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FROM: PS/SECRETARY OF STATE
21 DECEMBER 1998



cc: see Distribution List below

Mr Stephens

PM
(3) 11

WHAT NEXT?

The Secretary of State discussed with you, Mr Jeffrey and Mr Warner this afternoon your submission of 18 December on the way ahead. (This followed on from an earlier preliminary discussion at this afternoon's Ministerial meeting).

2. During an examination of the various options in your submission, the following points were made:

- Adams and McGuinness had sought a private meeting with the two Prime Ministers. No.10 were considering how this could best be orchestrated, as there were clear difficulties in keeping such a meeting private;
- our starting point should be to pursue plan A (in its various forms) with the interested parties: the existence of fall-back options was best held in reserve for now. The discussions would intensify as February drew on and the end March deadline for devolution drew closer. In that context the St Patrick's Day celebrations in the US could represent an important opportunity to press for a breakthrough.
- ultimately, the negotiations were likely to come down to discussions between the British and Irish Governments, effectively acting as proxies for the UUP and the republican movement. Government guarantees would have a part to play, as would normalisation and other measures such as the establishment of the human rights and equality commissions. It was important to retain sufficient shots in

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our locker to be able to play them in at appropriate points over the next few weeks.

- There were arguments for and against the Government making its position clear publicly on the circumstances in which it would be prepared to run D'Hondt: the judgement was a fine one, and should be revisited in the New Year. In the absence of a Shadow Executive, it would be helpful if the implementation timetable for devolution which Mr Semple and Mr McCusker now had in hand could incorporate briefings for representatives of all the Assembly parties on the workings of Government and current policy issues within Departments.

3. Against that background, the Secretary of State noted the need to be ready to run with these issues early in the New Year. The following steps should be taken:

- **Mr Jeffrey** would speak to John Holmes, and he and Mr Stephens would arrange to see Paddy Teahon and Dermot Gallagher early in the New Year to see how their thinking matched our own. He would also press No.10 to agree a date to meet Adams and McGuinness;
- the **Secretary of State** would endeavour to speak to John Hume, to persuade him to use his influence to get movement on decommissioning; she might also speak to Adams and/or McGuinness.
- the Secretary of State's visit to the US on 13 and 14 January provided an opportunity to speak to key opinion formers in Washington, and to set the scene for raising the pressure as we moved towards February. **(Mr Brooker to note).**

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- planning for devolution should take account of the need to brief Assembly members, in the absence of a Shadow Executive, on the nature of our preparations and on some of the policy issues which would face the new administration once established (Mr Semple/ Mr McCusker to note).
- a meeting would be held early in the New Year to review progress in the light of conversations with the Irish, the parties and others over the holiday period (**Private Office to arrange, in consultation with Mr Jeffrey**).

N P Perry

N P PERRY
PS/SECRETARY OF STATE

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