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DRAFT LETTER FROM PS/SECRETARY OF STATE TO

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### **NORTHERN IRELAND: CLOSING THE DEAL**

Your letter of 15 February, recording the Prime Minister's meeting with Trimble and Donaldson, was relatively encouraging.

Dr Mowlam and Paul Murphy agree that there do not appear to be any absolute show stoppers in what was said. We would need to explore the possibilities with the Irish but they might well see attractions in a package on North/South structures which incorporated

- acknowledgement that there was no theoretical limit to the scope of North/South co-operation (other than that imposed by the scope of the responsibilities of new political institutions in Northern Ireland)
- acceptance of the principle of implementation bodies/agencies flowing from co-operation
- no such bodies ab initio, but
- an agreed "work programme" identifying priority areas for co-operation which could be expected to lead to the establishment of North/South implementation bodies.

We agree that the relationship between the North/South Council and the intergovernmental Council should be capable of being set out in a generally acceptable way. It is also encouraging that Trimble is prepared to contemplate prisoner releases and movement on policing.

A major remaining area of difficulty is the UUP's proposals for devolution in Northern Ireland, which envisage something closer to the arrangements proposed for Wales than those envisaged for Scotland, and effectively provide for majority domination. The SDLP will not accept a settlement on these lines and the Irish Government would similarly resist anything which would give Unionists a veto over North/South co-operation. There would be technical problems any way in delivering administrative - only devolution, given the extent of Northern Ireland's separate statute book and its different administrative arrangements. It is also not clear that the UUP's proposals would be workable, given the apparent absence of any

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arrangements for securing collective commitment to a broad programme. This would be essential to enable the system to establish policy priorities and to make effective resource allocation decisions: the UUP proposals envisage the rather unlikely scenario of Sinn Fein and DUP heads of department working together to settle resource allocations.

Other parties, especially the SDLP and Alliance party, favour maximum devolution and something closer to a "Cabinet - style" executive, in which a cross community grouping would reach broad agreement on the key elements of a policy programme and commit resources accordingly, subject to achieving "sufficient consensus" or weighted majority support in the Assembly on key matters (portfolio allocation, public expenditure etc). Discussion next week in Strand I should provide opportunities to assess the balance of this debate. It may well be that if they can be reassured about the scope of any North/South arrangements the UUP will be happier to agree to more ambitious arrangements for devolution in Northern Ireland and something closer to an Executive.

As to process, it is equally encouraging that the UUP remain keen to do a quick deal and seem prepared to contemplate an intensive phase of negotiation in the relatively near future. The idea of preparing a paper to defining areas of disagreement is a helpful one and it is useful that they appreciate the difficulties of producing any further substantive paper through a Propositions - type exercise.

Seen from here, one way forward might be to

- facilitate general exchanges of view on substantive issues in the various strands over the next 2-3 weeks, without seeking major decisions
- work to ensure that Sinn Fein is able to participate once more from mid March
- facilitate the preparation of a paper identifying areas of disagreement, to be played in via Senator Mitchell and to serve as a basis for substantive engagement in the latter half of March
- encourage the Irish to work up a draft paper, or series of papers, on the shape of an overall settlement, in consultation with us, the UUP, the SDLP and (no doubt) Sinn Fein
- plan for an intensive session of talks to discuss such a paper, at a relatively secluded location in early April. We are investigating possible options in Wales
- (privately) prepare our own draft of such a paper with the aim of playing it in if the Irish draft fails to carry the day.

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Dr Mowlam and Paul Murphy would welcome an opportunity to discuss this proposed approach with the Prime Minister and to review the general situation.

I am sending copies of this letter to Jan Polley (Cabinet Office).

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