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From: THE PRIVATE SECRETARY

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Prime Minister

NORTHERN IRELAND OFFICE

GREAT GEORGE STREET,
LONDON SW1P 3AJ

You expressed considerable
suspicion (below) about
Anglo-Irish Economic co-operation. In the light of

B G Cartledge Esq
10 Downing Street
London
SW1

these comments from 31 May 1979

Mr. Atkins, are you
content that the existing machinery
should remain in operation? Yes

Dear Bryan,

Don't expect me to be 31/5
content - but I will agree!

ANGLO-IRISH ECONOMIC COOPERATION

In your letter of 18 May to Paul Lever, you asked for the
comments of the Secretary of State for Northern Ireland on
this issue.

Quite apart from the economic considerations, which are
discussed below, there are from the Northern Ireland point
of view strong political arguments for maintaining the
existing machinery for Anglo-Irish economic cooperation
(AIEC). The Republic are always anxious to give expression
to what they regard as the essential unity of Ireland, and
this economic machinery has made it possible for us to divert
this acute Irish interest in cooperation between the North
and South from political forums into a relatively less
embarrassing channel. Otherwise we should have found ourselves
having to oppose all Irish initiatives for joint action since
the Unionists will only stomach a limited measure of cross-border
cooperation, which they see as the "Irish dimension" being
introduced through the back door. The difficulty is that
consistent opposition to the Irish on this front is not in our
interest. We need to be as forthcoming as we can on the economic
front in order to sweeten the political medicine that we have
to give them (no satisfaction of their aspirations for Irish unity)
and - perhaps more important - to create the best possible
atmosphere for discussion of matters of security cooperation
(where we ourselves are the demandeurs).

On its own terms, we believe that the AIEC machinery justifies
itself, by bringing together those contacts which have developed
over the years between Government Departments in London, Belfast
and Dublin in response to practical problems of mutual concern.
It is designed to achieve the maximum benefit for relations with
the Republic at minimal cost to the UK in terms of both public
expenditure and administrative expenses.

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The AIEC forum does not encourage additional demands on national resources. AIEC activity is geared to facilitating practical and mutually beneficial contacts and in fact helps to ensure that any schemes considered are limited in extent and application, and to prevent the Irish working up and publicising ambitious and undesirable projects. On the specific matters mentioned in the brief, the conclusion of a bi-lateral road-haulage agreement would be to the UK's economic advantage, and electricity interconnection is considered principally in terms of its own commercial viability. The current disruption to the North/South interconnector is, for example, costing the Northern Ireland Electricity Service at least £2m a year. Cross-border cooperation is encouraged and aided by the EEC, who have part-funded the consultants' studies (2 of which were in fact undertaken before the AIEC exercise as such was begun). Almost all the expenditure involved in implementing the Londonderry/Donnegal report was already in Northern Ireland programmes and while some projects were brought forward this was at the expense of others. It is made clear that the implementation of study recommendations (and of any other proposals for cross-border projects) is subject to national spending priorities and public expenditure restraints. The Irish Government also of course have to consider carefully the financial implications of any proposals they make.

The AIEC sub-committees are small-scale, meet only when there is something of substance to discuss, and take up little of officials' time. The Steering Group, which meets no more than twice a year, is a useful means of ensuring that contacts with the Republic are properly processed and coordinated.

The Secretary of State accordingly believes that there is considerable advantage in continuing the Anglo/Irish Economic Cooperation exercise. He is as concerned as the Prime Minister however that the emphasis must be on practical contacts - and not grandiose and wide-ranging schemes of the economic planning variety put forward at regular intervals by Dr Fitzgerald when his Government was in power in the Republic - and that time and effort should not be wasted on discussing projects for which there will be no resources available. He is also anxious to ensure that the exercise does not lead to the development of any superfluous or wasteful bureaucratic structures.

I am sending copies to Paul Lever and Martin Vile.

Yours ever,

Joe

J G PILLING

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10 DOWNING STREET

From the Private Secretary

4 June 1979

Anglo/Irish Economic Co-operation

Thank you for your letter of 31 May, in which you conveyed your Secretary of State's views on the programme for Anglo/Irish economic co-operation and his recommendation that, on political grounds, this co-operation should continue. Paul Lever wrote to me on the same subject on 1 June.

In the light of the background set out in your letter, the Prime Minister agrees with Mr. Atkins that the Anglo/Irish economic co-operation exercise should continue in its present form.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and Martin Vile (Cabinet Office).

B. G. CARTLEDGE

J.G. Pilling, Esq.,
Northern Ireland Office.

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Btc has seen.



Foreign and Commonwealth Office

London SW1A 2AH

1 June 1979

Dear Bryan,

Anglo-Irish Economic Cooperation

In your letter of 18 May you sought further advice in the light of the Prime Minister's comments on the brief I sent you on 16 May.

You will now have seen Joe Pilling's letter of 31 May giving the Northern Ireland Secretary's views, which the Foreign and Commonwealth Secretary very much shares. The crucial point, in terms of our relations with the Irish Republic, is that the existence of formal machinery helps Mr Lynch demonstrate to Irish public opinion that his policies are working, however slowly, to bring about the "coming together of the peoples of Ireland". To the extent that this makes it easier for him to resist pressures to take new initiatives, it is helpful also to us. And, from our point of view, Anglo/Irish economic cooperation helps to maintain the positive aspects of a relationship which it is in our overall interest to prevent from being dominated exclusively by the security issue.

We should perhaps have explained in greater detail in the earlier brief that the various sub-groups were not set up to further cooperation as an end in itself. For example, British and Irish Customs officials have been in close contact with one another for many years, and no additional machinery was established in this area. All the same, the Joint Steering Group was able, for example, to give some political impetus to bring about improvements in duty-free facilities for air travel between Britain and the Republic, which, although not intrinsically an important issue, is a factor affecting public attitudes in both the UK and Ireland.

The only additional official machinery which has been established is the Joint Steering Group itself. The Foreign and Commonwealth Secretary believes that, so long as the Irish themselves see this as a useful symbolic element in Anglo/Irish relations, it will be worth retaining. Its activities are under close control and there is no question of its getting out of hand or of involving itself in studies which are not of value in terms of the UK (including Northern Irish) interest.

I am sending copies of this letter to Joe Pilling (Northern Ireland Office) and to Martin Vile (Cabinet Office).

Yours GEX

Paul

P Lever

Private Secretary

Bryan Cartledge Esq
10 Downing Street

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From the Private Secretary

18 May 1979

Anglo/Irish Economic Cooperation

Thank you for supplying, in response to the Prime Minister's request following her discussion with the Taoiseach on 10 May, a note on economic cooperation between the United Kingdom and the Republic of Ireland.

The Prime Minister has read the note and has reacted with some scepticism to the picture which it presents of a proliferation of official groups studying numerous high cost projects for which, in all probability, funds will not in the event be available. The Prime Minister has indicated that, on the basis of the evidence in your note, she sees no case for the continuation of the joint steering group and its various sub-groups.

I recognise that your note is purely descriptive and that there may be political aspects to Anglo/Irish economic cooperation which it was not designed to cover. I should be grateful for any further advice which you, in consultation with the other Departments involved, may wish to offer in the light of the Prime Minister's reaction. I believe the Prime Minister would be particularly glad to have the comments of the Secretary of State for Northern Ireland on this issue.

I am sending copies of this letter to Joe Pilling (Northern Ireland Office) and Martin Vile (Cabinet Office).

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Paul Lever, Esq.,
Foreign and Commonwealth Office.

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