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JCH

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From the Principal Private Secretary

2 February 1998

See her,

NORTHERN IRELAND: NEXT STEPS

The Prime Minister has seen Richard Lemon's letter of 30 January, setting out the NIO analysis of the outcome of the Lancaster House meetings, and the prospects for moving forward in the negotiations. He has also seen Quentin Thomas's earlier minute of 26 January about the underlying picture on the substance of a settlement. The Prime Minister agrees with the underlying thesis, that the parties are not so far apart in substance. However, he believes that the analysis of the Lancaster House talks and where they leave us may be too optimistic, in terms both of the attitude of the UUP and of the likelihood of the parties engaging seriously on the substance inside the talks.

The main difficulty we face is about the nature of the process. In the Prime Minister's view, further real progress is most likely through efforts effectively outside the talks process, which can then be fed into the talks, as with the Propositions paper. He continues to believe that, despite the complaints of the other parties, there is no way of edging the UUP into agreement and a final settlement without some kind of privileged discussion with them: the Nationalist parties in effect have the support of the Irish government, even if they do not always agree on the detail; the UUP cannot have the support of the British Government in the same way and therefore feel doubly exposed, since representatives of a large proportion of the Unionist community are outside the talks, criticising them as hard as they can. These pressures, together with the internal pressures on Trimble from within the UUP, will be too difficult to resist unless they are bolstered by a degree of reassurance about where the process will finish up. This does not mean private undertakings – and the Prime Minister has not made any to the UUP – but it does mean finding a way of ensuring that we know their bottom line and that they are reasonably happy with any joint papers before we deploy them. It is of course important that this be done in such a way that the process is not evident to the outside world, and in particular that Trimble and his colleagues do not continue to boast about their privileged access. We

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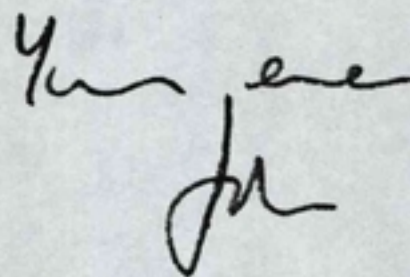
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need to think through and discuss how best to handle this. We will be in touch separately about a suitable occasion.

Meanwhile, the Prime Minister agrees that we should not start joint work yet with the Irish government on a final settlement paper. However, there is no doubt that they are working on such a paper. It is important that we have in our pockets our own version of such a paper, which we can deploy when we need to. This would also be helpful in crystallising our own thinking. The Prime Minister therefore hopes that the work already commissioned on a more developed set of propositions will go ahead with all possible speed. He would like a very early sight of this, not least since he does not yet have in his mind a clear picture of what a final settlement would look like in bureaucratic terms.

On points of detail, the Prime Minister is not convinced that we and the Irish should produce and table "syntheses" of views on the various strands or a joint discussion paper on constitutional issues. While both of these might in theory be presentable as neutral, rather than the two Governments setting out their detailed views on the issues, in practice the distinction is hard to draw, as we saw only too graphically with the Strand 2 paper last week. We must avoid getting ourselves into that position again if at all possible. Could the Independent Chairmen not produce "syntheses", with our behind the scenes help if necessary? Is there not some other way of tackling the constitutional issue, e.g. separate papers?

I am copying this only to Jan Polley (Cabinet Office) at this stage, and would be grateful if you could ensure it receives a limited distribution.

**JOHN HOLMES**

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Northern Ireland Office.

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