationalists are not inclined to report such intimidation to them for fear of further action. To date, punishment beatings have not been used to reinforce the boycotts; presumably it is felt that such a tactic might not have sufficient support within the wider Nationalist community and would provide evidence, or at least increase suspicion, that SF/PIRA were actively involved in its organisation.

11. It is reported that Sinn Fein feel they are benefiting from the boycott campaign. Many Nationalists remain angry about Drumcree and see the boycotted businesses owned by those readily identifiable with the Orange Order as a legitimate focus for this anger and therefore identify with Sinn Fein's public stand. Furthermore, the fact that the boycott is deepening the polarisation in the two communities is helpful to Sinn Fein, especially as it puts pressure on the SDLP to make its position on the matter clear. The SDLP have adopted a low key response to the boycott, no doubt hoping that it is a temporary phenomenon.

Sourcing and the Cost to Northern Ireland Business

12. DED can make little comment on the Minister's query about companies changing their sourcing practices as part of a boycott. The choice of supplier is a matter for a private company. No monitoring is undertaken by Government agencies which might reveal changing patterns. As with the "Business Consortium" alleged boycott of trade with the Republic, it would be several months before any impact on overall levels of trade would be apparent. At the retail level, the economic impact of boycott is considered to be minimal, as business would be displaced to other NI traders.

Compensation Entitlement for Intimidation

13. We are informed by the Compensation Agency that compensation for loss as a result of criminal damage is only payable where physical damage is caused to property, such as buildings, home and business contents, and vehicles. The property must sustain physical harm, impairment or deterioration which can be perceived by the senses. Criminal

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damage compensation is not payable in respect of loss incurred solely through intimidation per se.

14. Likewise, compensation for criminal injury is only payable where a physical injury is inflicted or where a victim sustains serious and disabling mental disorder by virtue of being present when a violent offence was committed. Criminal injuries compensation is not payable in respect of intimidation per se.

15. I hope the above is helpful and answers all of the points raised by the Minister.

[Signed: JAC]

J A CANAVAN