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Foreign and Commonwealth Office

London SW1A 2AH

27 March 1986

Department of Finance
and Personnel
- 2 APR 1986
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PRIVATE OFFICE

Handwritten notes:
1234/4
Mr. [unclear]
Mr. [unclear]
[unclear]

Dear Jim,

Anglo/Irish Agreement: US Contribution to the International Fund

3/4.

You will recall that following the discussion between the Foreign Secretary and the Northern Ireland Secretary on 20 March, and Tony Brennan's subsequent conversation with the Minister at the US Embassy on 21 March, we sought Sir Oliver Wright's advice on how we might limit or reduce the scope of the conditions contained in the US House of Representatives Bill. You will have seen the Ambassador's reply (Washington telno 727 of 21 March).

The Foreign Secretary has now reviewed the situation. He feels that while the conditions contained in the House Bill may look demeaning to sections of opinion here in the current somewhat anti-American mood, we need to take account of the following countervailing considerations:

- progress towards the establishment of an International Fund, based largely on US financial contributions is now far advanced. This has been achieved in close consultation with the Americans and the Irish;

- ① *MDW* Mr [unclear]
- ② cc B/SQS (B)M -
R/ Mr Scott (LrB)M
B/ PUS (LrB)M -
PS/ Mr Bloomfield
Mr Brennan *
- Mr Stephens M -
- Dr Quigley M
- Mr Chesterton
- Mr Elliott M
- Mr Bell
- Mr Coston M
- Mr Ehrman

- the prestige of both President Reagan and Speaker O'Neill are tied up in the process;

- the conditions contained in the House Bill do not appear unnatural in Washington and have been softened to take account of British sensitivities;

- thanks to the efforts of Speaker O'Neill and other well-disposed Congressional figures, efforts by Congressman Biaggi and his friends to link the legislation to the McBride principles have been thwarted so far: but there is a real risk that if it became known on the Hill that the British were seeking to weaken significantly the conditions now proposed, this would strengthen the hand of those who will in any case be aiming to toughen the conditions up.

③ * for advice pl by 4/4.

④ SOS to see

/The



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The Foreign Secretary has concluded that it would not be in our interests to start raising serious objections to the conditions contained in the House Bill: both the Irish and the Americans might get the impression that we wished to drop the idea of the Fund altogether. The consequences for our relations with both the United States and the Irish Republic would be very damaging.

Subject to Mr King's views, therefore, Sir Geoffrey Howe thinks that we would do better to concentrate on making clear to the US Administration that the conditions as they stand are unwelcome and that we should like certain modifications (eg those suggested in Washington telno 727) if they are obtainable; but that our main concern is to avoid any further strengthening of the conditions, which we would regard as quite unacceptable.

I am copying this letter to Michael Stark in the Cabinet Office.

*Yours Sincerely,
Colin Budd*

(C R Budd)
Private Secretary

Jim Daniell Esq
PS/Secretary of State for Northern Ireland
Northern Ireland Office
Whitehall

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