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THE PRIME MINISTER 22 July 1996

Thank you for your letter of 12 July.

Your proposal that we be seen to act together was followed almost immediately by your interview on British television, which ran directly contrary to it. You know how strongly I felt about that. It seemed to me unhelpful in every way, to put it at its most polite.

Nevertheless, there is nothing to be gained by raking over this ground. I do agree that the two Governments must work together to turn round the dreadful events of a week ago. The meeting of the IGC on Thursday was a start.

As I have said publicly, I am determined to do all I can to jolt the Belfast talks into action, and move on from procedure to substance. This is not going to be at all easy, to say the least. You know as well as I do the current mood of the SDLP. The Unionists are somewhat chastened and apparently ready to move forward, but as suspicious as ever. We will both have to do our best to bring the main parties along. I will certainly be working for this.

Meanwhile we are doing all we can to encourage a compromise over the Apprentice Boys, to avoid any chance of a repetition of Drumcree. The

prospects do not look too bad, and the main party leaders all seem to be ready to find a local accommodation. But there is a long way to go yet.

We also need to find a better way to deal with these problems in the long term. Paddy Mayhew has talked to Dick Spring about our proposed review, and will be making an announcement about the details shortly. The review will have an open remit to make recommendations on future handling of parades - although I fear there is no magic solution if those on the ground don't want to agree.

In short, the present situation in Northern Ireland is indeed serious. But I do not believe it is irretrievable. Our first task must be to get the talks moving forward to show that political dialogue <u>can</u> produce results. The alternatives are too awful to contemplate.