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FILE

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FAXED

bce to Dublin via
Comcon 12/12/96
18.00

From the Private Secretary

12 December 1996

Dear Gen,

BERTIE AHERN

As you were aware, the Northern Ireland businessman Eddie Haughey had suggested a social meeting between Lord Cranborne and Bertie Ahern. This took place last Sunday. You will be interested in Lord Cranborne's record of this, attached.

The Prime Minister agrees with Lord Cranborne that it is worth keeping this channel of communication open. I understand there is likely to be a return match at Eddie Haughey's house at some stage.

I am copying this to William Ehrman (Foreign and Commonwealth Office), Jane Hope (Lord Privy Seal's Office) and Veronica Sutherland (Dublin - by fax). Given the secrecy on the Irish side, I would be grateful if knowledge of this meeting could be closely held, although it is not particularly sensitive on our side.

Yours are
John

JOHN HOLMES

Ken Lindsay Esq
Northern Ireland Office

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PRIME MINISTER

BERTIE AHERN

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In our discussion which was four-eyed, Ahern made the following points (I made the points Miss Sutherland suggested in her helpful note about the Unionists):

- a. He expected the Irish general elections to be at the latest in the summer. He expected to win it, although he might need PD support to form a government.
- b. He was in regular contact with SF/IRA.
- c. He expected a ceasefire to be declared before Christmas.
- d. He accepted that our reply to Hume represented our last word on a ceasefire and that the ball was in SF/IRA's court. He listened to me when I said that we could not put a time limit on our judgement as to whether the ceasefire was convincing enough for us to consider it permanent. He saw that no time limit could make either judgement come sooner as well as later. He appeared to acquiesce in all this, but did not agree. Nevertheless he is anxious (he said) to agree a way forward. He suspects that pressure from Bruton on 9th December will make us change our stance. I said I doubted it.
- e. He is very worried indeed about possible Loyalist bombs in Dublin. He also worries that SF is gaining votes in Dublin by slapping down drug dealers.
- f. He is beginning to have grave doubts about the viability of EMU. Even if it takes off, if the UK does not join, he thinks over 30% of Irish exports will be put at risk. Since he is doubtful about both the sustainability of the present Irish economic miracle and the long-term continuance of EU subsidies, he feels it a high priority to establish even closer economic and other ties with the UK. Equally he is beginning to wonder whether our own economic performance is not based on a model the rest of Europe

would do well to follow. This further encourages him to seek closer ties with the UK. I said that the existing initiatives under Strand III could provide a useful basis for further discussion and he replied that he thought we could encourage more contacts between universities in particular. He was also interested in sharing buildings abroad for foreign missions, talking about joint approaches to UN peacekeeping, thinking about inward investment and research programmes in high tech industries.

He was friendly, apparently forthcoming and anxious to talk. We have agreed to meet again, perhaps after Christmas. I will only pursue this initiative if you are happy for me to do so, but on the whole it is I think worth keeping the channel of communication open. He tells me no one knows of his trip to Dorset, whatever that may mean. I have only talked to you, Alex Allan and Colin Budd.

CRANBORNE
9th December 1996

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