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From: THE PRIVATE SECRETARY



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John Holmes Esq
Private Secretary to the
Prime Minister
10 Downing Street
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2 December 1997

Dear John,

NORTHERN IRELAND: HEADS OF AGREEMENT

After a rocky start to the week, the multi party negotiations have got through this week's review plenary without difficulty and agreed to establish a small subgroup to work towards outline agreement on the key issues by 15 December. The hope is that this group (two per delegation), working in the context of ongoing bilateral exchanges between the key players, will be able to strike the key trade-offs across the various strands and recommend how best to carry forward the necessary detailed negotiations on specific issues thereafter; and that the talks will be able to register a positive forward move before the Christmas break.

The progress which we have already made in identifying the Heads of Agreement should stand us in good stead over the next two weeks. David Trimble had a long private chat with Paul Murphy earlier today about the draft he was sent last week and ways in which the draft could be adjusted (see below) to take account of the concerns expressed in his note of 1 December. He seemed keen to continue that discussion and Paul Murphy will accordingly continue to keep closely in touch with him.

Meanwhile Senator Mitchell intends to launch discussion in the subgroup tomorrow morning by tabling a summary of the key issues identified by the participants and has privately asked the two Governments to work up a draft of what might emerge from the subgroup's deliberations. The Irish have agreed to prepare a first draft which will be discussed at a meeting of the Liaison Group later this week.

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This programme of activity should allow us to work towards agreement on a possible text with the Irish Government and the SDLP over the next few days, but the timing of developments can best be judged in the light of a further exchange with David Trimble and taking account of a further meeting he is planning to have with the SDLP. Ultimately, perhaps during next week, it may become necessary for HMG to seek to crystallise any emerging agreement by tabling a draft (possibly via the Chairman) which all sides - including the UUP - may find a little uncomfortable, but which we judge all could live with. At that point the party with most to swallow will be Sinn Fein; but if it emerges from a process in which they are participants and stresses the need to tackle "equality" and "justice" issues there remains a reasonable hope of keeping them on board.

The main immediate task is to create the circumstances in which the UUP can implement its commitment to establish a small working group with the Irish Government. David Andrews' comprehensive withdrawal of the ill chosen remarks he made over the weekend has begun to clear the air, but David Trimble hopes that Mr Ahern will provide the necessary further political cover for UUP re-engagement with the Irish Government by saying something suitably reassuring when he visits Castle Buildings next Monday. We have given the Irish delegation here discreet guidance but a phone call from the Prime Minister to Mr Ahern could be helpful, to commiserate over the rough handling which Mr Andrews received and to emphasise the significance which the UUP will attach to what he says on 8 December.

Trimble's comments on the Heads of Agreement

Paul Murphy was able to reassure David Trimble that there was no question of changing the Act of Union 1800; and he himself accepts that section 75 of the Government of Ireland Act 1920 is a dead letter. There will remain an issue about the extent to which British

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constitutional provisions need to be amended to reflect more fully the principle of consent, but he is less worried on the constitutional point than he was.

On the external relationships Paul Murphy floated the idea of presenting the way forward as requiring a new "British/Irish Agreement" (to replace the Anglo-Irish Agreement) which would embrace

- a Council of these islands
- a Council for North/South co-operation (David Trimble didn't like "Council" but Paul Murphy said that he didn't think nationalists could accept "committee": David Trimble will speak to the SDLP)
- standing intergovernmental machinery between the two sovereign Governments

David Trimble seemed much happier with this presentation and we believe it can be worked up in ways which would not be unacceptable to the Irish and the SDLP. A possible revised draft Heads of Agreement is attached: subject to any urgent comments which the Prime Minister may have, Paul Murphy will work towards this in his contacts with David Trimble and officials will be guided by it when they meet Irish colleagues later in the week.

I am sending copies of this letter and its enclosure to John Grant (FCO), Jan Polley (Cabinet Office), Christopher Meyer (Washington), and Veronica Sutherland (Dublin).

Yours ever
J. McKervill
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