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REPUBLIC OF IRELAND: ANNUAL REVIEW FOR 1994

Her Majesty's Ambassador at Dublin to the
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

W. M. Watkins

Mr. [unclear]

*Mr. Kenny
Fascinating
small
Dulce
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1. The Fianna Fail/Labour coalition disintegrated. The new Fine Gael based coalition could succeed: its main problems are divorce/abortion and Northern Ireland. Economic prospects are bright unless public spending gets out of control.
2. We are indebted to Reynolds over the PIRA ceasefire. But we also got our own policies right. The alliance with the Irish Government, together with political movement over the Joint Framework Document and "parity of esteem", cut the ground from under the extremists. Fostering security links, and treating the Irish as partners against PIRA, has made security cooperation a non-issue.
3. We should do more to encourage east/west links, to normalise the Republic/UK relationship. More Royal and ministerial visits would help - especially by the Prince of Wales and the President of the Board of Trade. Sellafield is a growing problem.
4. Our exports continue to rise: the Republic is probably now our fifth biggest market worldwide.

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BRITISH EMBASSY
DUBLIN

10 January 1995

The Rt Hon Douglas Hurd CBE MP
Foreign & Commonwealth Office
LONDON

Sir,

REPUBLIC OF IRELAND: ANNUAL REVIEW FOR 1994

1. Another good year for British interests in the Republic ended amid optimism over the PIRA ceasefire.

Internal

2. The Fianna Fail/Labour coalition disintegrated, largely as a result of Albert Reynolds' repeated humiliation of Labour - first over the publication of the Beef Tribunal Report in August, then over the appointment of the Attorney General as President of the High Court in November. In the end Labour were probably glad of the excuse to jump overboard. Fianna Fail imploded and Reynolds resigned as Taoiseach and Party Leader. The accusations and counter-accusations made rivetting television, but destroyed Fianna Fail's claims to honour and transparency. Virtually all the leadership is tainted by the affair, and the Parliamentary Committee investigating it will keep the party on the ropes. The new leader, Ahern, has yet to demonstrate that he can pull them together.

3. It is too soon to pass judgment on the new Coalition. Bruton, the Taoiseach, heads a party (Fine Gael) which for years has languished in the polls. He has enemies on his backbenches. His party, which traditionally represented old money and the Catholic interest, sits ill in a "rainbow" coalition which includes Labour and Democratic Left - the latter out of official Sinn Fein via Marxism. Fine Gael is the weak link in the Government. But it could work, and last. Bruton, a decent man, has already gained stature with office and contrasts well with Fianna Fail's disgrace. Though he and Spring have squabbled in the past, they know they have to work together now. And the three parties have nailed down in advance the main area of disagreement between them - the permissible increase in current public spending - to a nominal 6% in 1995 and a real 2% in 1996 and 1997. The economy is in good shape except for unemployment (still nearly 15%, though down slightly from 1993). Estimated 1994 GNP growth rate is 5.5%, and 4.75% for 1995. Inflation is at 2.4%. Exports increased by an estimated 8-9% in 1994. The opportunities are bright, unless they are squandered.

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4. Bruton's main problems, apart from Northern Ireland, will be referenda or legislation on abortion and divorce. Reynolds' Government fell over alleged delays in extraditing a priest to Northern Ireland on charges of child abuse. This and other similar scandals have considerably damaged the Catholic Church as a national institution: clerical influence over social issues is reduced.

5. A UVF murder outside a Provo pub in central Dublin in June, the murder of a prominent local criminal by PIRA in August and explosions in January and September, together with more minor incidents, reminded southerners that they were not immune from paramilitary violence. Warnings that the UVF were learning new skills had a sobering effect and increased pressure for violence to stop. The evident helpfulness of the RUC improved their standing in the Republic.

Northern Ireland

6. We owe Reynolds a great debt for his espousal of the Downing Street Declaration of December 1993 and the pressure he exerted on PIRA in 1994. When most others lost faith, he persisted. The direct result was PIRA's decision in August to cease violence. His actions to bind the leadership into politics - lifting the broadcasting ban in January, and welcoming Adams in Dublin only days after the ceasefire - have been criticised, but they have worked. We too got it right, in particular by finessing PIRA/Sinn Fein calls for "clarification" of the Declaration and their later refusal to declare the ceasefire permanent. Inevitably, we were criticised for not moving faster to consolidate the peace; but our cautious approach is grudgingly accepted - even perhaps over prisoners, where Irish traditions are very different from British ones.

7. Whether violence resumes or not, our basic policies are right. The alliance with the Irish Government cuts the ground from under extremists on both sides. The Prime Minister and Reynolds met six times in 1994 to discuss Northern Ireland topics, in addition to numerous telephone calls, and Bruton made his first trip to London five days after becoming Taoiseach. The Northern Ireland Secretary met Spring even more often, and officials were in direct touch daily. The publication of the Joint Framework Document should provide a good basis to relaunch talks.

8. The biggest minefield is nationalist (and unionist) suspicions that they are being neglected, undervalued, insulted or taken for granted. If we are to defuse Sinn Fein attempts to exploit these deep-seated fears, as for example over the Belfast Investment Conference in December, we need to demonstrate "parity of esteem" even if it breaks bureaucratic rules. We may have to make simultaneous balancing gestures to unionists too. But symbolic gestures are the essence of Irish politics, and generosity is a quick way to the Irish heart.

9. Bruton's Government will be a sensible and - usually - open interlocutor on Northern Ireland. Both Bruton and Spring are willing to think radical thoughts about Northern Ireland and the wider Anglo-Irish relationship, and to be inventive. But they too are avowed nationalists from a republican tradition, and we should not take them for granted. They will be sensitive to republican opinion, not least because of taunts that Bruton is a crypto-Unionist. Ahern may be less willing or able than Reynolds to ignore the green element in Fianna Fail - especially if it comes to compete with Sinn Fein for votes. Reynolds himself is out of all control and seems set to tour the world offering advice and his own selective account of the past: Fianna Fail are as worried as anyone at what he may do or say. So far as we can we should leave Reynolds - and Fianna Fail - for Bruton and Spring to deal with. They will no doubt warn us of their need constantly to look over their shoulders. As a rule, I would give them the benefit of the doubt.

10. The cessation of violence has brought a remarkable surge of goodwill in the Republic towards the North. Many Southerners have visited Belfast for the first time in over 25 years, and like it. Hotel bookings for holidays and breaks are well up. The economic links fostered by trade organisations and CBI equivalents in recent years continue to prosper. Three incidents stand out: the cautious Unionist welcome to the President in Armagh in November, the ceremonial opening of the Ballyconnell Canal in May, and the Northern Ireland Secretary's visit to Drogheda in November, where at the Mayor's invitation he laid a wreath at the War Memorial. The economic benefits of peace, especially for tourism, are much quoted here and form an extra disincentive to a resumption of violence.

11. One new factor is US interest, cultivated by Reynolds and led by my single-minded US colleague and her brother Senator Kennedy. Some people in the Republic exaggerate the US role in the PIRA ceasefire and have unreal expectations of the US for the future, not least in forcing HMG to bend to the nationalist agenda. But the best way to keep US interest constructive is to maintain as united a front as possible with the Irish - not an easy task as 1994 showed.

12. But the ratchet in 1994 has again moved substantially in the right direction. The test will come over the decommissioning of paramilitary weapons, over prisoners and when publication of the Framework Document suggests the extent of the compromises necessary for a lasting settlement. Under Reynolds Fianna Fail, and others too, were persuaded to accept the democratic position of Northern Ireland within the United Kingdom and the need for Unionist consent. It remains to be seen whether despite Republican pressure a sufficient majority will swallow the obverse of these - no united Ireland and a Unionist right to say no.

Security Cooperation

13. Our policy of treating the Irish as partners not antagonists, and persuading them of our problems rather than our solutions, has largely worked. We had no differences in 1994 over extradition, and the new Irish Extradition Act should resolve the issue for the future. Cooperation between Ministries and between the RUC, the Garda and the Security Service continues to flourish. Even relations between the British and Irish Armies are cautiously improving. Senior British officers are now frequent visitors to Dublin, and Irish officers visit Britain. Suspicion and dislike of the Army's presence in Northern Ireland remain, but the security relaxation in Northern Ireland has been noted and public attitudes towards the Army have somewhat softened. On the RUC, however, most people swallow the SDLP's critical - and hypocritical - line. We still need to do more to normalize relationships.

External

14. The President and Irish Ministers travelled widely, seeking new markets and investment in particular from the Far East, Australasia and the United States, widening contacts and visiting Irish communities. Links with South Africa were restored. In Canada the President's visit to the Commonwealth Games gave rise to unfounded rumours that the Republic might rejoin. A much-heralded stopover by Yeltsin failed to happen when he proved too drunk to get off the plane at Shannon.

Bilateral

15. Excepting Northern Ireland business, 1994 was a lean year for bilateral contacts. Apart from the Northern Ireland Secretary and you, Sir, no Cabinet Ministers came. The Duke of Kent was the only Royal visitor. The Archbishop of Canterbury paid a pastoral visit to the Church of Ireland. Irish Ministers as usual were frequent visitors to Britain. The President visited Manchester, and the Irish obeyed our rules over her two visits to Northern Ireland. For the future, I hope that the Prince of Wales can at last come here in the spring, and we have a marker down for a possible inward State Visit later. The talks process, should it prosper, may provide the occasion for an earlier meeting between Heads of State. But more British Ministers should come here. Irish Ministers are worth cultivating and it flatters them when we do it on their home ground.

16. Sellafield is becoming steadily more troublesome. HMG has to steer a difficult line between helping BNFL and becoming the target for criticism.

Trade

17. Our exports flourished - up from £5.6 billion to over £6 billion. The Republic is our sixth, perhaps fifth biggest market (the statistics are not good enough to tell). We gained not one but two trade promoters, who work closely with the Embassy and the DTI and whose enthusiasm in spreading knowledge of the opportunities here among UK exporters is already achieving results. We may have to drop some routine but less productive commercial work to cope with market enquiries and with basic help for first-time exporters. The visit from the President of the Board of Trade which I have been urging would demonstrate the importance of this market, and encourage exporters.

18. The Embassy again met its objectives, though the most important ones remain outside our control.

19. I am sending copies of this despatch to the Secretaries of State for Northern Ireland and Defence, the President of the Board of Trade and the Attorney General; and to HM Ambassadors at other EU Posts, Washington and the Holy See.

I am, Sir
Yours faithfully

(Signed)
D E S Blatherwick