A/DHM

cc (by secure fax):
G R Archer Esq, RID, FCO
Q L Thomas Esq, NIO(L)
R J Alston Esq CMG, NIO(B)

POLITICAL DEVELOPMENT: VIEWS OF SECRETARY TO GOVERNMENT

1. At the opening of the College Green Branch of the Ulster Bank by the Taoiseach on 28 January, I had some private conversation with Mr Dermot Nally.

The Christmas Eve Paper

- 2. I asked if British and Irish officials were likely to understand each other at their meeting the following day. He said that he hoped so but there would be problems. The crucial point of difficulty was still the mechanism for transition to the North-South talks. "In consultation with the parties" smacked too much of Unionist veto. I urged (yet again) that we would never reach agreement either on explicit automaticity or on explicit conditionality and we must therefore find some language to express a middle way. Mr Nally said that the crucial point of the negotiation from the Irish point of view was that the Taolseach should reach the conclusion that the North-South talks would in fact happen. He had not yet reached that conclusion and Irish officials would not therefore be authorised to accept the draft as it stood.
- 3. There was also difficulty with the "UK team". I said this was nonsense. It had been an SDLP problem and the SDLP no longer seemed to find it a sticking point. "UK team" did not mean "HMG team". Mr Nally explained that the Taoiseach's original idea had been that the Unionist leadership should come to talk to him in Dublin. He was then told that they would bring Mr Brooke with them and he had accepted that. Now he was told that they would come under Mr Brooke's leadership. He feared that this meant that they would hide behind the Secretary of State. I argued that this was a real sticking point for the Unionists. They could not be expected to abandon their Britishness in advance. It was damaging to Irish credibility in Unionist eyes to give the impression that this was what the Irish were seeking. The Unionists had given ample evidence of their intention to participate vigorously in the dialogue on their own account. Mr Nally said that the Taoiseach remained to be convinced of this.
- 4. The third potential difficulty was site. Again I purported to ridicule the problem. I had thought that the Taoiseach and Mr Brooke had agreed at Ballyconnell that they must look for a place which was neither London nor Dublin. Mr Nally shrugged.

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Terrorism

5. Mr Nally asked for my assessment of the persistent rumours that the IRA wanted to come in from the cold. He said that the Irish Government had been receiving messages on three separate channels (John Hume; Gerry Adams; and an ecclesiastical channel) that the IRA wanted to come in from the cold. The Irish Government thought it would be irresponsible to ignore these signals but were determined that it should not be done on any basis which would allow the men of violence to claim that they had won. Such an outcome would be destabilising to the Irish state. I agreed. Mr Brooke had given ample evidence in his Whitbread speech that he was listening. British Ministers would be bound to take seriously a genuine prospect of an end to violence. But it would have to be on the basis of permanently forswearing violence, not just a truce or a ceasefire.

Bilateral Summit

6. Mr Nally asked about the prospects for Mr Major's visit to Dublin. I said that, as the Prime Minister had said to the Taoiseach, he wanted to come. In practical terms, however, I thought it most unlikely that he would be able to travel before the end of the Gulf War. Thereafter he would need to look at it in the context of other priorities and after a first visit to Northern Ireland. Mr Nally said that we must not give the appearance of putting it off to the Greek Kalends.

Ultimate Bargain

- 7. Mr Nally then gave me in strict personal confidence the first indication I have received of Irish thinking on the shape of the new bargain which the Taolseach has in mind:
 - (a) The Irish would get a British declaration that we favoured in principle a united Ireland by consent.
 - (b) The Unionists would get an unconditional assurance that any united Ireland would require their consent of the way only of the people of th
 - (c) The SDLP would get an assurance that they would never be left alone because the structure of the Anglo-Irish Agreement would remain in place.
 - (d) The British would get an end to violence in Northern Ireland and some ill-defined Irish move in the context of the Gulf War (refuelling facilities at Shannont; or neutrality; or European defence mechanisms).

I avoided substantive comment on this, saying only that it remained ill-defined and that I did not think that the notion of Ireland's defence posture any longer rang bells in London.

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The Diner

8. Mr Nally asked whether the Diner was to be arranged for 2 March in the context of the Ireland-England Rugby match. I said I thought not. It was too soon. And the Gulf War would make it difficult for some of our team. Mr Nally acknowledged the problem. He said the last meeting had been terrible. We did not seem any longer to be speaking the same language. He thought that it was important to reconvene the Diner before too long so as to re-establish an effective dialogue.

Se HoleM

Nicholas Fenn

29 January 1991

HE FOR THE RECORD

ikely impending letter. The letter was to be copied to the Fores