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Phil

From: JOHN HOLMES
Date: 9 September 1996

PRIME MINISTER

NORTHERN IRELAND

The beginning of the talks today was entirely taken up with the issue of whether the Loyalist parties had infringed the Mitchell Principles, and should therefore be expelled from the talks. As expected, Paisley and the DUP took the lead in presenting the "indictment". It was agreed that the Loyalist parties should be given a chance to comment on the DUP charges. The talks then adjourned.

They will reconvene at 10 o'clock tomorrow morning to hear formally the DUP charges and the Loyalist response. It will then be for the two governments to come to a view, taking account of the views of all the other parties.

It is clear that the other parties would like to find a way of keeping the Loyalists in, both to ensure that the talks remain as inclusive as possible and to help maintain the Loyalist ceasefire. But a lot will depend on how the Loyalist parties present their response. This may be particularly important for the UUP, whose position is equivocal.

If the Loyalist parties are not thrown out, it is possible that the DUP and UKUP (Macartney) will walk out themselves, at least as far as the opening plenary is concerned. But this is not certain. Paisley has said different things at different times, and has himself now left for Canada.

The choice between the Loyalists and the DUP/UKUP, if it comes to that, could be very awkward. There is not much doubt which parties would be most

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helpful to keep in the talks. But the DUP popular vote hugely outweighs the Loyalists. I have asked the NIO to ensure we are fully consulted before any final decisions.

For the rest, today has been taken up with bilaterals. Paddy Mayhew was able to have a meeting with Paisley, which cleared up a separate row about whether Paisley had been snubbed. Otherwise the most important bilateral meeting was between the UUP and SDLP, who are trying to reach some kind of agreement over how to handle decommissioning. The omens from a bilateral over the weekend between NIO Ministers and Trimble were not too discouraging.

NIO Ministers also met Mitchell, who was in good form. He has told the press that he has no intention of walking away from the talks.

Otherwise, you may like to see the attached letter recording discussions I had with Teahon over the weekend. There is not much to add to this. There continues to be no evidence of IRA readiness for a new ceasefire, but planning for a new mainland attack is all too probable. Meanwhile, current expectation is that the IRA's General Army Convention may take place in the next week or so.

We did not have a chance for a word about the Hume/Adams initiative before you left this morning. I attach the papers again. We might have a word tomorrow morning.



JOHN HOLMES

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