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FROM: THE PRIVATE SECRETARY
CONFIDENTIALNORTHERN IRELAND OFFICE
11 MILLBANK
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ACJohn Holmes Esq,
PS/Prime Minister
10 Downing Street

14 July 1997

Dear John

PRIME MINISTER'S MEETING WITH NORTHERN IRELAND LOYALIST PARTIES, 15 JULY

The Prime Minister is to meet the two Northern Ireland loyalist parties at 3.30 pm on 15 July.

The UDP asked for the meeting shortly after the Government took office. We advised a positive response, but with several weeks' delay, in view of continuing loyalist paramilitary activity. We proposed inviting the PUP as well: the parties' positions are similar, as is our message for each of them.

Attendance

We understand the parties' four talks delegates will attend. That is:

- from the **Progressive Unionist Party** (which is associated with the paramilitary Ulster Volunteer Force) there will be Alderman **Hugh Smyth** and **David Ervine**: the former is officially leader, but Mr Ervine is the leading light of the party;
- from the **Ulster Democratic Party** (associated with the Ulster Defence Association) there will be **Gary McMichael**, the leader, and **John Whyte**.

Detailed notes on the parties, and personality notes, are attached. The Secretary of State will also attend.

Objectives

- through the parties, to urge restraint on the Loyalist paramilitaries;

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- positive position on parades;
- to urge them to go on acting, and being seen to act, in this sense.

They will probably wish to convey a raft of points about prison issues – long a cause of complaint by them, and an area that bulks large for them because many of the most influential members of the loyalist movements remain behind bars.

Discussion will no doubt also touch upon the Talks: Lines to take on these points (with some detailed background on prisons) are attached.

Background: the parties

Both of the parties have a long record of working to prevent paramilitary violence (the PUP probably rather more effectively than the UDP). They have also taken a calming line over parades, and both Mr Ervine and Mr McMichael reacted positively to the Orange lodges' initiative last week.

In the talks, the two parties are wholly constructive, and work well with all the participants except the DUP and UKUP (who have sought to have them expelled: there are old enmities here, and electoral calculations; Dr Paisley and Mr McCartney are also aware that the support of one of the loyalist parties at least will be necessary to reach a sufficient consensus on the decommissioning issue, assuming we win round the UUP). They are not opposed to the entry of Sinn Féin – though there have been rumblings in the wider movements over the Government's engagement with Sinn Féin, and the possibility of their being brought in under cover of a bogus ceasefire. They are sceptical that any decommissioning is possible from their side or the Republican, but have been generally happy to go along with the Governments' proposals, indeed impatient of the delay the issue has caused in entering substantive negotiation – so long as the Mitchell doctrine of mutuality is observed, that is they do not have to give anything up if the IRA do not.

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If there were any general intensification of loyalist paramilitary violence, it would be difficult for the two parties to retain their place within talks: the Governments would have to come to the conclusion that they had "demonstrably *dis*honoured" their commitment to the Mitchell Principles. If they did not, Nationalists would increasingly complain of double standards in tolerating them but rejecting Sinn Fein, and Unionists would take it that were Sinn Fein ever to enter, the Governments would lack the will to eject them if the IRA resumed violence.

Background: loyalist paramilitaries

The Loyalist ceasefire has become increasingly ragged in recent months (it was declared in the name of the – largely notional – Combined Loyalist Military Command, of which embraces the two main paramilitary groups with which these parties are associated). There have been a number of attacks by paramilitaries associated with these groups, some at least of which have probably been authorised at a high level. This violence has generally been in response to actions of Republican paramilitaries (IRA or INLA), and a good deal of restraint is still clearly being observed by the Loyalist movements.

Specifically, the most notable recent UDA incident was a bomb under the car of a member of INLA last month outside Belfast City Hospital. It failed to explode fully, and caused no serious injury, but was clearly intended to kill. At the beginning of this month, a member of the UDA blew himself up, apparently assembling pipe-bombs, a cache of which was discovered nearby.

The UVF has a rather greater political sensitivity. There are signs of attempts by them to calm the activities of the Loyalist Volunteer Force (below). But a UVF member appeared to have been responsible – with authority from what level in the movement it is not clear – for an attack on a Sinn Fein councillor in Ballycastle last month.

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Both of these movements have been reluctant to become involved in violence connected with marches: indeed Mr Ervine has been appealing to the Loyal Orders for compromise and discussion. What is most likely to bring about any substantial return to violence, however, is sectarian attacks from Republican paramilitaries: in the event of death, or serious injury or damage, being caused, the Loyalist paramilitaries will be very difficult to restrain.

A third movement, the Loyalist Volunteer Force, has developed in recent months, around a core of dissidents from the mid-Ulster UVF, associated with Billy Wright (recently imprisoned for earlier offences). It is not associated with the CLMC or the parties, and does not observe its ceasefire. It has committed a number of attacks including one - which failed - in Dundalk (just across the border in the Republic) two months ago. In the run-up to Drumcree, it issued threats that it would kill people in the Republic if Orangemen were prevented from marching down the Garvaghy Road. The LVF was proscribed by the Government last month.

Yours
Daniel Kyle
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