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SUBJECT FILE MASTER MA

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From the Private Secretary

31 July 1996

Dear Uen.

TELEPHONE CALL WITH THE TAOISEACH, 31 JULY

The Prime Minister and the Taoiseach spoke on the phone this morning for about twenty minutes. They discussed Northern Ireland and EU issues in more or less equal proportions. I am recording separately the discussion on the EU.

The <u>Prime Minister</u> apologised for the delay in the call from the previous day. He had returned later than expected from Manchester, where he had been looking at the damage to the town centre from the IRA bomb. The city was displaying great resilience. There was relief that the prompt action of the emergency services had saved lives. But the damage had been enormous, and had particularly affected an area where there were many small businesses. The renovation plans might ultimately benefit Manchester but up to two hundred small businesses might never restart their activities. The <u>Taoiseach</u> recalled his own recent meeting with the Mayor of Manchester, who had also talked about the damage to small businesses.

Belfast Talks

The <u>Taoiseach</u> said that the Unionists had not in the end been very forthcoming in terms of allowing progress. They remained reluctant to rally to the position of the two governments in areas like decommissioning. But he saw no reason for despondency. The outcome of the talks before the summer break could be seen as at worst neutral, and was probably better than that. There was a chance that the Unionists would be more ready to make progress once the marching season was over, assuming this could be got through without further disaster.

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The <u>Prime Minister</u> agreed that the progress in the talks so far was not exciting. But at least the procedural issues had been sorted out. And the talks had not collapsed in disarray. His impression was that the parties had been tired and cross and that it had been better to draw a line now than risk a breakdown. He was aware that the SDLP were unhappy with progress, but hoped that the Taoiseach would encourage them to stay in the talks. It would also be helpful if the Taoiseach could talk to the UUP again.

The <u>Taoiseach</u> said that he was ready to do this but it was not made easier by inflammatory remarks by Trimble. For example he had been quoted in the Irish press at the weekend as saying that the Irish Government wanted "Unionist blood". He assumed that Trimble had been talking metaphorically but it was still very unhelpful.

The <u>Prime Minister</u> agreed that such silly remarks were best avoided, even if meant metaphorically. Trimble remained a prisoner of his fear of being out-flanked from the right, particularly by Paisley. He had no doubt that, left to himself, Trimble could move to the centre but he simply did not have the confidence at present to do this.

Apprentice Boys

The <u>Taoiseach</u> said that he was aware of the local discussions taking place, and the involvement of John Hume. If these efforts did not reach a solution, the Irish view was that the Apprentice Boys should either not be allowed to march on the walls overlooking the Bogside or at least only allowed on in a way which would not cause offence. He hoped that a local agreement could be found and that the Government would not need to become involved. But the issue would need watching carefully.

The <u>Prime Minister</u> said that every effort was being made to find a local accommodation, but the signals were distinctly mixed for the moment. Sinn Fein did not appear to be playing a helpful role. Talking about the need for an overall solution to the marching problem did not necessarily help to reach the necessary agreement on the ground. A solution to the whole marching problem could not be reached before 10 August. However, Sinn Fein might take the view that a repeat of the Drumcree confrontation would suit them. In any case, our objective was to avoid confrontation in both Londonderry and Belfast. If a local agreement did not prove possible, he did not know what the Chief Constable would decide to do. But, as they had discussed before, the Government would not be directly involved.

The <u>Taoiseach</u> wondered, thinking aloud, whether there was any action that could be taken to avoid the lack of an overall solution to the parades question stopping a local agreement. For example, could more be said before 10 August about the review which had been announced? He would like to reflect on this further before taking it forward as an idea, but officials on the British side might like to think about this too. Meanwhile he would publicly play up the benefits of a local accommodation, and play down the imminence of an overall agreement. It was important to prepare public opinion and to explain the complexities of the situation. The <u>Prime Minister</u> agreed that the idea of saying more about the review before 10 August was worth exploring.

After discussion of European issues, the call ended with mutual good wishes for an undisturbed holiday. The Taoiseach will be in Northern France from the end of this week.

Comment

The tone of the call was entirely friendly. The aim of drawing a line, publicly and privately, under the disagreements over Drumcree should therefore have been achieved. The Taoiseach was also noticeably careful not to sound too downbeat about the talks.

On the basis of both the briefing and the telephone call, the Prime Minister is very concerned about the prospect of a repetition of Drumcree in Londonderry. He is aware of the efforts already underway to find a solution but believes that we must do all in our power to avert further confrontation. We also need to be seen to be doing so, and to ensure that those obstructing a solution are publicly identified as such in advance of the march. If a local solution proves impossible, the Prime Minister is concerned that decisions on the handling of the march should not be taken too late, if this can be avoided. He would like to see a further note on where things stand by the end of this week. I would be grateful for a note accordingly by early afternoon on Friday 2 August.

I am copying this to William Ehrman (Foreign and Commonwealth Office), Jan Polley (Cabinet Office) and Veronica Sutherland (Dublin - by fax).

JOHN HOLMES

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