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FROM: D J R HILL
CPL DIVISION
20 DECEMBER 1996

cc: PS/Sir John Wheeler (L&B)	- B
PS/PUS (L&B)	- B
PS/Sir David Fell	- B
Mr Thomas (L&B)	- B
Mr Steele	- B
Mr Watkins	- B
Mr Leach	- B
Mr Bell	- B
Mr Stephens	- B
Mr Wood (L&B)	- B
Mr Lavery	- B
Mr Perry	- B
Mr Maccabe	- B
Mr Beeton	- B
Mr Brooker	- B
Mr Priestly	- B
Mr Whysall (L&B)	- B
Ms Mapstone	- B
Ms Bharucha	- B
Mr Lamont, RID	- B
HMA Dublin	- B
Mr Clarke, Dublin	- B
Mr Westmacott, W'ton via RID	- B
Mr Oakden, No 10	- B
Ms Collins, Cab Off (via IPL)	- B

PS/Michael Ancram (L&B) - B
PS/Secretary of State (L&B) - B

TALKS: THE PROSPECTS FOR 1997

Introduction

The purpose of this submission is to sketch in possible lines of policy development which might be pursued in the New Year. The actual course of events will depend on the situation in mid-January, in particular

- whether there have been any successful IRA attacks, or a continuation of their current belligerent (but de facto non-lethal) posture, or a declared ceasefire;
- whether the UUP have the nerve to reach an agreement on decommissioning early in the New Year to facilitate the

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formal launch of the three strands. Yesterday's meeting between Mr Trimble and the Prime Minister may provide some clues but UUP's assessment of the likelihood of Sinn Fein's participation before the election will be a major factor;

- whether the Irish Government has effectively written off the prospects for securing any significant movement in the talks before the election. There are signs of this, in contrast to the SDLP negotiators who have - privately as well as publicly - expressed the hope that decommissioning can be resolved early in the New Year;
- whether in reality, or in terms of people's expectations, the General Election is likely to be held significantly earlier than 1 May.

2. It may nevertheless be helpful to identify a range of possible approaches as a stimulus to that process of "reflection" over the Christmas recess which - having urged it upon the other participants - we might ourselves be expected to engage in.

Reaching agreement on Decommissioning

3. The prospects for achieving agreement on decommissioning before the election must be poor. All the signs emerging from the UUP suggest that they have decided not to concede any ground on this before the election; and yet a deal on, or even close to, their terms is not available - nor could HMG support it.

4. In other circumstances we might have been able to use the Chairmen's readiness to put forward a proposed solution under Rule 30 (a), as a means of crystallising the issues and challenging both sides to accept a reasonable compromise; but - as Senator Mitchell clearly appreciates - there is virtually no realistic chance of that working. Past evidence suggests that he will not wish to take an initiative without knowing in advance that it will command

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sufficient consensus support; and it would probably not be in HMG's interests to press him to do something which could damage the longer term credibility of the Independent Chairmen.

5. Obviously we can help the Chairmen, in the period from 13 January to 27 January, to get as close as possible to a potential "solution" on the handling of decommissioning. That may involve offering advice on

- the role of "confidence-building measures" in the talks process generally and the decommissioning debate in particular - on which we need to develop a clear view ourselves;
- the distribution of Chairmanship functions, given General de Chastelain's suitability for the Chairmanship of the Independent Commission and the Irish Government's objections to him chairing both the Commission and strand two;
- the nature and possible formulation of any "commitment" under item 2 (b) of the agenda;
- the timing of developments relative to the conclusion of the opening plenary.

6. In support of the Chairmen's efforts to identify a possible solution we will probably need to

- continue to urge on the UUP the advantages of reaching an agreement on decommissioning and securing the formal launch of the three strands before the election, and
- persuade the Irish to overcome their doubts about showing any flexibility before the election.

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7. Given the DUP's minimum need for some real "expectation" that decommissioning will occur during the negotiations, there may still be a case for promoting our suggestion that the Commission (or the Independent Chairmen, or some other "external" entity) should have an explicit role in determining when decommissioning should start.

8. The prospects for Sinn Fein's participation in the talks are unlikely to affect the chances of reaching agreement on the handling of decommissioning. A resumption of full scale violence would make it far more difficult for the Unionists to relax their current requirements and a ceasefire (bringing the prospect of Sinn Fein's participation in the relatively near future) would have a similar effect.

Other ways forward

9. If the assessment that it will prove impossible to reach agreement early in the New Year on the handling of decommissioning proves correct, we may need to explore other ways forward. Unless it is clear that the election will be significantly earlier than 1 May there will probably be a strong case for seeking to sustain the credibility of the talks process and demonstrate some positive forward movement. This may be significant for the Loyalist parties and the CLMC, but also for the UUP and SDLP.

10. Possibilities include:

- (a) "parking" decommissioning, as being a purely hypothetical issue to which the talks participants could return if ever it became more of a reality; and moving on to the three strands without resolving the issue. This might become an option if there were a successful IRA attack during the Christmas recess or early in the New Year. In those circumstances the UUP might calculate that Sinn Fein would never be admitted to the talks and that they could therefore afford to forego the leverage conferred by the current requirement to "address

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decommissioning" before substantive negotiations can start. Similarly the Irish, who have previously resisted the idea of "parking" decommissioning because of the disincentive effect on the Republican Movement, might be prepared to contemplate it if the IRA again "betrayed" the nationalist consensus by resorting to violence. However, anything short of a definitive return to full scale violence by the IRA would probably see both sides holding to their original positions;

(b) "preparatory" dialogue: edge into a discussion of substantive issues, on an explicitly preparatory basis - avoiding any negotiation. Options might include:

- "briefings" on current social and economic issues;
- "seminars" on issues likely to arise in the negotiations (eg Human Rights, EC issues, policing matters?);
- a review of some of the agreed papers from 1992 (if the participants in those talks were content). A discussion of the Common Themes and Common Principles and the report of the Identities sub-Committee might constitute useful preparatory work and be of genuine value later on. The Irish and the SDLP would be likely to resist any focus on the sub-Committee reports of 10 and 16 June 1992 as being focussed on "strand one" issues and on papers which were the subject of a formal SDLP reserve. There might also be an issue over the Irish Government's involvement in any discussion of these papers although they were formally presented to the Irish Government (and Sir Ninian Stephen) at the launch of strands 2 and 3 in 1992;

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- crypto-strand 3 discussions in which the two Governments might begin to explore some of the issues on a basis which could involve those parties which were ready to engage with us. This idea has been floated by Irish officials. It has a number of obvious drawbacks. No Unionists of any description are likely to be willing to engage in such an exercise: without them it would lack credibility and would be more likely than not to raise Unionist fears and suspicions.

Mothballing

11. At some point before the elections it will be necessary to adjourn or suspend the negotiations, either because the election is imminent or because it is clear that no further progress of any kind is possible. The adjournment or suspension will almost certainly need to last at least until after the District Council elections in Northern Ireland, and if the Irish general election comes earlier than expected that might impose a further delay. In any event, I suggest that HMG's overriding objective for the period before the election should be to lay the basis for a successful resumption of the talks after any period of adjournment.

12. Adjournment or suspension will raise questions about

- (a) the Forum. This must be suspended if the negotiations are "suspended" and will come to an end in May in any event, unless its life is extended by order. As it will be used as a platform for DUP and UKUP electioneering it will probably be best to suspend it whenever the negotiations go into abeyance;
- (b) the date of resumption. We may need, as before the 1992 election, to involve the Opposition in any understanding about this and the related question of reactivating the Forum;

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- (c) the Chairmen. All three Chairmen have been very generous with their time and energies but may not be able or willing to sustain their commitment through what could be an indeterminate period of adjournment or suspension. We will need to discuss their position with each of them;
- (d) Sinn Fein. The Irish are clearly wondering about the possibility of using the pre-election and election period as part of a scenario in which Sinn Fein is either formally invited to join the negotiations before the election (albeit nothing can happen at that point) or immediately after the election. We will at least need to consider how to respond to any such proposition, and may indeed be able to use it constructively if there are indications that a restored ceasefire is genuinely on offer.

Presentational issues

13. The Chairmen's statement and the line which Michael Ancram took with the press on 18 December provide a good basis on which to rest during the Christmas recess: ongoing commitment with a tinge of optimism. Thereafter we may need to steer a careful line between realism (which may engender pessimism) and the need to sustain the credibility of the talks process in the longer term. The answer may be to emphasise the solidity of the foundations on which the talks process is based and its potential to deliver the necessary comprehensive political settlement when the circumstances are more favourable.

(signed)

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