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Dear Jonathan

DRUMCREE: PROGRESS REPORT

The purpose of this letter is twofold; to bring you up to date with the latest developments in talks with both sides involved in the Drumcree dispute, following on from the indirect contact talks you led in July; to outline our current strategy; and to seek clarification on the specific issue of the level of financial assistance that might be available to underpin the proposed Portadown initiative.

Following contacts last month and this, the facilitators (Peter Quinn and Roy Magee) and officials including Stephen Leach and Tony McCusker have made some progress in identifying common ground and the objective of finding permanent and lasting accommodation of the parades issue. However, progress has been hindered by the Orange fixation on achieving an early parade to replace the one they "lost" in July; and the residents' concerns about nightly loyalist gatherings on the fringes of the Garvaghy Road area, which Brendan McKenna claims are making it much more difficult to contemplate accommodation. The team has therefore been working for a brief joint statement committing all sides to seek to achieve a settlement and a climate of mutual respect, with the aim of taking the heat out of the local situation and enabling the substantive issues to be addressed.

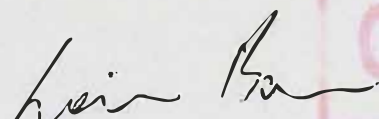
There is clearly some urgency in all this. Attitudes in Portadown are undoubtedly still polarised, with loyalist protests and the continuing Orange presence on Drumcree hill. The continuation of this raw sectarian dispute at the present time (in Trimble's own constituency) has a clearly negative effect with potential damage to the political process. The recent serious violence in Portadown, in which loyalists burnt Catholic-owned businesses and attacked the police, causing critical injuries to one officer, has seriously



complicated the search for a lasting accommodation. The good faith of the Portadown Orange District, who may not have orchestrated the violence but are not fully dissociated from it, has been called into serious question, and the stance of the residents correspondingly hardened. Nonetheless, officials here are working hard to maintain the dialogue, and are hoping to organise an early further round of bi-laterals. The objectives of these would be to take forward discussion on the proposed Civil Forum, the economic initiative and the format and timing of parades, and to seek an agreement across all of the issues. We have drawn up draft documents on the Forum and initiative; and we are working together with the independent facilitators to identify the optimum negotiating approach on parades.

If an overarching lasting settlement is to be achieved, this will require a socio-economic intervention with significant resources. A figure of up to £15m over 3/5 years was mentioned during the indirect contact talks, and this is likely to be the order of magnitude anticipated by the residents. (All sides are however clear that this initiative could only be put in place in the context of an enduring agreement on parades.) An investment of this magnitude could not be delivered from within the current NI Block settlement. It would therefore be extremely helpful at this point, before we continue the effort to broker the final elements of a "deal", to confirm the initial view, based on discussion during the indirect contact talks, that the Prime Minister would be prepared to approach the Chancellor to secure funds additional to the Block for this purpose. If an amount was settled, we have no doubt that this would concentrate minds, particularly among the residents.

I should be most grateful for your views on this. Officials here would of course be very willing to talk the issues through with you in more detail if you wish.



Liam Barr

Private Secretary to Paul Murphy MP
Minister of State

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