



Minister of State

cc Eo
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Prime Minister
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22 July 1996

Dear Mr Holmes

MEETING WITH THE PUP AND UDP: 22 JULY

The Prime Minister is to meet representatives of the two minor loyalists parties, the Progressive Unionist Party (PUP) and the Ulster Democratic Party (UDP), today at 5.00 pm. Sir John Wheeler and Jonathan Stephens will be present from the NIO.

Although often considered together, each party is sensitive to any suggestion that they are not being treated as separate, independent parties. The Prime Minister should therefore be careful to give each party equal status.

The PUP will be represented by its leader, Hugh Smyth (who the Prime Minister met when he was Lord Mayor of Belfast) and David Ervine; the UDP by its leader, Gary McMichael, and prisons spokesman, John White. Personality notes are attached.

Objectives

This will be the first time the Prime Minister has formally met either of these parties. It comes at a time when the loyalist ceasefire is under significant pressure and both parties are worried that there is little significant political progress to point to.



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The meeting itself will be welcome to the loyalists as a sign of their significance to the Government. The Prime Minister might aim to use the meeting to:

- register the importance of the loyalist ceasefire;
- demonstrate the Government's determination to make progress to substantive issues in the negotiations;
- listen to loyalist concerns, particularly about prisoners.

Background

Although there is not as close integration as there is between Sinn Féin and PIRA, each party is effectively the political representative of a paramilitary group:

- the PUP is linked with the Ulster Volunteer Force (UVF), responsible, for example, for the murder of 6 people in a pub in Loughinisland in 1994. A hardline UVF leader in Portadown, Billy Wright (now possibly split from the UVF), acting without the authority of his leadership, is generally thought to have been responsible for the murder of a Catholic taxi driver outside Portadown two weeks ago;
- the UDP is linked with the Ulster Defence Association (UDA) and the Ulster Freedom Fighters (UFF) responsible, for example, for the murder of 7 people in a bar in Greysteel in 1994. The UFF claims to have planted a bomb in Dublin last Thursday, bringing central Dublin to a halt for several hours in what seems to have been a deliberate hoax.



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Both parties, although in existence for many years, only achieved significance with the loyalist ceasefire of 13 October 1994, declared by the umbrella body, the Combined Loyalist Military Command (CLMC). The key to that ceasefire were the assurances given to these parties by the Government as to its stance on the Union and the principle of consent.

During exploratory dialogue, both parties' main concern was to secure movement on prisoner issues reflecting their significant prisoner constituency. Although prepared to discuss the modalities decommissioning much more constructively than Sinn Féin, both resisted encouragement to seize the moral high ground over republicans by a gesture of starting to decommission. Like republicans, loyalists have continued with punishment beatings and other terrorist activity. The PUP were embarrassed by the arrest, and subsequent conviction, of a member of their exploratory dialogue team for gun running from Scotland.

The weakness of both parties has been that they have never developed their electoral showing beyond a few pockets of support. However, their standing advanced in the 30 May elections - the PUP gained 3.5% (only just less than Robert McCartney's UKUP) and the UDP 2.2%, giving them two of the regional seats each under the electoral system designed to give them a good chance of success.

Since 10 June, they have played a constructive part in the negotiations. Both affirmed the Mitchell principles without equivocation. They did not share the mainstream unionist parties' concerns about the role of Senator Mitchell, nor their pre-occupation with the procedural rules. They have shared in the



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Participation in the negotiations is one of the loyalists' clear gains as a result of the ceasefire. But both parties are concerned that lack of substantive progress has diminished its worth. They want to see the negotiations get on to substantive issues and will want to hear what plans the Government has to break through the procedural log jam. The loyalist parties could have a key role in such a breakthrough, since their support will be essential in establishing sufficient consensus if the DUP have to be faced down.

Even so, there is one substantive issue they wish to avoid - decommissioning. Both parties are clear that there is no prospect of loyalist decommissioning any weapons without a start to PIRA decommissioning. Realistically, they expect there will be no start to PIRA decommissioning, even if Sinn Fein joins the negotiations, until a final settlement is negotiated.

They are therefore worried that some parties - the DUP in particular - will use any discussion of the decommissioning issue to demonstrate that the loyalists are not prepared to make a start to decommissioning on their own and to claim that they should accordingly be thrown out of the negotiations. Mr Trimble, however, has told Ministers that he appreciates the importance of keeping loyalists in the negotiations and handling decommissioning in a manner that allows this.

The key, which we have already stressed to the loyalists, is that the Mitchell report requires mutual decommissioning - so the loyalists can sign up, we hope, to the Mitchell report and still maintain their position that they will not decommission before the IRA starts to.



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Marches have been a difficult issue for both parties. Both, along with the loyalist leadership, called for calm and restraint but individual loyalist paramilitaries have been involved in promoting confrontation. In particular, Billy Wright played an instrumental role in the Drumcree confrontation - and is also thought to have been responsible for the random murder of a local Catholic taxi driver (which the PUP have avoided condemning, adopting Adams' refusal to engage in the "politics of condemnation").

Prisoners remains a vital issue for both parties, although they have been content so far to pursue it outside the negotiations itself. They are under pressure from loyalist prisoners who feel they have seen no benefit from the loyalist ceasefire. Both parties know the Government's room for manoeuvre is limited - in particular, they understand that it is impossible to make changes to remission arrangements or treatment of life sentence prisoners which would not apply equally to PIRA prisoners and are obviously unacceptable in current circumstances.

They continue to stress the importance of showing progress on prisoner issues in maintaining the loyalist ceasefire. They intend to raise a number of specific prisons issues with the Prime Minister, although they recognise they will not get an answer today. It is of the highest importance not to close the door on these issues and to keep open the possibility of further measures.

There is continuing loyalist violence and intimidation. Punishment beatings have continued throughout the ceasefire and still do, with some 44 attacks this year. Loyalists had some involvement in the intimidation of more than 600 Catholic families out of their homes over the last two weeks. The parties will, sincerely, protest their adherence to the Mitchell principles and the efforts they have made



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general frustration and impatience of the other smaller parties at the procedural wrangling so far and the failure to address issues of substance.

In political philosophy, both parties are unionist and prepared to accept a devolved government with responsibility - sharing and a Bill of Rights. Both have tapped a grassroots unionism not reached by the mainstream parties. Both incline to community-orientated and socialist politics.

There is little love lost between the two loyalist parties and the mainstream unionist parties. Relations with the DUP - reflecting long term antagonism - are particularly frosty. Mr Trimble, however, who has a history of maintaining closer contact with loyalists than many UUP MPs would care for, is respected.

Current issues

The loyalist ceasefire is clearly the most important. It remains just about intact, although if PIRA violence continues it is a question of when, not whether, it will break down.

Both parties have warned that it is increasingly fragile - if the bomb in Enniskillen last week had been PIRA's, indicating a return to violence in Northern Ireland, the loyalist ceasefire would have been abandoned. Further significant PIRA attacks in GB would have the same result. As it is, the UFF Dublin hoax of last week serves as a warning. Both parties are most probably genuine in their efforts to maintain the ceasefire but, in the final analysis, the real decisions are taken by the paramilitary leaders.

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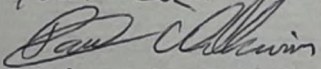
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to bring such violence and intimidation under control. Nevertheless, it is essential the Prime Minister raises the subject because, in the wake of Drumcree, most Catholics think that the Government has adopted double standards towards loyalist and republican violence.

A speaking note is attached, together with a separate briefing note on detailed prisons issues.

Press line

I also attach a press line for use after the meeting, together with some possible supplementary Q & A. It may be helpful to show the press line to the parties during the meeting - they will particularly welcome a positive reference to prisoner issues.

Yours ever

PS/Sir John Wheeler