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cc: PS/Secretary of State (L&B)
PS/Baroness Denton (L&DED) - B/M
PS/Lady Mayhew - B
PS/Sir David Fell - B
Mr Loughran - M
Mr Gibson - M
Mr Hanna - B
Mr Wood (L&B) - B
Mrs Brown - B 19/3
Mr Maccabe - B
Mr Cornick - B
Mr Stephens - B
Mr Hill - B
Mr Campbell Bannerman

C

MR GAMBLE (DED) - M

CBI NORTHERN IRELAND ANNUAL DINNER: DRAFT SPEECH

The Secretary of State was very grateful for the draft speech provided with your minute of 14 March. He has, however, asked for it to be turned into a rather more reflective piece with fewer statistics.

2. I have tried my hand at a redraft on which I would be grateful for any comments or corrections both from you and, in particular, from Mr Hill or Mr Stephens on the political front. The Secretary of State is giving this speech on the evening of Wednesday 20 March. It would be very helpful to have comments by 1700 tomorrow Tuesday 19 March.

SIGNED

Mrs McAleen
19/3
Mr Denton 19/3

MARTIN HOWARD
Private Secretary

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SPEECH FOR CBI DINNER

Mr Chairman, distinguished guests, Jean and I are delighted once more to have been invited to attend this Annual Dinner. I assume I must be doing something right since this is the fifth time in succession that you have invited me. And despite rumours to the contrary, quoting "friends" that I thought I never had, I fully intend making it a sixth next Spring - provided you are kind enough to invite me.

Can I also offer my particular thanks to you Mr Chairman for the very kind words of welcome and encouragement that you gave.

When I addressed you last April I had just flown in from Paris where, amongst other things, I had paid a visit to Montupet, one of the most successful companies investing in Northern Ireland, and one which recently announced major expansion plans here. I also announced that evening a round of bilateral talks with the political parties to discuss the way forward in the peace process. The timing was coincidental but to me the juxtaposition of those two events symbolised the importance - then and now - of making progress on both the political front and the economic front if Northern Ireland is to have the stable and prosperous future that we all seek.

The political scene has not been without its dramas and excitements since last April. That period has seen us go through the Twin Track process launched by the Prime Minister and the Taoiseach on 28 November, which led in turn to the publication of Senator Mitchell's report on decommissioning in January and a further Summit of the Prime Minister and the Taoiseach on 28 February. At that we announced a process which, through elections, would lead to all party talks starting on 10 June 1996. Some would say that it has taken an inordinately long time to reach this point. Others, more realistically in my view, accept and applaud the fact that it is an enormous achievement to have set a date for all party talks on which there is a more than reasonable prospect that all parties which have committed themselves to exclusively peaceful and democratic methods will be present.

It is of course that last qualification which is particularly relevant. For the one supremely negative event we have seen over the last 12 months was the IRA's totally unjustified decision to end their ceasefire and to do so in the most appalling manner by exploding a bomb in Canary Wharf killing two people and injuring forty others. Just as unacceptable has been Sinn Fein's failure to condemn the IRA's return to violence. Let me repeat that Sinn Fein will not be permitted to meet Ministers or participate in all party talks until there

is an unequivocal restoration of the IRA ceasefire. The all party talks train has been made ready and will depart on 10 June. Whether Sinn Fein are aboard or not is entirely up to them. Currently they are excluding themselves. That exclusion needs to be removed.

If it is, we have also made it clear that following elections, there will be no preconditions for participation in the all party negotiations. But the arms question cannot be ignored or put off until the end of the process. Both Governments in the Communique of 28 February said that at the beginning of the negotiations, all parties must make clear their total and absolute commitment to the six principles of peace and democracy set down by Senator Mitchell in his report. At the same time all parties will need to address seriously the proposals for decommissioning made by Senator Mitchell. This is essential if confidence is to be established. Both Governments also recognise that confidence building will require that parties have reassurance that a meaningful and inclusive process of negotiation is genuinely being offered to address the legitimate concerns of both traditions and the need for new political arrangements with which all can identify. That means that the talks will, from the outset, need to be based on a comprehensive agenda.

Let me turn now to the other half of the relationship that I described at the beginning - how business and commerce is developing in Northern Ireland. The period since last April has also been one of generally positive developments and progress in this field. The last thing you want to hear in the third speech after dinner is a long recitation of statistics which most of you know anyway so I shall instead focus on a few key events and trends to illustrate my belief that the Northern Ireland economy is continuing to grow and strengthen and that despite the end of the IRA ceasefire, it remains an attractive option for investment.

Last year's CBI dinner was followed a month later by what was a highly successful investment conference hosted by President Clinton in Washington. That and the equally successful conference hosted by the Prime Minister in Belfast in December 1994 have been major factors behind the fact that since September 1994 14 new inward investment projects involving investment totalling £288 million and offering the prospect of nearly 4,000 jobs have been announced. And this is in addition to the very welcome expansion in a number of local firms:

- 500 new jobs at Adria in Newry.

- 1,300 at Montupet in West Belfast.

- 500 at Stream International in Londonderry.

The period of the ceasefire also did much to demonstrate to very large numbers of people what we have been claiming for years - that Northern Ireland is a good place to live and to visit. Holiday visits in 1995 were no less than 67% up on those for 1994 - undoubtedly helped by one of the best summers in Northern Ireland on record.

It is of course no use pretending that the breakdown of the ceasefire will not have an impact either on business confidence or on tourism. There has already been some drop off in both. This gives added urgency - if more were needed - to the need to restore the ceasefire. But it is also important for Government and industry to build on the positive image of Northern Ireland that was created in the minds of so many during the period of the ceasefire. We must strive to ensure that that is not forgotten and that momentum is maintained.

The Government of course has a role to play in securing the right environment for economic growth - and that goes beyond searching for a lasting political settlement, vital though that is. I believe that British Government in Northern Ireland has at its disposal a number of sensitive and flexible instruments

for promoting economic growth. The economic development agencies of DED are focusing on helping Northern Ireland firms to improve their competitive edge by providing advice and assistance on marketing, exporting, design and quality.

But, ultimately, the major burden falls on the private sector to create the wealth and jobs we all wish to see in greater abundance. Last year I referred to the "Growth Challenge" initiative in which the CBI has played a major role. I have been extremely impressed by the way in which Roy McNulty and his helpers have transformed the Growth Challenge into a full time organisation with a broadly based programme of work. Both Jean Denton and I look forward to seeing the Growth Challenge making an increasingly important contribution to the achievement of economic success in Northern Ireland.

It has been said before that one of the most accessible markets for Northern Ireland is on its doorstep in the Republic. The reverse also applies and while that inevitably generates competition I do not subscribe to the view that this is a bad thing or is in any way a zero sum game. There is scope for co-operation and making common cause North and South and I particularly welcome the very good collaboration that exists between the CBI here and the Irish Business and Employers confederation in the Republic. Their

joint interest in developing the East Coast Corridor between Belfast and Dublin is a good example of how ideas are being generated which help to stimulate and focus attention on cross border economic issues.

Mr Chairman, we meet today in circumstances which are inevitably more sombre than they were when I spoke to you last year. But the picture is by no means a uniformly gloomy one. It has been a tortuous process and there have been many crises on the way, but we have at last identified a clear path through to all party negotiations on the political future of Northern Ireland. We have an economy in Northern Ireland which is still regarded as an area of major potential growth. Employment and unemployment levels are still moving in the right direction - a factor that resonates in both the economic and political fields.

It is possible to move forward and both Government and industry have a role to play in this. I know that the CBI will play their part. And I give my firm pledge that the Government will do the same.