



## EU Issues: Economic

Noel Fahey, Economic Director, reported that the Irish were pleased with the outcome of Verona. The Presidency were making progress on EMU. At the GAC Middle Eastern affairs had unfortunately distracted attention from IGC issues. Nevertheless discussions under this heading had been businesslike concentrating on the key questions. He was hopeful that there would be a clear focus on at least some of these by the end of the Italian Presidency.

7. Fahey thought the Irish Presidency would be quieter than in 1990, when legislation on the internal market had dominated. The Irish Presidency intended to manage business effectively.

## Anglo Irish Affairs.

8. Paddy McKernan outlined the current situation in non-contentious terms. The most positive development was the agreement on the date for all-party talks. Nevertheless he did not disguise Irish Government reservations about the electoral process. He expressed concern about the forthcoming marching season.

9. I agreed that the decision on the date for all-party talks was an important milestone. It seemed likely that the SDLP would participate. The two Governments were co-operating closely. The favourable reception given in Ireland to the British electoral proposals had been encouraging.

## Dr Alderdice

10. Dr Alderdice spoke after lunch in his usual lucid and rational manner. He explained the background to the current situation emphasising that he personally shared with many others in Northern Ireland the perception that the time had come for a deal to be struck. He was clear that this would be along the lines of the Frameworks Document, subject to modification after discussion with the parties. He thought a forum in the North could play a useful role in enabling people to understand different points of view. He believed that the task over the coming months was not so much determining the solution, which was already sketched out in some detail in the Frameworks; the problem was rather to bring all parties to accept that this solution was fair and workable. He remained optimistic that this could be achieved.

11. There was nothing particularly new in this but it was helpful to have a positive account of developments and prospects.

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12. Over lunch I ranged over many of the same issues and discussed a number of personalities involved. Alderdice told me that he thought Adams had genuinely put violence behind him and wanted a settlement. He did not think this applied to Martin McGuinness whom he regarded as an evil man. Rita O'Hare had also put her past behind her, and had apologised to him in tears for Sinn Fein's failure to sign up to consent in the Dublin Forum. Alderdice also believed that many of the Unionists, and particularly John D Taylor, wanted compromise and a settlement soon. In spite of all the problems, Alderdice thought a deal was possible in the coming months.

13. Finally, I asked him how he rated Bertie Ahern. He said he did not rate him at all. [REDACTED] He might very well lose the next general election for Fianna Fail.

14. I should be grateful if you would copy this further in the FCO as appropriate.

(Signed)  
Veronica Sutherland  
AMBASSADOR

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