

SECRET AND PERSONAL

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recd. by fax.

PRIME MINISTER

INTENSIFYING THE NEGOTIATIONS: HOW TO REACH A FINAL DEAL

I hosted a dinner for George Mitchell and Harri Holkeri yesterday evening. It was a private dinner - not known to other participants including the Irish. I was accompanied by Paul Murphy, Adam Ingram and NIO officials. The objective was to establish, as far as possible, how George Mitchell in particular saw the endgame being played out in the period between now and Easter. Since then I have seen John Holmes' letter recording your conversation with Bertie Ahern yesterday.

George has clearly returned invigorated from his visit to the United States. In the past, he has tended to see himself as a strictly neutral arbiter in the Talks process, or as a vehicle for the two Governments to table their views on various issues. He now seems committed to a much more activist role in the process. This could represent a major opportunity.

George believes, and I agree with him, that the medium of round table discussions focusing on individual Strands is more or less played out. He envisages that activity next week should be focused on a much more flexible negotiating format concentrating on a series of bilaterals and other small groupings which, under his guidance, would ensure that all the parties, as a minimum, deal with both Governments and the Independent Chairmen, and with whichever other parties they were willing to engage with.

Perhaps more importantly, he is strongly of the view that we should try to get onto the table, as soon as possible, a draft of the complete final

SECRET AND PERSONAL

PAGE 1 OF 4

Ltr Prime Minister Intensifying Negotiations/Sec

SECRET AND PERSONAL



agreement. His judgement is that only by this means can we get the participants to focus on the compromises and trade-offs between the Strands that will be necessary to achieve a final deal. George would be happy to be the author of such a draft. Ideally he would like it to be based on text emerging from the parties, but he recognises that this is probably unrealistic. The more practical approach would, he argues, be to have it based on a text or set of texts agreed by both Governments. But he would also be prepared to synthesise a final draft based on separate drafts from the two Governments. On timing, George suggested that either the agreed draft or separate drafts from the Governments should be with him by the end of this week or at the beginning of next. He put this scheme to the Irish at a joint meeting with the two Governments this morning. They responded positively - not surprisingly given that it is very close to the scheme outlined to you by the Taoiseach.

George's request, at this crucial stage in the process, is not one which I felt we could reasonably refuse. In any event, it may well be the kind of radical step which is necessary to break the log-jam.

It is, however, by no means free of risks. Unless we are very careful, we could lose the Unionists, and some way would need to be found of keeping them in the loop, presumably through your continued exchanges with David Trimble. There is also a risk that Mitchell will wrongly assume (as he has tended to in the past) that our contribution to discussions with the Irish can be treated as a proxy for the views of the Unionists in the same way as theirs is a proxy for those of the nationalists. In fact, this is not the case, and it is unlikely that any text we could agree with the Irish would be acceptable to the Unionists.

SECRET AND PERSONAL

PAGE 2 OF 4

SECRET AND PERSONAL



One way of meeting these two concerns would be for George Mitchell, as a development of the proposal which he has put to the Irish and us and which we have agreed, to invite the parties to give him in writing the essential ingredients of the outcome as they see it. This would provide some cover for our discussions with the Irish and increase the chances that authentic Unionist views were fed into his synthesis. George is willing to do this, and I think it is to be welcomed.

As regards the discussions with the Irish, I can see two broad approaches:

- we could attempt to reach agreement with the Irish side. This has all the difficulties of Frameworks to which, on the evidence of the latest Irish draft, the Irish side remain attached, as we knew.
- we could negotiate with the Irish side but, by sticking closely to what we believe to be UUP positions, probably fail to reach agreement. We would then give Mitchell two separate papers. This has drawbacks, particularly for Anglo-Irish relations. It would however give us more room for manoeuvre subsequently if the parties rejected Mitchell's synthesis. We could say that while we supported Mitchell's efforts there was clearly more work to be done and, with our hands untainted by the draft, we could help to mediate.

My instinct is towards the second, but we can perhaps best assess this as we go.

SECRET AND PERSONAL

PAGE 3 OF 4

Ltr Prime Minister Intensifying Negotiations/Sec

SECRET AND PERSONAL



George also had views about the direct involvement of you and the Taoiseach. He feels that this should be reserved for the last few days, probably the period 7-9 April. But he would see some merit in this being signalled by a short joint statement of intent by you and the Taoiseach in the margins of the Asia-Europe summit on the previous weekend. I think that George has got this about right.

Finally, we are looking at the revised draft chapter on the North/South Ministerial Council provided by the Irish. We will let you have a commentary and a revised draft by tomorrow morning.

I am sending a copy of this minute to Sir Richard Wilson.

J Hle

24 March 1998

for **MARJORIE MOWLAM**

*(approved by the Secretary of State
and signed in her absence)*

SECRET AND PERSONAL

PAGE 4 OF 4