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The Rt Hon Sir Ninian Stephen KG AK GCMG GCVO KBE 4 Treasury Place Melbourne Victoria 3002

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Many months have passed since we last corresponded. Quite a lot has happened since then, and I therefore thought it timely, as the New Year approaches, to send you a report on how things now stand in Northern Ireland. Peace has broken out, I hope permanently, and for the first time in 25 years people are harbouring more than a lingering hope that the violence is over for good. The atmosphere has been transformed.

However, all the paramilitary structures (and armaments) remain in place and we are now in a tricky phase while we establish whether the Republican movement and Loyalists are definitively committed to the democratic path. All this has, of course, to fit in with our attempts to restart political Talks with the parties. We could be into a new bilateral phase fairly early in the New Year although I doubt that we can expect round/table negotiations before late Spring or Summer. I should be interested to know how this fits in with your other commitments in the Hague.

Looking at events in more detail, the defining moment of the past few months was, of course, the IRA announcement that it

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was calling a "complete cessation of military operations" from midnight on 31 August. Much ink has been spilled trying to decipher why they chose that precise moment but, in my own view, the decision was a direct result of pressure exerted by the Joint Declaration. Sinn Fein took seven months to respond to it and when they did their attitude was largely negative. As a result they were roundly condemned both domestically and abroad; this must have been an object lesson to them. It brought home that in the light of the universal support for the Declaration the time had come for them either to put aside the gun and the bomb, or face increasing isolation. John Hume and Albert Reynolds had also exerted a considerable influence.

Thus far the IRA ceasefire has held remarkably firm barring a tragic incident in Newry when a postal worker was killed during an IRA robbery on a Post Office. The IRA are desperate for funds. A Republican splinter group was also reckoned to be responsible for placing a bomb outside a shop in Enniskillen (which mercifully was defused). Although the guns have been put to one side, Sinn Fein/IRA have continued to exert malign influence on local communities through punishment beatings and exile.

As you will imagine our main pre-occupation now is to satisfy ourselves that, by their words and deeds, Sinn Fein/IRA have given up violence for good. The jury is still out. As the ceasefire has held, however, we have taken the decision to engage Sinn Fein in face-to-face exploratory dialogue, at official level - our team is headed by Quentin Thomas - to establish whether their commitment is real. One of the important issues for this dialogue is the



decommissioning of arms; it is difficult to believe that they are serious about peace unless they are prepared to make substantive progress on this issue. Not surprisingly, little progress has been made so far, but in our opening statement (now published - copy attached) we emphasised that we were ready to discuss a very wide range of issues with Sinn Fein in the course of the dialogue. The same is broadly true of the parallel meeting which officials have had with the political representatives of the Loyalist paramilitaries, the Ulster Democratic Party and the Progressive Unionist Party. The Loyalists announced their own ceasefire in October.

Thus everything remains to be played for in the New Year. There are some inevitable rumblings about the ceasefire within the Republican movement and amongst the Loyalists too, but having come this far, and with the Republican leadership having intentionally built bridges with the Irish and American Governments and SDLP, there are some grounds for optimism that the peace can be made to last if we can circumvent the obstacle of the weaponry.

We have also continued to work with the Irish Framework Document, which we see as a vital foundation for further Talks with the parties. As you will recall, the document focuses on Strand II and III issues and will represent the two Governments' shared understanding of the main elements of a deal likely to prove acceptable across the community. The document is at a fairly advanced stage and both ourselves and Dublin would like to see it completed, and published, early in the New Year. There has inevitably been something of a hiatus because of recent events in Dublin,



but it is already clear that John Bruton will carry forward the work already done by Albert Reynolds and, of course, Dick Spring will provide much-needed continuity.

We have also made it clear that, if and when the Framework Document is published, we will simultaneously publish a companion document on Strand I; this will allow the community to see the elements of a deal right across all three Strands. As you will no doubt expect, our Strand I paper will draw heavily on the 1992 Sub-Committee Report on how a new Assembly might be structured.

Where does this leave us? Well, were we to succeed in publishing the Framework Document and our Strand I paper early in the New Year these would provide an immediate basis for further, substantive Talks with the parties. I have no substantial expectation, however, that they will lead to early round-table Talks; Sinn Fein are now part of the political equation and none of us can envisage the UUP sitting at the same table with them, at least until there has been substantial progress on arms. The more likely scenario, therefore, is that once the documents are published we will conduct substantive discussions on them, but in bilateral mode. This could be difficult to manage since it would involve the two Governments and, we hope, the four main Northern Ireland parties plus, possibly, Sinn Fein. It is hard to imagine a deal being struck without us all eventually getting around the same table, but this hinges on the question of the decommissioning of arms and it seems unlikely that we would reach the point where round-table Talks might be possible before late Spring or Summer.



I hope this whets your appetite. As ever, the only certainty about Northern Ireland is the uncertainty; with a fair wind, however, some important things could fall into place next year. It would be nice to think that at some stage I will be asking you once again whether you would be willing and interested to get involved. In the meantime, my best wishes both to you and to Valerie for 1995, and when you are next in these islands I hope we shall be able to meet.

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