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POLITICAL AFFAIRS DIVISION
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cc PS/Michael Ancram (DENI, B&L) - B
PS/Sir John Wheeler (B&L) - B
PS/PUS (B&L) - B
PS/Mr Fell - B
Mr Thomas - B
Mr Legge - B
Mr Watkins - B
Mr Williams - B
Mr Bell - B
Mr Shannon - B
Mr Steele o/r - B
Mr Brooke - B
Mr Daniell - B
Mr Wood (B&L) - B
Mr Stephens - B
Mr Brooker - B
Mrs Brown - B
Director, TFU - B
Mr Currie - B
Mr Marsh - B
Mr Perry - B
Mr Bramley - B
Mr Beeton - B
Mr Lamont, RID - B
HMA, Dublin - B
Miss K Collins, CO

PS/Secretary of State (B&L) - B

EXPLORATORY DIALOGUE WITH THE LOYALISTS (LXD)

This paper considers the issues surrounding exploratory dialogue with the two Loyalist parties - the PUP and UDP - and seeks the Secretary of State's approval to the strategy it sets out for handling this dialogue. The precise composition of the Government team has still to be decided but it will be led at Grade 3 (or possibly even Grade 2) level. I will represent the political affairs side of the Office, assisted by Mr Lindsay as the Government team's Secretary; and Mrs Brown will represent Central Secretariat. When we come to discuss the decommissioning of Loyalist arms and prisons issues the team will be augmented by colleagues from SPOB, the Prison Department, and CJSD. In due course, if satisfactory progress is made in the 'clarification' stage, it may be appropriate

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to offer a Ministerial meeting (or meetings) to step up the process to an obviously political level. But given that the PUP and UDP have only one elected representative each, I expect such meetings would be infrequent. As with the minor parties on the Nationalist side - Democratic Left and the Workers' Party - routine contact would be with officials. I am assuming that LXD will normally involve joint meetings with representatives of the PUP and UDP, although there will be occasions when either Party will want to speak to us on their own, and that these representatives will be mandated to speak on behalf of the UVF and UDA.

2. Like XD, LXD will be conducted in Parliament Building: a suitable suite of delegation rooms, and a conference room, have been identified and are being made ready. They are separate from the rooms that will be used for XD.

Our agenda for LXD

3. It is important to bear in mind the very different attitudes of Sinn Fein on the one hand, and the Loyalists on the other, to HMG and all things British. While the former can confidently be expected to be extremely formal and suspicious - even prickly - during much of XD, the latter are likely to be relatively relaxed and loquacious once the initial ice is broken in LXD. Consequently the dynamics of XD and LXD will be very different, with the prospect of rapid movement down the LXD agenda. Conceivably the only crunch issue with Loyalists will be the decommissioning of Loyalist arms, although the position of prisoners could also be in this category. While the decommissioning of arms will be a crunch issue with Sinn Fein too, it will only be one of many such issues with them.

4. Clearly many of the ground rules for LXD need broadly to follow those agreed for XD. Our discussion will centre on a modified version of the three-point statement of purpose set out for

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Sinn Fein in HMG's message of 5 November 1993. The relevant passages regarding Sinn Fein are at Annex A; (ii) and (iii) are also applicable to the PUP and UDP, but given their minimal electoral support, (i) clearly is not. A statement of purpose, suitably amended for LXD, is at Annex B. Furthermore, there must be parallelism with XD on the question of moving from one phase of the dialogue to the next. This is particularly true regarding what level of treatment of the arms issue would enable us to acknowledge the PUP and UDP as fully legitimate for the purposes of discussion of the full range of Government activities, including political and constitutional matters and prisoners. Common standards will need to be applied to ensure these matters are addressed on a similar footing during XD and LXD to avoid confusion and accusations of bias; and the tests to show that both the Loyalists and Republicans have "sufficiently demonstrated their commitment to exclusively peaceful means" should also be similar.

5. The Prime Minister, in his speech at the Europa on 21 October, made the following commitments with regard to Loyalists:

- (i) HMG want Loyalists to be able to express their views democratically, and once they have sufficiently demonstrated their commitment to exclusively peaceful methods, they can take part in public life;
- (ii) at the appropriate time, the Government will enter into contact with them;
- (iii) HMG will be looking for ways of taking their views into account in the Talks process, and to hear the concerns (including social concerns) of the communities from which they come.

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6. He repeated these commitments in his Guildhall speech on 14 November and they were reinforced in Roderic Lyne's letters to Hugh Smyth and Gary McMichael the same day. The PM's commitment was consistent with his letter of 30 June to Peter Robinson which explicitly ruled out a seat at the table for any grouping which was not a main constitutional party, while acknowledging the desirability of contact with a wide range of political and community leaders committed to exclusively peaceful methods. Nonetheless (see para 10(i) below), this is unlikely to be sufficient to satisfy the growing ambitions of the Loyalist parties.

Timing

7. The Loyalist ceasefire means that the Secretary of State's agreement to PAB meeting a PUP/UDP delegation as a follow-up to my meeting with Hugh Smyth and Gary McMichael on 10 September was partially overtaken by events. And the fact that they did not take up our offer until recently has helped avoid the potential problem of our being seen to meet Loyalists very quickly after their ceasefire, while making Sinn Fein wait several months.

8. Ideally we ought not to meet Loyalists at all before the first meeting with Sinn Fein because of the respective timings of the ceasefires. But as you know, the promised meeting has now been arranged for 1 December and was the subject of a separate submission (not to all). As I said in that submission, the forthcoming meeting will not signal the start of LXD, which should not begin until shortly after the start of XD. This probably means the first LXD meeting should be held on 21 December.

The Loyalist agenda for LXD

9. We already have some indication of the Loyalist agenda thanks to a document passed to us informally by the McGimpsey brothers on 12 October. That document was approved by the CLMC but put to us in terms that suggested they would not expect all their demands to be met.

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10. Based on this document the Loyalist agenda can be broken down as follows:

- (i) Loyalists, in the form of the PUP and the UDP, should have a place at the negotiating table. The Reverend Roy Magee has suggested that "observer" status might be sufficient, and there is some other evidence that this might present a suitable compromise;
- (ii) the PUP and UDP should receive copies of the JFD at the same time as the other Northern Ireland parties. The Prime Minister's announcement of 21 October regarding publication of the JFD meets this point;
- (iii) on prisons, that:
 - (a) there should be regular four-weekly meetings between prisoners and "members of the welfare organisations"
 - (b) there should be an acceleration of prisoner releases on the basis of reduced risk
 - (c) the LSRB should relax its criteria to allow earlier release of lifers. The mechanics of release should be sorted out by the NIO and the PUP/UDP
 - (d) the release programme should include resettlement arrangements including grants to facilitate the return of prisoners into family and community life

- (iv) the Hurd principles should be abolished;

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- (v) "parity of investment" (both for its own sake and to address "Protestant alienation") must become a reality;
- (vi) a proportion of funds set aside for social reconstruction should assist the "demilitarisation and redirection" of member groups of the CLMC and allow for the resettlement of ex-paramilitaries; and
- (vii) democratic structures should be created to allocate international funding aimed at social reconstruction. Community representation and participation must be allowed at all decision-making levels including the allocation of funds.

11. In addition, and earlier, the CLMC issued a six-point request for clarification. It was discussed when I met Hugh Smyth and Gary McMichael on 10 September. That conversation, together with the referendum statement, the Prime Minister's announcement on 21 October and the passage of time, mean these have faded as issues (but may still be raised en passant at my meeting on 1 December).

12. Similarly, in May, Archbishop Eames handed the Secretary of State a CLMC document offering terms for a ceasefire. As well as prisons issues, the points made concerned security, all of which are now overtaken. The tone of those comments (no house searches, no retrospective arrests) taken with the remarkable number of people calling on us to arrange the release of Alex Kerr, the UDA Brigadier arrested in September, does, however, indicate a widespread lack of understanding of the independence of the law enforcement and judicial processes. Consequently, care will need to be taken to get the message across early on that there are clear limits on what Ministers can and cannot do in these areas, and that these limits exist for very good reasons.

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Conclusion and recommendations

13. The overriding criterion for LXD is that it should follow, as far as possible, the path of XD with Sinn Fein. However, given the very different attitudes of Sinn Fein and the Loyalist political representatives to HMG and the issues for consideration, the two paths may quickly diverge. The Loyalists will be very anxious to know how XD is proceeding, to satisfy themselves they are not being left behind. While the requirement for confidentiality will prevent us from being explicit about XD, as well as dealing with the specific issues mentioned above I expect we shall need to give regular reassurances that the fundamental principles they cherish are not being eroded. In these circumstances, with the probable exception of the decommissioning of Loyalist arms, which will almost certainly depend on reciprocal action by PIRA, LXD could well be of fairly short duration.

14. I should be grateful for the Secretary of State's approval to these initial proposals, which can be summarised thus:

- the ground rules for LXD should follow those for XD as closely as possible;
- LXD should begin on 21 December (shortly after the start of XD); draft letters of invitation to Hugh Smyth and Gary McMichael, and a draft agenda for the first meeting of LXD, are attached at Annexes C and D respectively;
- the LXD agenda should be based on the general principles set out in Annex B and should include the decommissioning of Loyalist arms. In addition, we should be prepared to clarify the Government's position on any of the matters specified in paragraph 10 if

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these are raised with us; but we would have to make it clear that any negotiation on these matters would only take place when we thought it appropriate.

15. Various position papers and associated documents are in preparation for XD and LXD. In many cases this material will be identical for both processes, but in some it will be tailored to the particular concerns or interests of the interlocutors. Further Ministerial approval will be sought to these and other specific LXD handling proposals as the need arises.

[Signed J Black for]

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THE TERMS OF XD WITH SINN FEIN

- (i) To explore the basis upon which Sinn Fein would come to be admitted to an inclusive political Talks process to which the British Government is committed but without anticipating the negotiations within that process;
- (ii) to exchange views on how Sinn Fein would be able over a period to play the same part as the current constitutional parties in the public life of Northern Ireland;
- (iii) to examine the practical consequences of the ending of violence.

THE TERMS OF LXD

- (i) To exchange views on how the PUP and UDP will be able over a period to play the same part as the current constitutional parties in the public life of Northern Ireland; and
- (ii) to examine the practical consequences of the ending of violence.

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ANNEX C

DRAFT LETTER FOR SIGNATURE BY THE HEAD OF THE BRITISH GOVERNMENT LXD TEAM

Alderman Hugh Smyth

Councillor Gary McMichael

The Government has announced that it is ready to begin exploratory dialogue with the PUP and UDP and has authorized me to invite representatives of both Parties to an opening meeting in Parliament Buildings, Belfast. I have therefore sent a similar letter to Councillor Gary McMichael/Alderman Hugh Smyth. I suggest this might be at [10.30 am on Wednesday 21 December] or, if that is not suitable, at some other mutually convenient time or date. Once we have agreed the date, we believe it should be made public.

At the opening meeting the Government will be represented by senior officials acting under the political authority and direction of the Secretary of State for Northern Ireland and within a remit agreed by Ministers collectively. I shall lead the Government team.

The Government intends to approach this dialogue constructively and to do what it can to ensure that the practical arrangements work smoothly. Accordingly, with the need to ensure ready communications between us throughout the process, you might like to note these

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telephone and fax numbers - [Tel: and Fax:]. In both cases the link will be to [the member of our team] who will be providing administrative support.

I propose that our first meeting should deal in the main with considering, and I hope agreeing, the procedures and an initial agenda for the dialogue. We envisage that both sides might wish to make and publish a formal opening statement. These opening statements will provide an opportunity for each side to explain its approach to the dialogue. They might be discussed then or in subsequent meetings.

We believe that it will be in the interests of both sides to agree that proceedings in the dialogue remain confidential except where otherwise agreed. This is something which we might also discuss at the opening meeting. I attach a proposed agenda for the meeting.

On matters of housekeeping, we proposed to allow around two hours or so for the opening meeting. But, of course, if both sides agree at the time we can change this. In any event the length and tempo of future meetings will be something to be resolved between us.

We would provide parking facilities for your delegation at Parliament Buildings and a room for your drivers and other delegation support. We will also make delegation rooms available for your use and we can discuss appropriate access to typing and

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copying facilities if you wish. We should like to propose that each side has up to six persons on their team, with one from each side to act as notetakers. I am anxious that your arrival should go smoothly and to assist this it will be helpful to know the size and composition of your delegation and support as well as the details of the vehicles you will be using. I should be glad if you would pass this information either to me or to our nominated secretary.

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DRAFT AGENDA FOR FIRST MEETING OF LXD

1. Introductions
2. Confidentiality of proceedings
3. Opening statement by HMG
4. Opening statement(s) by PUP/UDP
5. Discussion of opening statements
6. Agenda and future work plan
7. Any other business (delegation size etc)
8. Press line
9. Date of next meeting