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*See letter ant**File Jan 97*

From: John Holmes
 Date: 6 January 1997

PRIME MINISTER

NORTHERN IRELAND

*✓ Bleak.
 Ld. C. is seeing
 trouble on Saturday (at my request).*

Following your meeting with Trimble and Taylor in the last week before Christmas, I asked the NIO for considered advice, before your departure for India, on where we go from here in the talks. The result is attached.

*do not tell
 anyone (incl. Lord C.) that*

It sets out the problem, reviews the position of the parties, gives some elements of our own approach and offers a few conclusions. But the depressing bottom line is that, NIO wishful thinking apart, the prospects for the next few months do not look good.

*you
 know
 this
 A.B.I.*

Short of a UUP change of heart (just possible, if they conclude that they are now safe from an early IRA ceasefire), the chances of keeping the talks going beyond the end of January are not bright. We must try all avenues to get round decommissioning, but the likely reality is that we will be looking for a way to adjourn the talks early on a basis which will at least allow them to be resumed after the elections.

There will then be an awkward vacuum to fill, possibly for as much as 3 months, with the men of violence most likely to fill it for the moment. A new tactical IRA ceasefire is still possible before the election, but present IRA activities do not point in that direction. The Irish are not optimistic - they wonder whether Sinn Fein could now deliver a ceasefire from the hard men even if they want one.

The loyalist ceasefire remains in being in theory, and does not appear more likely to come to a formal end because of today's IRA attack on the High Court in Belfast. But there have already been a couple of clearly loyalist attacks; and the

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UFF said at the weekend that any more deaths in Northern Ireland would cause them to abandon the ceasefire.

Even if the loyalists have not formally abandoned the ceasefire before then, there will certainly be attempts by the DUP and McCartney to expel the loyalist parties when the talks proper resume on 27 January. It will not be easy to formulate our own stand on this. We will not wish to knock away one of the last remaining props of the ceasefire. But equally we must not get ourselves into a position where we are keeping the loyalists in the talks by condoning loyalist paramilitary activity, while treating Sinn Fein on a quite different basis.

Meanwhile Hume has spelled out, under pressure from his party, that there will be no electoral pact with Sinn Fein short of an unequivocal ceasefire and an end to Sinn Fein's abstentionist policy. This has provoked a sharp response from Adams - although both men have said their joint efforts to achieve a new ceasefire will continue. Hume himself is unlikely to stand again, but has not yet announced this - there are fears that Martin McGuinness might win the seat if Durkan stands instead of Hume.

The Irish are quiet but, on the basis of a conversation with Paddy Teahon today, share our lack of optimism about the immediate future. The Americans are also quiet - not least because of the transition from Lake and Soderberg at the NSC. I am establishing links with their successors, who are likely to be more helpful.

Is there anything we can do to break the deadlock or fill the vacuum? A new political initiative is not credible, and it will be hard to shift any of the parties. As Edward has suggested, a speech by you or Paddy Mayhew, setting out our own views on the future, is worth considering. It might help a bit. But I doubt it would keep the talks going - and it might just be an Aunt Sally for everyone to throw stones at.

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Other than that, I confess to a lack of bright ideas to revive the process. So our best hope lies in keeping the talks staggering on into mid or even late February, with the UUP unwilling to precipitate the end themselves, (leaving aside the wider political game), and then adjourning them with agreement from all concerned. The chances of more violence between now and the election are obviously high but with luck, and more good police work, we may avoid descent into the worst kind of cycle for the next couple of months. The imminence of the election should then act as an inhibitor on both sides, even in the absence of an IRA ceasefire. Neither side will want to start off on the wrong foot with the new government, whatever the result.

As far as tomorrow's Today programme interview is concerned, Paddy Mayhew has done this evening's media fairly comprehensively, and will be on Today before you. You are therefore unlikely to be tackled much about Northern Ireland ... yourself. I attach a copy of Paddy's statement, and some remarks by Gerry Adams.

If you are asked, I suggest your line should be calm and simple: the future of Northern Ireland has to be settled through political dialogue between democratic politicians. No IRA attacks can or will change that. They simply serve to expose Sinn Fein hypocrisy and make more distant the day when the republicans could join the talks. So what possible purpose can they serve? The talks will go on without Sinn Fein, and you will strain every nerve to make whatever further progress is possible both before, and after, the election. Meanwhile you hope the loyalists will not fall into the IRA trap and, through their retaliation, give IRA violence a spurious justification.



JOHN HOLMES

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