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PRIME MINISTER

NORTHERN IRELAND

From: JOHN HOLMES
Date: 15 January 1997

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16/1
John 16/1
Very helpful. Thank you
16/1*
1. A sitrep may be useful.
 2. The talks restarted on Monday, in bilateral mode. Plenary resumes on 27 January. There has been predictably little progress so far this week, but the NIO do not completely despair. The UUP seem to be a little more positive than they were before Christmas (in line with Trimble's comments to Cranborne). The NIO see some scope for at least another attempt to find a way around decommissioning, although my guess is that the NIO are fooling themselves yet again.
 3. A particular issue in the talks is the Loyalist ceasefire. McCartney and the DUP have been suggesting that the ceasefire has broken down, or at least that Loyalist paramilitary actions are inconsistent with it. But they have not yet challenged the Loyalist position in the talks formally. The NIO have taken the line that the CLMC ceasefire is still formally intact, that the Loyalist political parties have distanced themselves from the car bomb attacks earlier in the New Year, and that, while Loyalist paramilitary violence is completely unacceptable, it is not yet clear that there are sufficient grounds to exclude Loyalist parties from the talks. Paddy Mayhew has encouraged the CLMC to reaffirm their ceasefire.
 4. This argument is set to run for some time. Neither we nor anyone else, except McCartney and the DUP, want to exclude the Loyalists, since this would only help to increase the chances of more violence. But we may face serious accusations of double standards if we are not careful.

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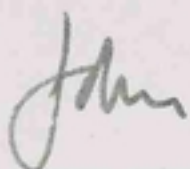
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5 IRA violence has continued, with 2 mortar attacks against the security forces while we were away. Neither succeeded, but this was once again only a matter of luck. There is no doubt that the IRA are frustrated by their continuing failures, which are in part the result of pressure from the security authorities, and are anxious to have at least some success, as they see it, before the election. Current expectations are that there will be a de facto ceasefire during the election campaign itself, but nothing before that.

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- 7 None of this has stopped Hume pursuing his efforts. I understand that he has now come back to the NIO with a revised form of Hume/Adams wording, which he says will definitely produce a ceasefire, for good this time etc etc. I have not yet seen the wording but even the NIO do not think it amounts to anything. We know that the Irish have told Hume he is wasting his time. They are absolutely right.
- 8 Overall, the picture is not too bad. The talks look likely to stagger on for a while yet, and the pressures are mounting on Sinn Fein and the IRA, not us. Clinton's statement of yesterday, calling on them to abandon their violence, was useful confirmation of this. The main risk I see is of a serious escalation of violence from both sides, which will expose the effective political vacuum before the election. But even this should put more pressure on those responsible for the violence than on us.



JOHN HOLMES

15 January 1997

[F\Sitrep.MRM]

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