

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

[Ireland]-Adams, Gerry-September 1994 [1]

Staff Office-Individual:

Staff Director-Soderberg, Nancy

Original OA/ID Number:

1397

Row:	Section:	Shelf:	Position:	Stack:
49	1	3	1	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	re: Looking for Ways to Help the Northern Ireland Peace Process (6 pages)	09/14/1994	P1/b(1) KRM 6/14/2023

COLLECTION:

Clinton Presidential Records
National Security Council
Staff Director (Nancy Soderberg)
OA/Box Number: 1397

FOLDER TITLE:

[Ireland]-Adams, Gerry-September 1994 [1]

2011-0533-F
rs1650

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE IRISH TIMES

Washington Bureau

Tel : (301) 320-2308

Fax: (301) 229-1036

6221 Redwing Road

Bethesda MD 20817

Sep 8th 1994

Dear Nancy,

I enclose a copy of
a letter to Mark Seemon about a
possible interview with President
Clinton. Don't you think it is a
good idea?

Best regards,

Conor O'Clery

Conor O'Clery
6221 Redwing Road
Bethesda, MD 20817

cc+network
TO MARK & TARA S.
We're getting lots of]
requests of Irish/British
wrap up stories. Should
we do a few?
Nancy S

THE IRISH TIMES

Washington Bureau

Tel: (301) 320-2308

Fax: (301) 229-1036

6221 Redwing Road

Bethesda MD 20817

cc Nancy Soderberg
Mrs Jean Kennedy Smith

Sept 8th 1994

To Director of Communications, Mark Geagan.

Dear Mark,

I wish to apply formally for an interview with President Clinton on Northern Ireland.

This would give the President a platform in the only authoritative Irish daily newspaper - read both north and south of the border - to explain US policy.

It would also give the President an opportunity to address the question of how to reassure Unionists that US policy is in their best interests.

Best regards

Conor O'Clery



U.S. IMMIGRATION AND
NATURALIZATION SERVICE
425 I STREET, N.W.
WASHINGTON, D.C. 20536
TELEFAX NUMBER: 202 514-0198
FTS NUMBER: 368-0198

T E L E F A X C O V E R

TO: 456-9150

FAX NUMBER:

DATE SENT: 9-15-94

THIS COVER + 8 PAGES

MESSAGE:

Jim Pabnis
Haiti
see 2817
JMA USC

FROM: ED SKERRETT

OFFICE: ADJUDICATIONS DIVISION, ROOM 7122

PHONE: (202) 616-7429

FTS:

Wed
Roo

100. Sep 14/54 10:04 NO 1002 1000

Visa Options for Northern Ireland Residents

IMMIGRANT VISAS

- U.S. Immigration law strictly defines the number and categories of immigrant visas which may be issued to foreign nationals. Immigrant visas may not be distributed at the discretion of the Executive Branch.
- Generally, immigrant visas may only be granted based on either family relationships or employer sponsorship. "Quotas" are no longer established on the basis of nationality.
- There is currently no legal basis to make available additional immigrant visas to residents of Northern Ireland. To do so would require legislated changes to the Immigration Act.

NONIMMIGRANT VISAS

- Nonimmigrant visas are visas for temporary entry into the United States for a specific purpose. Certain categories of nonimmigrant visas could allow for the temporary entry of residents of Northern Ireland. A few examples are:
- The J-1 Exchange Visitor - This category, which is administered by USIA, permits academic and cultural exchanges between the U.S. and foreign countries. A specific program for Northern Ireland could be established under the auspices of USIA.
- The H Temporary Work Visa - H-1 visas are issued to registered nurses and aliens in certain specialty occupations. H-2 visas are issued to aliens coming to perform agricultural labor or other services where the Department of Labor has certified that unemployed persons capable of performing such service cannot be found in this country. H-3 visas are issued to trainees coming temporarily to the U.S. Programs could be established by private organizations or businesses who would submit the required petitions to INS for approval.
- Nonimmigrant visas are by definition for temporary stays in the U.S. U.S. law requires applicants for nonimmigrant visas to overcome a legal presumption that they intend to immigrate. Adjudicating officers look to evidence of

employment abroad, and family social and professional ties, to overcome the presumption. Some of the individuals at whom these programs would be directed may lack such ties abroad and thus may have difficulty qualifying under this provision.

- Use of nonimmigrant visa categories would generally depend on sponsoring agencies, such as USIA or AID, or private industry, establishing programs and providing the resources to sponsor nonimmigrants.

- TAB A - Overview of U.S. Immigration Law relating to issuance of Immigrant visas.
- TAB B - Categories of Nonimmigrant Visas
- TAB C - Statistics on Visa Issuance in Northern Ireland and the Republic of Ireland.

Overview of U.S. Immigration Law

The Immigration and Nationality Act (INA) provides the structure for immigration into the United States. The Act provides for the issuance of approximately 675,000 immigrant visas in FY95. Visas are issued to immediate relatives of U.S. citizens and certain special immigrants without limitation. A minimum of 226,000 family preference visas are issued to adult children and siblings of U.S. citizens and spouses and children of lawful permanent residents. 140,000 employment preference visas are issued to professionals, and skilled and unskilled workers in various categories. The INA also provides 55,000 visas to be issued under the Diversity immigrant visa program (the "Visa Lottery").

The INA was amended in 1965 to eliminate national origin "quotas" governing entry of immigrants from individual countries. The law now provides worldwide maximum yearly totals and a uniform country maximum of 7% of the preference categories (i.e., 27,845) which prevents nationals of any country from monopolizing the numbers of visas available each year. The system of preference categories also provides for the allocation of the limited number of visas available among the various categories.

A U.S. citizen or permanent resident or a U.S. employer (in most cases after obtaining certification from the Department of Labor) initiates an immigrant's application by submitting a petition to the U.S. Immigration Service. Once those petitions are approved by INS they are acted on in turn by the State Department according to the date they were filed. There are currently approximately 3.6 million petitions which await processing. This backlog applies uniformly to all countries, although 3 countries (India, Mexico and the Philippines) account for half the backlog. Five countries have reached the per country maximums.

The Immigration Act of 1990 provided for a transitional lottery program (AA-1) which has now ended, and the creation of a permanent Diversity Visa lottery program (DV-1). The AA-1 lottery provided 40,000 visas annually for three years to countries which were adversely affected by the changes in immigration patterns resulting from previous immigration laws. By the deliberate intent of Congress, 40 percent of the AA-1 visas were allocated to natives of Northern Ireland and the Republic of Ireland.

The DV-1 lottery, on the other hand, is meant to compensate for current patterns of immigration from many countries by distributing 55,000 visas annually in a complex formula which allocates larger numbers to areas of historically low immigration. Thus, a large percentage of these visas will go to African countries. Countries which have sent more than 50,000 immigrants to the U.S. in the previous five years are not eligible to participate. The Republic of Ireland was eligible this year, as was Northern Ireland, which is treated as a separate entity for purposes of the DV lottery, although it is not for regular immigration.

TAB B

VISA CATEGORIES

Nonimmigrant Visa Categories

- A.....Foreign Government Officials
- B.....Visitors
- C.....Aliens in Transit
- D.....Crewmen
- E.....Treaty Traders/Investors
- F.....Students - Academic
- G.....International Organization Aliens
- H.....Temporary Workers
- I.....Foreign Information Media
- J.....Exchange Visitors
- K.....Fiance(c)s
- L.....Intracompany Transferees
- M.....Students - Vocational
- N.....Parents of certain Special Immigrants
(retired officers/employees previously
accorded G-4 visa status)
- O*.....Aliens of extraordinary ability in the
sciences, arts, education, business, or
athletics
- P*.....Renowned artists, entertainers and athletes
coming for internationally recognized, or
culturally unique performances
- Q*.....Participants in international cultural
exchange programs which provide practical
training, employment, and which involve the
sharing of the history, culture, and
traditions of the applicant's country
- R*.....Certain religious workers
- NATO.....Representatives and staff of members states
to NATO

* (New categories established under the Immigration Act of 1990, and effective October 1, 1991).

IMMIGRATION FROM THE REPUBLIC OF IRELAND AND NORTHERN IRELAND
FISCAL YEARS 1976 - 1986

From FY-1976 through FY-1979, INS reported a grand total of 6,864 immigrant admissions from the Republic of Ireland and Northern Ireland combined. Of this total, 4,873 (71%) were natives of the Republic of Ireland and 1,991 (29%) were natives of Northern Ireland. Subsequent to FY-1979, INS has not published immigrant admissions statistics for Northern Ireland separate from the rest of the United Kingdom.

In FY-1987, a total of 3,124 immigrant visas were issued in the Republic of Ireland (Dublin) and Northern Ireland (Belfast) combined. Of this total, 2,921 (93.5%) were issued at Dublin and 203 (6.5%) were issued at Belfast.

Belfast ceased to issue immigrant visas in FY-1988. All immigrant visas in the United Kingdom are issued at London. Separate statistics are not maintained on Northern Irish residents although 2 to 3% of the total United Kingdom issuance in the regular (i.e., non-lottery) visa categories is believed to be a reasonable estimate.

NUMBER USE IN THE "LOTTERY" VISA CATEGORIES - FOR IRELAND
FISCAL YEARS 1987 - 1994

<u>Fiscal Year</u>	<u>NP-5</u> 1/	<u>OP-1</u> 2/	<u>AA-1</u> 3/	<u>Total</u>
1987	1,735	--	--	1,735
1988	2,185	--	--	2,185
1989	8,529	--	--	8,529
1990	3,900	125	--	4,025
1991	2,214	80	--	2,294
1992	--	--	14,630	14,630
1993	--	--	14,023	14,023
1994	--	--	21,000 (est.)	21,000
TOTALS	18,563	205	49,653	68,421

1/ Figures are for Republic of Ireland only. (Northern Ireland was included under "Great Britain and Northern Ireland" in the NP-5 program.)

2/ Figures are for Republic of Ireland only. (Great Britain and Northern Ireland did not qualify for the OP-1 program.)

3/ Both Republic of Ireland and Northern Ireland are included in the figures for Ireland in the AA-1 program.

IMMIGRATION FROM THE REPUBLIC OF IRELAND AND NORTHERN IRELAND
IN THE AA-1 LOTTERY, IMMEDIATE RELATIVE, AND PREFERENCE CATEGORIES
FISCAL YEARS 1992 - 1994

Fiscal Year	Republic of Ireland			Northern Ireland 1/		
	AA-1	IR + Pref.	Total	AA-1	IR + Pref.	Total
1992	13,170	1,800	14,970	1,460	450	1,910
1993	12,623	1,332	13,955	1,400	333	1,733
1994 (est.)	18,900	821	19,721	2,100	205	2,305

1/ Separate statistics are not maintained for Northern Ireland. Figures are based on estimates.

Agency for International Development
Bureau for Europe and the New Independent States
Office of European Country Affairs
Northern Tier Desk

FACSIMILE COVER SHEET

TO: *Dee Hawkins*
~~Nancy Maxwell~~ DATE: 15 September 1994

ORGANIZATION: National Security Council

FAX No: (202) 456-9151

PHONE No: (202) 456-9150

FROM: Paige Alexander Tel. No. (202)647-6091: Fax No. (202)647-5560
ENI/ECA/NT, Room 6752, NS

This transmission contains 3 page(s) including this cover sheet

☐ as requested	☐ FYI
☐ for clearance	☐ for comment
☒ per conversation	☐ per memorandum

REMARKS:

*Here is the other paper that was
being done.
Honey.*

Options for increasing the reconciliation potential of the International Fund for Ireland

There are a considerable number of options for increasing the reconciliation potential within the existing annual contributions to the Fund. The balance for the line of credit to the Fund stands at \$29 million. With the FY 1994 level of \$19.6 not yet obligated and the scheduled FY 1995 level still in the budget, an announceable amount of \$40 million for new programs such as these could be made in November. Beyond U.S. assistance, the Fund will henceforth have additional contributions from the European Union. Earlier this week, the EU announced an increase in their annual contribution from 15 million ECU to 20 million ECU over the next three years.

Currently, the International Fund for Ireland runs nine programs which are designed to act as catalysts in encouraging the regeneration process by providing seed funding to stimulate private and public sector investment. Several of the existing programs could be redesigned to focus on activities in Northern Ireland and the border counties which more directly fosters reconciliation. Leveraging contributions to the Fund through setting up tax exempt status in the U.S., establishing matching grant programs and encouraging community proposals which contained elements of loan financing are all ways in which USAID could work with the International Fund for Ireland to meet the new challenges and have a greater impact.

I. Tax Exempt Status

One way to expand incentives for U.S. donations to the Fund would be to register the Fund as a U.S. entity therefore allowing them to qualify for tax exempt status (501c3). An alternative route would be to use an existing Irish-American organization with 501c3 status as a conduit for U.S. private donation to the Fund. It would be necessary to determine which Irish-American organizations are considered as having the capacity and a strong reputation for working in both the North and South. The enabling legislation does not prohibit the Fund from accepting private money.

II. Matching Grants

To further encourage investment from other sources, a matching grant program could be set up as an element of Fund activities whereby private donations could be matched with programs that meet specific criteria. Potentially, a third of the newly announced USG funding could be set aside for matching donations on a 1 to 2 basis. Criteria for programs which could receive these matching grants would be jointly determined by the Fund and USAID.

III. Guarantees

The Fund could set aside a portion of its money to guarantee loans issued by local banking institutions for approved purposes. This mode of leveraging additional resources may work best for productive credit to small enterprises. A Fund guarantee could potentially leverage several times the amount of Fund resources that would need to be held in reserve to cover losses. This concept may be even more effective at leveraging resources if the Fund guarantee is backed by a USG guarantee.

Notwithstanding our view that we can achieve the above objectives without an increase in annual U.S. contributions, the Fund Board will presumably lobby to maintain all of its on-going programs, and will request that any new initiatives be funded with additional resources.

Drafted by AID/ENI for discussion purposes
September 15, 1994

✓
BY FAX - FOR THE WEEKEND



British Embassy
Washington

15 September 1994

3100 Massachusetts Ave. N.W.
Washington D.C. 20008-3600

Ms K Stephens
National Security Council
The White House
Washington DC 20506

Telephone: (02) 898 4242
Facsimile: (02) 898 4255

Dear Kathy,

U.S. ECONOMIC ASSISTANCE FOR NORTHERN IRELAND

I hope you enjoyed Turkey.

To help with your weekend work I have recapped the main points David Fell made to Nancy Soderberg on U.S. economic assistance yesterday.

David argued that the main thrust should be concentrated on investment in Northern Ireland. We strongly support the idea of an investment conference in Northern Ireland under U.S. sponsorship with Commerce Secretary, Ron Brown, leading a delegation of U.S. businessmen there. We are interested in the idea of establishing an equity fund under OPIC. But if this is to make a real contribution to investment in Northern Ireland, much will depend on the detailed terms, including the interest rate. As you probably know, an amendment has been added to the OPIC reauthorisation bill in the House that would take steps in this direction. Finally, David suggested a new idea in the taxation field, that would be extremely helpful in encouraging investment. The U.S. could offer to allow U.S. companies investing in Northern Ireland to write off the capital costs against taxation paid in the United States. This would avoid the complications involved in any tax on repatriated profits. It could be targetted at investments in particularly disadvantaged areas within Northern Ireland. Similar schemes exist elsewhere.

David also said that the IFI would welcome more money to do more of what it is already doing so well.

If the U.S. were looking for a flagship proposal that would make a difference on the ground in disadvantaged areas of Northern Ireland and give people hope, you could do worse than look at the

/Springvale



Springvale campus proposal. David raised this also with Jim Lyons, who thinks it has possibilities. Speaker Foley also expressed interest in the idea. I attach details.

David Fell also raised the Short Brothers missile Starstreak, which is made in Northern Ireland. Funds have been allocated to it in the current DOD Appropriations Bill for testing. DOD may buy the missile next year. If you do so, you could present this in a context of helping investment in Northern Ireland in a firm that has made real strides towards fair employment. I will send further details tomorrow.

Finally, David explained what we really meant by our green card proposal was that we would welcome U.S. assistance in providing training and job experience for the long-term unemployed, including former terrorists. The idea would be that some of those on training programmes might come to the U.S. for further training or work experience.

Please give me a call at home on (301) 229 7615 if I can be of any further help.

Yours truly
J. N. Powell

J N Powell

SPRINGVALE UNIVERSITY CAMPUS PROPOSAL

Background

1. In 1993, the University of Ulster announced that it was considering the possibility of establishing a new campus in the Springvale area of Belfast, a campus which would stretch between North and West Belfast, an area which has the highest levels of long-term unemployment and associated deprivation in Belfast. The University was conscious that higher education centres could play a powerful role within urban regeneration programmes, and were keen to explore the idea to assess the prospects of the campus acting as a catalyst for economic and social development in the area.
2. The need for general redevelopment in the area had already been recognized with the adoption of the Springvale Development Scheme by the Department of the Environment in 1990.
3. A Feasibility Study was duly commissioned by the University to assess the proposal, including the regenerative impact which it might be expected to have.

The Proposed Campus

4. **Site** - The Springvale site is approximately 2.5km (1.6 miles) from Belfast City Centre, and comprises 33.42 hectares (82.59 acres). It extends from West to North Belfast, stretching across the Peaceline. It would have to be accessible to students from both communities.
5. **Student Numbers** - The Feasibility Study envisaged a campus which would cater for 4,500 students - 3,000 full-time and 1,500 part-time, making a total of 3,750 full-time equivalent students. This figure would be made up of places transferring from other campuses (in Art and Design, Nursing and Therapies),

but would also involve additional overseas students and students who would otherwise leave Northern Ireland for higher education, so helping to retain highly qualified school leavers within the Province.

6. **Timescale** - It would take 4 years for the scheme to get off the ground, from the date on which a decision to proceed was made, and a further 5 years to achieve full capacity.
7. **Cost** - The capital costs would be in the region of £98m (at current prices) spread over an 8-9 year programme.
8. **Physical Facilities** - The main elements of the campus would be:
 - academic accommodation;
 - administrative accommodation;
 - residential accommodation for 750 students;
 - in-door sports facilities;
 - outdoor sports facilities;
 - cultural/artistic facilities;
 - environmental schemes;
 - road access.
9. **Environmental Aspects** - Particular attention would be paid to the environmental impact of the campus. Care would be taken to establish and develop wildlife habitats and to reinforce the waterside character of the existing water features (the Forth River, Mill Pond and Mill Race).

10. The scheme would achieve the visual, and environmental transformation of a semi-derelict site through the creation of an attractive parkland setting for the University which would maximise the potential of the existing water features and site topography to create visual interest, retaining key views across the valley, city and towards the hills.

Economic Impact

11. The economic impact was assessed in terms of the impact which the new campus would have on Belfast as a whole, although some aspects would impact particularly on the local area.
12. An estimate was made of economic impact based on levels of staff expenditure, student expenditure and non-salary expenditure of the University in purchasing goods and services. The level of wealth which would be generated by the fully operational campus was assessed as some £20m per annum.
13. The employment impact in terms of the direct creation of jobs would be in the region of 300, with a further 375 created by the capital programme which would stretch over a 10-year period. In addition, there would be an indirect impact, estimated at 410 jobs.
14. The existing occupational distribution of residents in the Springvale area is:
 - 19% have had no paid job in the last 10 years;
 - 16% are in craft and manual occupations;
 - 13% are in clerical and secretarial occupations;
 - 10% are in personal and protective services;

- 17% are in other occupations, typically unskilled manual occupations.
15. Initially, local people are likely to seek employment in the grades of trades person, cleaners, porters, security, catering, gardeners and bar staff. Potential would also exist in clerical, administrative and technical grades. Over time, it is expected that the existence of a University campus would improve the education and skills profiles of the residents of the Springvale area and hence enhance the prospects for employment of local people in the higher wage categories. Also, significant indirect job creation prospects exist as a result of establishing new shops, pubs and cafes to serve the staff and students at the campus.
16. The impact of the University campus would include:
- support to local industry: this would consist of University support to local companies in the form of technology transfer, the emergence of new firms from University activities, work-oriented training and support for economic development agencies;
 - enhanced capacity to attract inward investment: a number of Universities throughout the UK now identify support for inward investment as part of their industrial mission. The scientific and research strengths of a University can be a major locational asset when seeking to support existing industry or in attracting investors to an area. Also important is the potentially improved quality of the local labour market and the skills present in an area as a result of graduates, post-graduates and staff;
 - social and community development: University contributions manifest themselves in a number of ways including the provision of non-vocational (continuing)

education to the local population, access by the local community to University facilities, contributions to local cultural activities and the voluntary work of staff and students. The types of facilities a University can make accessible to the local community include sport/recreational facilities, libraries, conference/seminar rooms, theatres, concert halls and so forth. In addition local communities benefit from enhanced retailing facilities in the form of shops, restaurants, pubs, etc. In summary, Universities have a number of types of contact with their local communities - cultural, professional, research, training, teaching, special courses, voluntary work - which actively contribute to social and community development.

DJW/RJ/26545

SHORTS STARSTREAK

1. Short Brothers of Belfast are proposing the Advanced Starstreak Short Range Anti-Air Missile, which is now entering service with the British Army, as a solution to certain anti-air requirements in the US Army. First, as a complementary missile on the Avenger vehicle in the ground-to-air role; and second as an air-to-air missile for use on battlefield helicopters eg AH64 Apache. Starstreak is a very high speed beam riding weapon with very short reaction time, which offers particular advantages in defeating helicopter targets operating in clutter close to the ground, and which is immune to existing counter-measures.

2. The Congressional deliberations on the FY95 Defense budget have addressed the funding for trials of Starstreak. The Authorisations Conference agreed:

\$8M to conduct an operational evaluation of Starstreak in the ground-to-air role.

\$3M for the evaluation of Starstreak in the air-to-air role on the AH64 Apache.

3. It is hoped that the Appropriations Conference (due week beginning 19 September) will appropriate these same amounts to allow for the evaluation of Starstreak in both applications. Subject to successful progress with the evaluations in FY95, the DOD should budget in its Future Years Defense Programme to complete any residual operational evaluation activity, and to commence acquisition of Starstreak in these applications.

4. Short Brothers employ 8000 people in Belfast and throughout their facilities in Northern Ireland, and is a major contributor to the Northern Ireland economy. The company has long been committed to fairness in the workplace and has an extensive outreach to all the communities in Northern Ireland. Its achievements on fair employment have been widely recognised.

5. The evaluation and subsequent acquisition of Starstreak could be placed by the Appropriations Conference in the context of US economic assistance for Northern Ireland.

Options for increasing the reconciliation potential of the International Fund for Ireland

There are a considerable number of options for increasing the reconciliation potential within the existing annual contributions to the Fund. The balance for the line of credit to the Fund stands at \$29 million. With the FY 1994 level of \$19.6 not yet obligated and the scheduled FY 1995 level still in the budget, an announceable amount of \$40 million for new programs such as these could be made in November. Beyond U.S. assistance, the Fund will henceforth have additional contributions from the European Union. Earlier this week, the EU announced an increase in their annual contribution from 15 million ECU to 20 million ECU over the next three years.

Currently, the International Fund for Ireland runs nine programs which are designed to act as catalysts in encouraging the regeneration process by providing seed funding to stimulate private and public sector investment. Several of the existing programs could be redesigned to focus on activities in Northern Ireland and the border counties which more directly fosters reconciliation. Leveraging contributions to the Fund through setting up tax exempt status in the U.S., establishing matching grant programs and encouraging community proposals which contained elements of loan financing are all ways in which USAID could work with the International Fund for Ireland to meet the new challenges and have a greater impact.

I. Tax Exempt Status

One way to expand incentives for U.S. donations to the Fund would be to register the Fund as a U.S. entity therefore allowing them to qualify for tax exempt status (501c3). An alternative route would be to use an existing Irish-American organization with 501c3 status as a conduit for U.S. private donation to the Fund. It would be necessary to determine which Irish-American organizations are considered as having the capacity and a strong reputation for working in both the North and South. The enabling legislation does not prohibit the Fund from accepting private money.

II. Matching Grants

To further encourage investment from other sources, a matching grant program could be set up as an element of Fund activities whereby private donations could be matched with programs that meet specific criteria. Potentially, a third of the newly announced USG funding could be set aside for matching donations on a 1 to 2 basis. Criteria for programs which could receive these matching grants would be jointly determined by the Fund and USAID.

III. Guarantees

The Fund could set aside a portion of its money to guarantee loans issued by local banking institutions for approved purposes. This mode of leveraging additional resources may work best for productive credit to small enterprises. A Fund guarantee could potentially leverage several times the amount of Fund resources that would need to be held in reserve to cover losses. This concept may be even more effective at leveraging resources if the Fund guarantee is backed by a USG guarantee.

Notwithstanding our view that we can achieve the above objectives without an increase in annual U.S. contributions, the Fund Board will presumably lobby to maintain all of its on-going programs, and will request that any new initiatives be funded with additional resources.

Drafted by AID/ENI for discussion purposes
September 15, 1994

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

DIST: SODERBERG, LEBOURGEOIS, NSC, SUM2, VAX, VERSHBOW

PREC: IMMEDIATE CLASS: ~~CONFIDENTIAL~~ DTG: 141545Z SEP 94

FM: AMEMBASSY LONDON

TO:

RUEHC/SECSTATE WASHDC IMMEDIATE 7843

RUEHDC/USDOC WASHDC

RUEHDL/AMEMBASSY DUBLIN 2053

**DECLASSIFIED
PER E.O. 13526**

2011-0355-F (1.54)
KRM 4/11/2023

~~CONFIDENTIAL~~ SECTION 01 OF 03 LONDON 014600

COMMERCE FOR USDOC/4000/AS/IEP/CMEISSNER
AND USDOC/4200/DAS/EUR/PVARGO

E.O. 12356: DECL: OADR

TAGS: PREL, EAID, EFIN, UK, EI

SUBJECT: LOOKING FOR WAYS TO HELP THE NORTHERN IRELAND
PEACE PROCESS: THE ECONOMIC DIMENSION

REF: (A) STATE 244940 (B) 93 LONDON 22850 (C) LONDON
14240

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.

2. SUMMARY AND PRELIMINARY THOUGHTS: EMBASSY APPRECIATES OPPORTUNITY TO OFFER ITS VIEWS ON WAYS THE USG COULD SHOW ITS SUPPORT FOR THE PEACE PROCESS IN NORTHERN IRELAND. THE FOLLOWING REPRESENTS OUR PRELIMINARY THOUGHTS AND HAS BEEN COORDINATED WITH CONGEN BELFAST. EMBASSY OFFICERS WILL VISIT BELFAST AT THE END OF THE MONTH TO DISCUSS THE ECONOMIC SITUATION WITH A FOCUS ON WAYS TO PROMOTE PRIVATE INVESTMENT. PLEASE LET US KNOW BY COB SEPTEMBER 26 IF WASHINGTON AGENCIES HAVE ANY SPECIFIC INTERESTS THAT THEY WOULD LIKE EMBASSY OFFICERS TO ADDRESS DURING THIS VISIT.

3. OUR PRELIMINARY ANALYSIS SUGGESTS THE FOLLOWING U.S. INITIATIVES TO STIMULATE THE ECONOMY AND PROMOTE JOB GROWTH:

-- INVESTMENT CONFERENCE AND MISSION;

-- INCREASED FUNDING FOR INTERNATIONAL FUND FOR IRELAND (IFI) AND ACTION TO EXPEDITE IFI'S WORK AND ALLOW DIRECT PRIVATE CONTRIBUTIONS;

~~CONFIDENTIAL~~

- DIRECT AIR SERVICE FROM THE UNITED STATES;
- TOURISM PROMOTION;
- AGRICULTURAL ASSISTANCE; AND
- TECHNOLOGICAL COOPERATION.

WE DO NOT THINK IT LIKELY THE UK WOULD BE WILLING TO OFFER TAX BREAKS FOR INVESTMENT IN NORTHERN IRELAND.

4. IN FORMULATING U.S. INITIATIVES, WE BELIEVE IT IMPORTANT TO KEEP THE POLITICAL FRAMEWORK IN MIND, IN PARTICULAR THE NEED TO FOSTER TRUST AND COOPERATION FROM THE MAJORITY COMMUNITY. TO THIS END, USG SHOULD AT THIS STAGE AVOID MEASURES THAT TREAT THE ISLAND AS A UNIT OR SUGGEST THAT THE USG DOES NOT CONSIDER THE PROVINCE AN INTEGRAL PART OF THE UK. THAT SAID, ENHANCED ECONOMIC TIES WITH THE REPUBLIC OF IRELAND (OR JOINT APPROACHES TO SOMETHING LIKE TOURISM) COULD BE A USEFUL ELEMENT IN THE REVITALIZATION OF THE REGION'S ECONOMY. END SUMMARY

UK INCOME TAX REDUCTION

5. REF A ASKED FOR OUR VIEWS ON THE PRACTICALITY OF ENCOURAGING THE UK TO OFFER A LIMITED TAX EXEMPTION OR REDUCTION ON INCOME TAX FOR COMPANIES LOCATED IN NORTHERN IRELAND. WE THINK IT UNLIKELY THAT ANY SUCH MEASURE WOULD BE ENACTED FOR SEVERAL REASONS:

- THE LARGE UK BUDGET DEFICIT, CURRENTLY RUNNING AT ABOUT SIX PERCENT OF GDP, RESULTS IN STRONG RESISTANCE TO TAX CUTS OF ANY SORT.
- THERE IS ALREADY A NET UK SUBSIDY OF 4.5 BILLION DOLLARS A YEAR TO THE PROVINCE, SO THERE IS LITTLE INCLINATION TO PROVIDE MORE. THIS INCLUDES OUTRIGHT GRANTS TO PROMOTE OUTSIDE INVESTMENT.
- HM TREASURY STRONGLY OPPOSES DIFFERENT TAX RATES FOR ONE DISADVANTAGED REGION SINCE THERE ARE MANY OTHER AREAS THAT COULD QUALIFY. MOREOVER, TAX BREAKS LACK TRANSPARENCY, DISTORT ECONOMIC ACTIVITY AND PRESENT TAX ADMINISTRATION PROBLEMS.
- DIFFERENTIAL CORPORATE (OR INDIVIDUAL) TAX RATES FOR NORTHERN IRELAND WOULD REQUIRE FREESTANDING LEGISLATION IN THE PARLIAMENT. MP'S FROM EVERY OTHER DISADVANTAGED AREA IN THE UK WOULD CLAMOR FOR TAX BREAKS FOR THEIR CONSTITUENTS.
- FINALLY, IT IS DOUBTFUL THAT ANYTHING BUT A VERY

~~CONFIDENTIAL~~

LARGE TAX PREFERENCE WOULD HAVE ANY SIGNIFICANT EFFECT IN ATTRACTING NEW INVESTMENT. FOREIGN INVESTORS ALREADY FIND THE UK ONE OF THE MOST ATTRACTIVE SITES IN EUROPE EVEN WITH THE CURRENT CORPORATE TAX RATE OF 33 PERCENT. A REDUCTION TO THE TOP U.S. CORPORATE RATE OF 30 PERCENT WOULD ONLY PROVIDE MARGINAL BENEFIT TO U.S. FIRMS.

EXISTING INVESTMENT INCENTIVES

6. AS A POINT OF DEPARTURE WE HAVE EXAMINED EXISTING UK INCENTIVES TO PROMOTE INVESTMENT IN NORTHERN IRELAND. THE INDUSTRIAL DEVELOPMENT BOARD OF NORTHERN IRELAND (IDB) OFFERS A WIDE RANGE OF FINANCIAL ASSISTANCE TO PROMOTE INWARD INVESTMENT IN INDUSTRY AND TRADEABLE SERVICES:

- CAPITAL GRANTS UP TO 50 PERCENT OF THE COST OF THE PROJECT;
- TRAINING GRANTS;
- RENT GRANTS UP TO FIVE YEARS; AND
- INTEREST RELIEF GRANTS TO OFFSET INTEREST COSTS.

7. FISCAL 1993-94 (APRIL 1993 - MARCH 1994) WAS IDB'S MOST SUCCESSFUL YEAR SINCE 1982 WITH 13 INVESTMENTS TOTALING 260 MILLION POUNDS STERLING (413 MILLION DOLLARS), OF WHICH IDB GRANTS ACCOUNTED FOR 64 MILLION POUNDS (102 MILLION DOLLARS).

INVESTMENT PROMOTION

8. THE END OF VIOLENCE SHOULD ITSELF REMOVE A MAJOR IMPEDIMENT TO INVESTMENT. THE U.S. SHOULD REINFORCE THIS BY EXPLORING MEANS TO ENCOURAGE PRIVATE INVESTMENT AND JOB CREATION IN THE REGION. THE BEST WAY TO DO THIS IS PROBABLY BY MAKING BUSINESS MORE AWARE OF THE OPPORTUNITIES THROUGH INVESTMENT CONFERENCES AND MISSIONS. IDB OFFICIALS CLAIM THAT FULLY 24 OF THE 38 U.S. FIRMS PRESENTLY ACTIVE IN NORTHERN IRELAND DECIDED TO INVEST THERE BECAUSE OF THE EFFORTS, BOTH PROMOTIONAL AND FINANCIAL, OF THE IDB. (THESE U.S. FIRMS EMPLOY ,000 WORKERS AND HAVE INVESTED OVER 850 MILLION DOLLARS IN THE PAST FIVE YEARS.)

~~CONFIDENTIAL~~

9. WE BELIEVE A HIGH-LEVEL INVESTMENT CONFERENCE IN WASHINGTON THIS WINTER OR NEXT SPRING WOULD UNDOUBTEDLY SPARK INCREASED INTEREST WITHIN THE U.S. BUSINESS COMMUNITY. MANY OF THE U.S. FIRMS ALREADY OPERATING IN NORTHERN IRELAND COULD SHARE THEIR POSITIVE EXPERIENCE WITH THE PROVINCE'S HIGHLY-EDUCATED AND MOTIVATED WORKFORCE. A HIGH-LEVEL INVESTMENT MISSION TO NORTHERN IRELAND FROM THE U.S. AFTER SUCH A CONFERENCE WOULD ALSO BE USEFUL. AMCHAMS AND MANUFACTURING ASSOCIATIONS IN THE U.S., UK AND IRELAND SHOULD BE MOBILIZED TO SUPPORT THESE EFFORTS.

INTERNATIONAL FUND FOR IRELAND

10. WE CONSIDER THE INTERNATIONAL FUND FOR IRELAND (IFI) THE BEST WAY TO CHANNEL NEW USG FINANCIAL RESOURCES SINCE IT IS TRUSTED BY BOTH RECIPIENTS AND DONORS, INCLUDING THE CONGRESS. IT HAS PROVED ITSELF EFFECTIVE IN PUTTING RESOURCES DIRECTLY IN THE HANDS OF PEOPLE WHO KNOW THE PRIORITIES AND HAS EIGHT YEARS OF EXPERIENCE IN VETTING PROJECTS AND MONITORING RESULTS. MOREOVER, IF SOME NEW FOCUS OR ACCELERATION OF SPENDING IS DESIRED, A SPECIAL FACILITY COULD PROBABLY BE CREATED FOR THAT PURPOSE. BRITISH OFFICIALS, IN PARTICULAR, HAVE CRITICIZED IFI'S SLOW RESPONSE TIME, BUT WE SEE NO REASON WHY A CONCERTED EFFORT ON OUR PART COULD NOT SPEED UP THE PROCESS.

11. IT MIGHT BE WORTHWHILE TO CONSIDER WHETHER IT IS POSSIBLE TO REVISE THE IFI TO ALLOW DIRECT CONTRIBUTIONS FROM INDIVIDUALS AND PRIVATE ORGANIZATIONS. DOING SO COULD INCREASE PUBLIC AWARENESS AND SUPPORT FOR ITS ACTIVITIES.

NEED FOR DIRECT AIR LINK WITH U.S.

12. WE HAVE BEEN STRUCK THAT IN VIRTUALLY EVERY DISCUSSION REGARDING U.S. INVOLVEMENT IN THE PROVINCE'S ECONOMY OUR INTERLOCUTORS EMPHASIZE THE NEED FOR DIRECT IR SERVICE FROM THE UNITED STATES. SUCH AN AIR LINK IS WIDELY SEEN AS CRUCIAL TO ATTRACTING BOTH POTENTIAL INVESTORS AND TOURISTS.

13. CURRENTLY ONE SMALL U.S. CARRIER, AMERICAN TRANS AIR, FLIES BETWEEN BELFAST AND THE U.S. THE WEEKLY (BIWEEKLY IN SUMMER) FLIGHT FROM NEW YORK LANDS IN BELFAST, CONTINUES TO RIGA, LATVIA, AND RETURNS BY THE SAME ROUTE. NO U.K. CARRIER PRESENTLY OPERATES A DIRECT FLIGHT BETWEEN BELFAST AND THE U.S., ALTHOUGH THE U.K. COULD ADD BELFAST AS AN ADDITIONAL GATEWAY UNDER ARTICLE 6 OF THE BILATERAL AGREEMENT.

~~CONFIDENTIAL~~

14. AIRLINE COMPANIES, OF COURSE, MUST THEMSELVES DECIDE ON COMMERCIAL GROUNDS WHETHER POTENTIAL TRAFFIC FROM OTHER U.S. GATEWAYS WOULD WARRANT SERVICE. IN THE NEXT ROUND OF CIVIL AVIATION TALKS WITH HMG, THE USG COULD RAISE THE POSSIBILITY OF ADDITIONAL CHARTERS AND "EXTRA-BILATERAL" SCHEDULED SERVICES TO BELFAST. IT WOULD BE HELPFUL TO NEGOTIATE FULL 5TH FREEDOM TRAFFIC RIGHTS.

TOURISM PROMOTION

15. MOST ANALYSTS CONSIDER THE TOURISM INDUSTRY TO BE THE BEST PROSPECT FOR MUCH NEEDED NEAR-TERM JOB CREATION. TWENTY FIVE YEARS OF POLITICAL VIOLENCE HAVE WREAKED HAVOC ON THE PROVINCE'S TOURISM INDUSTRY.

16. TOURISM EARNINGS CONTRIBUTE ONLY 1.5 PERCENT TO THE REGION'S GROSS DOMESTIC PRODUCT, COMPARED TO 5.6 PERCENT IN THE REST OF THE BRITISH ISLES. WHILE OVER 1.2 MILLION TOURISTS VISITED NORTHERN IRELAND LAST YEAR, TOURISM OFFICIALS TELL US OF THEIR CONCERN THAT MOST WERE VISITING RELATIVES (AND THEREFORE NOT STAYING IN HOTELS) OR ON BUSINESS TRIPS. THEY EXPECT PEACE WILL GREATLY INCREASE THE NUMBERS COMING PURELY FOR HOLIDAYS, WHO NOW ONLY ACCOUNT FOR 20 PERCENT OF VISITORS, COMPARED TO 49 PERCENT IN THE REPUBLIC OF IRELAND AND 44 PERCENT IN GREAT BRITAIN. SUCH "PURE HOLIDAY MAKERS" SPEND FAR MORE PER PERSON ON LODGING, MEALS AND SIGHTSEEING.

17. A RECENT REPORT FROM THE CONFEDERATION OF BRITISH INDUSTRY (CBI) ESTIMATES THAT THE TOURISM INDUSTRY COULD GENERATE AN ADDITIONAL 3,000 JOBS IN THE SHORT TERM AND UP TO 10,000 BY THE END OF THE DECADE, A NUMBER EQUIVALENT TO ROUGHLY HALF THE JOBS EXPECTED TO BE LOST IN THE SECURITY INDUSTRY OVER THE NEXT FIVE YEARS.

18. USG INITIATIVES IN THIS SECTOR MIGHT INCLUDE TOURISM PROMOTION AT INVESTOR CONFERENCES AND INCREASED FUNDING FOR PROJECTS, ESPECIALLY THROUGH THE INTERNATIONAL FUND FOR IRELAND, TO IMPROVE THE TOURISM INFRASTRUCTURE. (WE UNDERSTAND THAT THE CONGRESS IS NEGATIVE ABOUT TOURISM PROJECTS (REF C) SO WE WOULD HAVE

~~CONFIDENTIAL~~

TO TRY AND CHANGE THEIR VIEWS ON THIS.)

AGRICULTURAL ASSISTANCE

19. NORTHERN IRELAND'S AGRI-FOOD SECTOR IS RELATIVELY MORE IMPORTANT THAN IN VIRTUALLY ANY OTHER REGION OF THE UK, ACCOUNTING FOR SEVEN PERCENT OF GDP AND 10 PERCENT OF EMPLOYMENT. AS A RESULT, IT IS THREE TIMES MORE IMPORTANT TO THE ECONOMY OF NORTHERN IRELAND THAN IS THE CASE FOR THE UK AS A WHOLE. AS NORTHERN IRELAND HAS A POPULATION OF ONLY 1.5 MILLION, THE AGRI-FOOD INDUSTRY RELIES HEAVILY ON EXPORTS.

20. NORTHERN IRELAND RECENTLY APPLIED FOR USDA APPROVAL FOR ITS SLAUGHTERHOUSES TO EXPORT TO THE UNITED STATES. A TEAM FROM USDA'S FOOD SAFETY AND INSPECTION SERVICE IS PLANNING TO VISIT NORTHERN IRELAND IN THE NEAR FUTURE. CONSIDERATION COULD BE GIVEN TO EXPEDITING THE APPROVAL PROCESS.

21. ANOTHER POSSIBLE U.S. INITIATIVE COULD INVOLVE DEVELOPING A PROGRAM SIMILAR TO SECTION 1420 OF THE 1985 FARM BILL WHICH PROVIDES ASSISTANCE TO THE REPUBLIC OF IRELAND. AGRIBUSINESS ALSO SHOULD BE MADE AN INTEGRAL PART OF ANY INVESTMENT MISSION.

TECHNOLOGICAL COOPERATION

22. ONE AVENUE FOR ENHANCING COOPERATION IN THE SCIENCE AND TECHNOLOGY AREA WOULD INVOLVE ESTABLISHING COLLABORATION AMONG "TECHNOLOGY INNOVATION CENTERS" THAT HAVE ALREADY BEEN SET UP IN THE U.S. AND NORTHERN IRELAND. MARY GOOD, USDOC UNDER SECRETARY FOR ECHNOLOGY, EXPLORED THIS POSSIBILITY DURING HER VISIT TO NORTHERN IRELAND IN JUNE.

CROWE
BT
#4600

NNNN
<^SECT>SECTION: 01 OF 03
<^SSN>4600
<^TOR>940914115246 M1251992
<^SECT>SECTION: 02 OF 03
<^SSN>4600

Visa Options for Northern Ireland Residents

IMMIGRANT VISAS

- U.S. Immigration law strictly defines the number and categories of immigrant visas which may be issued to foreign nationals. Immigrant visas may not be distributed at the discretion of the Executive Branch.
- Generally, immigrant visas may only be granted based on either family relationships or employer sponsorship. "Quotas" are no longer established on the basis of nationality.
- There is currently no legal basis to make available additional immigrant visas to residents of Northern Ireland. To do so would require legislated changes to the Immigration Act.

NONIMMIGRANT VISAS

- Nonimmigrant visas are visas for temporary entry into the United States for a specific purpose. Certain categories of nonimmigrant visas could allow for the temporary entry of residents of Northern Ireland. A few examples are:
- The J-1 Exchange Visitor - This category, which is administered by USIA, permits academic and cultural exchanges between the U.S. and foreign countries. A specific program for Northern Ireland could be established under the auspices of USIA.
- The H Temporary Work Visa - H-1 visas are issued to registered nurses and aliens in certain specialty occupations. H-2 visas are issued to aliens coming to perform agricultural labor or other services where the Department of Labor has certified that unemployed persons capable of performing such service cannot be found in this country. H-3 visas are issued to trainees coming temporarily to the U.S. Programs could be established by private organizations or businesses who would submit the required petitions to INS for approval.
- Nonimmigrant visas are by definition for temporary stays in the U.S. U.S. law requires applicants for nonimmigrant visas to overcome a legal presumption that they intend to immigrate. Adjudicating officers look to evidence of

-2-

employment abroad, and family social and professional ties, to overcome the presumption. Some of the individuals at whom these programs would be directed may lack such ties abroad and thus may have difficulty qualifying under this provision.

- Use of nonimmigrant visa categories would generally depend on sponsoring agencies, such as USIA or AID, or private industry, establishing programs and providing the resources to sponsor nonimmigrants.

- TAB A - Overview of U.S. Immigration Law relating to issuance of Immigrant visas.
- TAB B - Categories of Nonimmigrant Visas
- TAB C - Statistics on Visa Issuance in Northern Ireland and the Republic of Ireland.

TAB A

Overview of U.S. Immigration Law

The Immigration and Nationality Act (INA) provides the structure for immigration into the United States. The Act provides for the issuance of approximately 675,000 immigrant visas in FY95. Visas are issued to immediate relatives of U.S. citizens and certain special immigrants without limitation. A minimum of 226,000 family preference visas are issued to adult children and siblings of U.S. citizens and spouses and children of lawful permanent residents. 140,000 employment preference visas are issued to professionals, and skilled and unskilled workers in various categories. The INA also provides 55,000 visas to be issued under the Diversity immigrant visa program (the "Visa Lottery").

The INA was amended in 1965 to eliminate national origin "quotas" governing entry of immigrants from individual countries. The law now provides worldwide maximum yearly totals and a uniform country maximum of 7% of the preference categories (i.e., 27,845) which prevents nationals of any country from monopolizing the numbers of visas available each year. The system of preference categories also provides for the allocation of the limited number of visas available among the various categories.

A U.S. citizen or permanent resident or a U.S. employer (in most cases after obtaining certification from the Department of Labor) initiates an immigrant's application by submitting a petition to the U.S. Immigration Service. Once those petitions are approved by INS they are acted on in turn by the State Department according to the date they were filed. There are currently approximately 3.6 million petitions which await processing. This backlog applies uniformly to all countries, although 3 countries (India, Mexico and the Philippines) account for half the backlog. Five countries have reached the per country maximums.

The Immigration Act of 1990 provided for a transitional lottery program (AA-1) which has now ended, and the creation of a permanent Diversity Visa lottery program (DV-1). The AA-1 lottery provided 40,000 visas annually for three years to countries which were adversely affected by the changes in immigration patterns resulting from previous immigration laws. By the deliberate intent of Congress, 40 percent of the AA-1 visas were allocated to natives of Northern Ireland and the Republic of Ireland.

The DV-1 lottery, on the other hand, is meant to compensate for current patterns of immigration from many countries by distributing 55,000 visas annually in a complex formula which allocates larger numbers to areas of historically low immigration. Thus, a large percentage of these visas will go to African countries. Countries which have sent more than 50,000 immigrants to the U.S. in the previous five years are not eligible to participate. The Republic of Ireland was eligible this year, as was Northern Ireland, which is treated as a separate entity for purposes of the DV lottery, although it is not for regular immigration.

VISA CATEGORIES

Nonimmigrant Visa Categories

A.....Foreign Government Officials
B.....Visitors
C.....Aliens in Transit
D.....Crewmen
E.....Treaty Traders/Investors
F.....Students - Academic
G.....International Organization Aliens
H.....Temporary Workers
I.....Foreign Information Media
J.....Exchange Visitors
K.....Fiance(e)s
L.....Intracompany Transferees
M.....Students - Vocational
N.....Parents of certain Special Immigrants
 (retired officers/employees previously
 accorded G-4 visa status)
O*.....Aliens of extraordinary ability in the
 sciences, arts, education, business, or
 athletics
P*.....Renowned artists, entertainers and athletes
 coming for internationally recognized, or
 culturally unique performances
Q*.....Participants in international cultural
 exchange programs which provide practical
 training, employment, and which involve the
 sharing of the history, culture, and
 traditions of the applicant's country
R*.....Certain religious workers
NATO.....Representatives and staff of member states
 to NATO

* (New categories established under the Immigration Act of 1990, and effective October 1, 1991).

IMMIGRATION FROM THE REPUBLIC OF IRELAND AND NORTHERN IRELAND
FISCAL YEARS 1976 - 1986

From FY-1976 through FY-1979, INS reported a grand total of 6,864 immigrant admissions from the Republic of Ireland and Northern Ireland combined. Of this total, 4,873 (71%) were natives of the Republic of Ireland and 1,991 (29%) were natives of Northern Ireland. Subsequent to FY-1979, INS has not published immigrant admissions statistics for Northern Ireland separate from the rest of the United Kingdom.

In FY-1987, a total of 3,124 immigrant visas were issued in the Republic of Ireland (Dublin) and Northern Ireland (Belfast) combined. Of this total, 2,921 (93.5%) were issued at Dublin and 203 (6.5%) were issued at Belfast.

Belfast ceased to issue immigrant visas in FY-1988. All immigrant visas in the United Kingdom are issued at London. Separate statistics are not maintained on Northern Irish residents although 2 to 3% of the total United Kingdom issuance in the regular (i.e., non-lottery) visa categories is believed to be a reasonable estimate.

IMMIGRATION FROM THE REPUBLIC OF IRELAND AND NORTHERN IRELAND
IN THE AA-1 LOTTERY, IMMEDIATE RELATIVE, AND PREFERENCE CATEGORIES
FISCAL YEARS 1992 - 1994

Fiscal Year	Republic of Ireland			Northern Ireland 1/		
	AA-1	IR + Pref.	Total	AA-1	IR + Pref.	Total
1992	13,170	1,800	14,970	1,460	450	1,910
1993	12,623	1,332	13,955	1,400	333	1,733
1994 (est.)	18,900	821	19,721	2,100	205	2,305

1/ Separate statistics are not maintained for Northern Ireland. Figures are based on estimates.

NUMBER USE IN THE "LOTTERY" VISA CATEGORIES - FOR IRELAND
FISCAL YEARS 1987 - 1994

<u>Fiscal Year</u>	<u>NP-5</u> 1/	<u>OP-1</u> 2/	<u>AA-1</u> 3/	<u>Total</u>
1987	1,735	--	--	1,735
1988	2,185	--	--	2,185
1989	8,529	--	--	8,529
1990	3,900	125	--	4,025
1991	2,214	80	--	2,294
1992	--	--	14,630	14,630
1993	--	--	14,023	14,023
1994	--	--	21,000 (est.)	21,000
TOTALS	18,563	205	49,653	68,421

1/ Figures are for Republic of Ireland only. (Northern Ireland was included under "Great Britain and Northern Ireland" in the NP-5 program.)

2/ Figures are for Republic of Ireland only. (Great Britain and Northern Ireland did not qualify for the OP-1 program.)

3/ Both Republic of Ireland and Northern Ireland are included in the figures for Ireland in the AA-1 program.

~~CONFIDENTIAL~~

INTERAGENCY MEETING ON ASSISTANCE OPTIONS FOR NORTHERN IRELAND

DATE: September 8, 1994

LOCATION: White House Situation Room

TIME: 3:00 pm

I. PURPOSE

To agree on a set of proposals for supporting the Northern Ireland peace process.

II. BACKGROUND

This meeting follows up our initial September 2 meeting, adding several new participants. The basis for discussion will be the papers prepared by various agencies as agreed September 2.

III. DISCUSSION ITEMS

- Presidential Conference on Trade and Investment State Attachment A
- Other Investment Options.....OPIC
- International Fund for Ireland:.....AID
 - o Increasing Funding, and/or
 - o "Reinventing IFI" - Attachment B
- Loan Guarantee Program.....OMB Attachment C
- Tax-related Options.....Treasury Attachment D
- USIA Programs.....USIA Attachment E
- NDI/NED Programs.....NSC/NDI Attachment F
- The British Non paper: "What Northern Ireland Needs"..NSC Attachment G
- The Congressional Angle.....NSC Attachment H
- The EU Angle.....NSC Attachment I

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By NARA, Date 12/23/15
201-855-F

Presidential Conference on Northern Ireland

Planning A Conference

Mr. John Duffy, who is promoting the idea of a trade and investment conference for Northern Ireland under the sponsorship of the Presbyterian Church U.S.A. and the Conference of Catholic Bishops, discussed the status of plans as of September 6.

- No specific arrangements have been made. Perhaps a D.C. conference planning firm could be contracted with to handle "all those details". Late March would be the best time to hold it, capitalizing on the surge of interest in Ireland around St. Patrick's Day.
- No funds have yet been identified to support the conference. Perhaps the USG might be able to fund it; alternatively corporate sponsors could be found.
- Duffy stated that we will need to tread carefully, as encouraging investment in Northern Ireland could inadvertently have the net effect of taking it from the Republic of Ireland.
- Duffy and his counterpart from the Catholic Bishops Conference would like to meet with EUR/NE when they visit Washington September 13.

The EU Angle

Initial thoughts on possible EU involvement in this or a similar conference, as follows:

- We should emphasize investment promotion in Northern Ireland, not trade. Preferential trade arrangements for the EU or straight-out import promotion schemes either raise technical GATT problems or possible political sensitivities.
- Although it is unlikely, the EU might be interested in cosponsoring such an event with the USG, but we should approach Ireland and the U.K. first, outlining our concept for participation/sponsorship of the conference and asking if they would like to join us.
 - o Moreover, we should consider suggesting that Ireland and the U.K. approach the EU on cosponsorship, if they believe that would be a more successful method of getting the EU on board.
- Church cosponsorship of the conference could complicate an EU decision to cosponsor.

13

**OPTIONS FOR INCREASING THE RECONCILIATION POTENTIAL OF THE
INTERNATIONAL FUND FOR IRELAND**
(without increasing annual U.S. Government contributions)

The International Fund for Ireland ("the Fund") was established in 1986 to demonstrate US support for the Anglo-Irish Agreement. The overall objectives of the Fund are to promote economic and social advancement and to encourage contact, dialogue, and reconciliation between nationalist and unionist throughout Ireland and Northern Ireland.

To date, the United States has contributed \$210 million to the Fund of which \$31 million has not been drawn down as of the last financial report. In addition, there is \$19.6 million in Fiscal Year 1994 funds not yet signed up, and an equal amount is presently planned in new Fiscal Year 1995 funds.

I. Broadening funding sources for the International Fund for Ireland

There is nothing to prohibit the Fund from accepting private contributions from the U.S. or independent donors. Currently, only small contributions have been made by communities which are directly participating in Fund projects. Establishing a mechanism to encourage private U.S. citizens, corporate foundations and entities such as the American Fund for Ireland to contribute directly to the Fund along with the increasing of EU contributions could assist in leveraging U.S. monies.

II. Increasing cross border and cross community dimension of Fund activities

During the conflict in Northern Ireland, possibilities for the Fund's activities in the area of cross border and bi-communal activities were limited. Under the premise that "discord and violence tend to flourish where economic malaise predominates", the Fund has financed economic development activities that do not always have a direct reconciliation dimension. With peace, there is the prospect of funding more opportunities to bring communities together.

The recommended course of action would be to narrow the focus of the Fund's activities to more immediately and directly answer the needs of reconciliation. Rather than supporting the broad definition for changing the economic malaise that exists in these areas, the Fund would sharpen their activities to bring people together. For example, focussing lending operations on companies that specifically employ people from both communities or supporting activities which bring people together in a bi-communal nature. This effort would make reconciliation a more direct goal of each activity that the Fund supports.

drafted by AID/ENI for discussion purposes
September 8, 1994

C

September 8, 1994

Loan Guarantee Program for
Northern Ireland and the Republic of Ireland

Proposal: Develop a loan guarantee program for Northern Ireland and the Republic that would provide USG guarantees to private lenders for loans to governmental entities and private foundations for: (1) urban infrastructure, (2) housing, (3) and business credit.

Background: According to a September 2nd Non Paper, HMG would welcome US assistance in a number of sectors where loan guarantee funding might be appropriate, including: (1) up-grading rail connections and road works, (2) private sector housing in inner city areas, and (3) and business education. Existing legislation, the Foreign Assistance Act of 1961, as amended, provides loan guarantee authority for urban infrastructure and housing.

Issue for Decision: Whether to proceed with the development of a loan guarantee program.

Pros:

- o While a loan guarantee program might not be viewed as "economic assistance" by the Irish and British governments, it would provide a vehicle for the USG to demonstrate support for the reconciliation process.
- o Would have lower budgetary cost than grants.

Cons:

- o Not clear that such a program is necessary for financing to be available for these purposes, since both Governments have ready access to capital. (The UK is rated "-" and the Republic of Ireland is rated "-".)
- o Such a loan guarantee program would not be a good programmatic fit with existing credit agency activities since OPIC guarantees US equity investments and Eximbank guarantees US exports. AID's Housing Guaranty and Micro and Small Enterprise programs are a closer fit but their funding is limited.
- o A special Irish loan guarantee program would require authorizing legislation and an appropriation for subsidy costs that cannot be estimated at this time. It would necessitate budget trade-offs within the Function 150 area. Subsidy costs for sovereign guarantees would be low, but budget costs for non-sovereign guarantees could be high.
- o The start up of a new loan guarantee program would require time and effort to determine financial risks of prospective projects, develop guarantee instruments (percent of guarantee coverage, fees, terms and eligible lenders and borrowers) and to negotiate transactions.



DEPARTMENT OF THE TREASURY
WASHINGTON

SEP 6. 1994

ASSISTANT SECRETARY

MEMORANDUM FOR KATHLEEN STEPHENS
DIRECTOR, EUROPEAN AFFAIRS
NATIONAL SECURITY COUNCIL

FROM: LESLIE B. SAMUELS *LBS*
ASSISTANT SECRETARY (TAX POLICY)

SUBJECT: *Tax Exemption for Northern Ireland*

Summary

The proposed five year tax exemption for Northern Ireland subsidiaries of U.S. companies would seriously damage future U.S. tax treaty policy, would have spill over effects on existing treaties with at least eight other countries, including China and India, and would almost certainly be defeated by the Senate. The companion proposal to encourage the United Kingdom to lower its tax rate in Northern Ireland, if implemented without a U.S. tax exemption, would actually have a more positive long-term effect on U.S. investment in Northern Ireland.

Current U.S. Tax Policy

The United States already provides deferral of U.S. tax on the earnings of foreign subsidiaries of U.S. companies providing that the earnings are reinvested in the foreign subsidiary and the subsidiary is engaged in an active business. This deferral from U.S. tax provides an incentive for companies to invest in places with low tax rates similar to those found in the Republic of Ireland. If the United Kingdom were to lower its tax on income earned by companies located in Northern Ireland, U.S. companies would have a similar incentive to locate in Northern Ireland. If the United States were to provide an exemption from U.S. tax in those situations, the exemption would actually have the perverse effect of encouraging those companies to repatriate their earnings from Northern Ireland before the end of the five year period so that they could take advantage of the tax exemption. If the current U.S. system were to remain in place, companies would instead have an incentive to continue their operations in Northern Ireland and invest their earnings in Northern Ireland, rather than repatriating those earnings to the United States.

Effect on U.S. Treaty Policy

The United States is frequently asked to provide exemptions of this kind (often called tax sparing) to developing countries.

We have consistently refused to do so. In addition, discussions on this topic with the Senate over several decades have shown that body is strongly opposed to providing tax sparing at any time. Further, we had recent discussions with tax officials from France, Germany and the United Kingdom to the effect that the tax sparing in tax treaties should be discouraged.

Providing this incentive to Northern Ireland would have serious adverse implications for U.S. treaty policy. At the insistence of several of our treaty partners, we have included a provision in certain treaties that if the U.S. ever makes an exception to its rule against tax sparing, then the same benefit would be extended to these countries. These clauses were included with the expectation that no such exception would be made. Thus, if an exception is made for Northern Ireland, the United States would be required to immediately reopen negotiations with Morocco, Malta, Barbados, Jamaica, Cyprus and South Korea. In addition we would be required to "promptly amend" our treaties with China and India in order to incorporate the same provision that we were offering to Northern Ireland.

The U.S. would also have to abandon any hope of completing treaties with other developing countries in order to lower withholding taxes paid by U.S. companies because those countries would insist on receiving the same benefits.

The precedent established also probably would create pressure to introduce similar tax incentive programs for other troubled foreign areas, like Bosnia, etc.

Collateral Political Ramifications

One of the President's campaign promises was to eliminate tax incentives for U.S. companies to export jobs. This type of provision would be seen as a move in the opposite direction and could prove to be a serious embarrassment to the administration.

Mr. Gephardt and other Members of Congress, have introduced bills designed to curb "runaway plants". These Members would be certain to oppose a proposal to offer unique tax incentives for companies to move jobs to Northern Ireland.

Moreover, any such proposal would require legislation and be scored for a tax revenue loss under the PAYGO budget rules. A revenue offset would be required, a sensitive project that may be characterized as a tax increase bill.

**United States
Information
Agency**

Washington, D.C. 20547



September 8, 1994

MEMORANDUM FOR: NSC - Nancy Soderberg
FROM: USIA/WEU - John P. Harrod, Director *John P. Harrod JPH*
SUBJECT: Possible USIS Programming to support the Peace Process in Northern Ireland

Exchanges: Expand USIS exchange activity as possible. Currently, Northern Irish grantees participate in a range of USIS exchange programs, from the International Visitor and Voluntary Visitor programs to specialized programs in American studies. USIS London currently uses about 6 International Visitor grants in Northern Ireland. A sharp increase in the coming FY is not likely. However, USIA's Voluntary Visitors' program can be expanded. The Voluntary Visitor program can organize IV-like projects for individuals and groups when international travel can be funded by other organizations, such as the International Fund for Ireland.

Projects like the border counties community worker project now in the planning by USIS (paid for by the International Fund for Ireland, organized by USIS Dublin and CG Belfast, and programmed by Voluntary Visitors) should be expanded. This IFI-funded Voluntary Visitor project will bring about 30 grantees to the U.S. in three groups for about 2 weeks each starting in October 1994.

Bottom line: Current USIS exchange programs could be expanded with IFI and other private and USG funds. Human rights, democracy, conflict resolution, and community development are promising topics for additional exchange projects.

Educational exchanges: Greater Northern Ireland participation in Fulbright academic and teacher exchange programs. Several approaches could be explored, such as including a Northern Irish representative on the Irish Fulbright Commission or seeking additional funding for a scholarship or an academic chair on a topic relevant to the peace process in Northern Ireland.
FYI: Currently potential candidates for Fulbright programs from Northern Ireland can apply either through the Irish or British commissions.

Speakers: This is an important area for expansion. Already for FY-95, USIS London has planned expanded programs in Northern

Ireland. One project in the works is a seminar on conflict resolution co-sponsored by the Peace Studies Program at the University of Ulster, likely involving a similar group from Dublin. USIS speakers will be increased in Northern Ireland, directly under USIS auspices or co-sponsored to attend the many conferences organized by universities and other groups. Important topics would be conflict resolution, community development, women and minority rights, local government, and grass roots democracy.

Cultural programs: In FY-94, USIS London began expansion in this area through small grants given to community arts organizations to promote exchange between Northern Irish artists and performers and American counterparts. In FY-95 USIS London plans to fund an American participant for the Belfast Folk Festival in August 1995. The Ulster Folk Museum has participated in the Museum Partnership program, exchanging staff with a U.S. museum. There is great potential to expand placement of American Cultural Specialists at cultural institutions and to increase facilitative assistance to museums and cultural organizations. As in other program areas, cultural programming will emphasize cross community contact.

Worldnets and Teleconferences: USIS has a satellite dish (TVRO) located at the Consulate General in Belfast and has maintained an active program of interactive dialogues for several years on a variety of subjects, including community theater and education. This capability can be utilized to put Northern Irish leaders in all fields directly in touch with their U.S. counterparts. In addition, Worldnets can link participants in Dublin, London, and Belfast.

Teleconferencing is another USIS program tool that is flexible, inexpensive, and well-adapted to fast-breaking policy issues.

Coordination between USIS London and USIS Dublin: USIS London and Dublin are working closely to coordinate their activities in a range of areas to support the peace process. The PAOs from London and Dublin will visit Belfast together in October 1994 to examine further cooperation.

Idea of an "America House": This is not feasible nor is it desirable. Program priorities can be better addressed through the means described above. In addition, permanent installations of this kind require very large resource commitments, which could be better used for program expansion.

NORTHERN IRELAND: PLURALISTIC POLITICS IN A DIVIDED SOCIETY

U.S. GRANTEE:

The National Democratic Institute
for International Affairs

U.S. Subgrantee:

The Center for Emerging Democracies

DATE OF PROJECT:

April 1 - November 30, 1994

AMOUNT REQUESTED:

Direct Costs \$ 120,228
Indirect Costs \$ 32,702
Cooperative Agreement \$ 47,850
Total Costs \$ 200,780

I. SUMMARY

NDI proposes to conduct a political party training program with the constitutional parties in Northern Ireland. The program will aim to strengthen political parties and the practice of politics in Northern Ireland while also examining issues of politics in a divided society. In convening parties with strong ideological differences, the program would focus on the parties' structural similarities and shared civic responsibilities. Mid-level and future party leaders will be invited to participate in the program which will combine roundtable dialogues regarding political parties in divided societies and training in the field of political party organization. NDI plans to develop and execute this program in collaboration with Initiative '92 in Northern Ireland, the Frei Foundation in the Netherlands and the Center for Emerging Democracies (CED) in the U.S. A comprehensive report focusing on the practice of politics in a divided society will be written by the CED at the conclusion of the program.

II. BACKGROUND

While decades of unremittent political violence have taken thousands of lives in Northern Ireland, the violence and an invariable political stalemate have eroded the democratic infrastructure of Northern Ireland.

An independent commission of inquiry set up by the citizens' group, Initiative '92, recently examined this issue. With input from 3,000 people through written submissions, focus groups and hearings held across Northern Ireland, the commission came to several conclusions. The commission discovered that the decline of democracy and civic standards in Northern Ireland can be associated with the withdrawal of large portions of society from the political arena. The professional, business and middle classes have "opted out" of the political process, leaving a political void in the center.

According to respondents to the Initiative '92 study, the failure of the citizens of Northern Ireland to participate in politics is exacerbated in part by the direct rule of the United Kingdom's parliament. This system of governance gives extraordinary power to the UK's secretary of state for Northern Ireland. In addition, the legislature at Westminster is comprised largely of Britain's political parties, which do not formally exist in Northern Ireland, and is viewed as neither representative of nor responsive to the people of Northern Ireland. This disconnect between the electorate in Northern Ireland and the parliament in Britain also frustrates Northern Ireland's local politics. The absence of democracy and of accountability to the electorate means that politicians in Northern Ireland have no forums in which to develop and practice political skills. This, in turn, results in poor leadership and deficient representation. Many people who otherwise might join a political party choose instead to join a community organization.

From 1986 to 1989 NDI, in conjunction with the John W. McCormack Institute at the University of Massachusetts, conducted a political party building and leadership development project with one of Northern Ireland's constitutional political parties, the Social Democratic and Labour Party (SDLP). The project was judged by the SDLP and other parties in the region to be quite important in assisting the SDLP to develop a modern political organization. Consequently, party leaders from across the ideological and sectarian spectrum have requested a training program for all parties that would be designed to meet the realities of today's politics in the region. Because of this earlier programmatic work and the several people from Northern Ireland who have participated in NDI's party building programs elsewhere, the Institute has remained well informed of the changing political culture in this divided society.

III. OBJECTIVES

NDI intends to develop a program that is specifically tailored to address the needs of individual parties in Northern Ireland. The Institute, in partnership with other international political development organizations, will organize a series of workshops and consultations aimed at training mid-level and future leaders in the role and responsibilities of political parties, modern communication techniques and organizational methods.

The objectives of the program are:

1. to help diminish the sectarian nature of politics in Northern Ireland;
 2. to introduce a common political vocabulary in order to create possibilities for establishing common ground among the parties;
 3. to impart to future political leaders an awareness of the responsibility of political parties to the greater good of their community.
-

IV. PROGRAM ACTIVITIES

This program is structured in three phases to take place throughout 1994. At the completion of each phase an evaluation will be conducted to assess the impact of previous work and to adjust the future activity according to the relevant experience. The program will begin with a series of individual, all-party consultations and be followed by two all-party training seminars. All constitutional parties have indicated an interest in this type of training and will be invited to participate in the program. The targeted parties include the Alliance Party (AP), the Democratic Unionist Party (DUP), the Official Unionist Party (OUP) and the Social Democratic and Labour Party (SDLP). Each party, with attention to gender and geographic diversity, will identify three participants, whose participation will be constant for the duration of the program. In addition to participation in this specific program, NDI will involve these people in some of its other international programs as resource personnel.

In PHASE I NDI will sponsor a team of political organizing experts from each of the partner institutions to visit Northern Ireland for intensive one-on-one consultations with the primary and secondary leadership of each party. The schedule will be arranged by the Belfast-located staff of Initiative '92. The purpose of the consultations will be to identify:

- the strengths and weaknesses of each party;
- the specific interests of each party in participating in the project; and
- the party representatives who will be invited to participate in the program.

At the conclusion of the mission a working group of the sponsoring organizations and representatives of the parties will convene to formulate the agenda for the first conference. The group will also identify the areas of trainer expertise needed and the countries from which they would like to bring trainers for the workshops. In choosing international trainers, the group will look particularly to countries which share an experience of politics in a divided society.

In PHASE II the Frei Foundation will organize the first all-party workshop, which will take place in the Hague. The three-day program will include a mix of plenary sessions, interactive workshops and one-on-one meetings. The first plenary session will examine the results of Initiative '92's recently conducted public opinion survey in Northern Ireland about the attitudes of the citizenry toward political parties and their leaders. The survey results will be examined by experts from other countries. In additional plenary sessions country experts will offer presentations on the role of political parties in divided societies. The sessions will examine the means by which parties have been the vehicles for bridging political and cultural divisions. The papers from the plenary sessions will be published for broad distribution within Northern Ireland, and elsewhere. The workshops will introduce a number of modern techniques for intra- and inter-party communications, leadership accountability and organization methodology. Local, as opposed to national, party organization will be stressed, with an emphasis on parties and local government. Half of the conference agenda will be devoted to one-on-one party consultations in which members of each delegation will have individual training conducted by a party organization expert.

In PHASE III the Center for Emerging Democracies will convene a second all-parties conference in the United States. The participants will include those who participated in the Hague sessions. Prior to the conference the working group will assemble to examine the impact of the first training session program conference and its implementation by the parties. The working group's findings will determine the specifics of the conference agenda. Included in the agenda will be the reports of the working committee, which will include the opportunities available to the parties in the intervening period of time and how each party responded. The report will be assimilated by Initiative '92. The workshops in this conference will provide an opportunity for Northern Ireland party leaders to present their respective party's response to the organizational techniques offered in the earlier phase of the project. The one-on-one consultations will be used to address specific deficiencies in each party and how to handle these problems.

The project will compile materials used by parties in similar political environments and, where appropriate, will adapt the documents to the Northern Ireland political culture. These materials will be made available to the participants to use within their parties. NDI, with several years of experience in Northern Ireland, party politics will be particularly sensitive to issues that divide the parties in Northern Ireland and to the effect that isolation has had on their engagement in international dialogue.

Trainers are likely to be recruited from the United States, Netherlands, Belgium, Canada, South Africa and the Middle East. These resource people will be selected for their political organizational skill, experience with divided political cultures and competence in leadership training.

The three organizations that will join NDI in this project offer unique and complimentary resources for achieving the project's objectives. Initiative '92 has achieved broad acclaim in Northern Ireland, Ireland and Great Britain for the attention it has paid to the citizens of the region and their attitude to the effect of the conflict on day-to-day life. The recommendations of Initiative '92 are reflected in the current peace negotiations. The Frei Foundation is the political development institute of the Christian Democratic Appeal party in the Netherlands and has been a competent partner for NDI in joint projects in Eastern and Central Europe. The participation of the Foundation, representing a party that brought together Catholic and Protestant parties in the Netherlands, is necessary to gain the confidence and participation of the Unionist political parties. The Center for Emerging Democracies is an adjunct of the John W. McCormack Institute at the University of Massachusetts. The McCormack Center was NDI's partner in its previous Northern Ireland programming. As a subgrantee, the Center will assume the responsibility for project implementation with oversight by NDI. The four organizations will collaborate on the development of the agenda and workplan and will assume specific responsibilities in the implementation of the program activities. Initiative '92 and the Frei Foundation will provide some in-kind support to the program in the form of staffing, and miscellaneous conference costs.

V. EVALUATION

In evaluating this program NDI will apply both quantifiable and qualitative techniques. A written survey of all participants and trainers will be administered in each phase. In addition the working group will have an evaluation session after each phase that will serve as the basis for planning further project activities. Initiative '92 will contribute written assessments of the results of the training as manifested by future political initiatives in the region. In the last conference the agenda will include a focus group in which the participants will evaluate the program. Finally, a comprehensive report on the program incorporating this information will be written.

The evaluation will measure the following:

1. Have the participating party activists been able to elevate their individual and collective positions within their respective political parties?
2. Have there been examples of where the parties have engaged in consensus building policy at the local government level?
3. Have parties introduced and improved their internal and public communication techniques?
4. Have the parties reorganized their structures in order to insure transparency and enable greater participation in decision making?

VI. BUDGET

To conduct this program NDI requests a grant in the amount of \$200,780 from the National Endowment for Democracy. A subgrant from this sum will be provided to the Center for Emerging Democracies in the amount of \$47,850.

BUDGET PROPOSAL
NORTHERN IRELAND
APRIL 1, 1994 - NOVEMBER 30, 1994

I. SALARIES AND BENEFITS		18,504
A. Salaries	13,273	
1 Senior Associate @ 10% - 8 mo.		
1 Executive Officer @ 5% - 8 mo.		
1 Logistics Director @ 10% - 8 mo.		
1 Program Assistant @ 25% - 8 mo.		
B. Benefits @ 39.4% of salaries	5,231	
II. SUPPLIES AND EQUIPMENT		2,500
A. Office Supplies	1,500	
B. Equipment Rentals	1,000	
III. COMMUNICATIONS		3,000
A. Telephone/Fax	2,500	
B. Postage/courier	500	
IV. TRAVEL AND PER DIEM		88,774
A. Travel		58,900
a. Assessment Mission (April)	5,000	
1 RT NDI (S. Africa) to Belfast @ \$2600	2,600	
1 RT Washington to Belfast @ \$1800	1,800	
1 RT Amsterdam to Belfast @ \$600	600	
b. Conference - Netherlands	18,960	
1 RT NDI (S.Africa) to Amster. @ \$2300	2,300	
1 RT Johannes. to Amster. @ \$2300	2,300	
1 RT Ottawa to Amsterdam @ \$2400	2,400	
2 RT Brussels to Amster. @ \$280	560	
2 RT Washington to Amster. @ \$1300	2,600	
1 RT Jerusalem to Amsterdam @ \$1600	1,600	
12 RT Belfast to Amsterdam @ \$600	7,200	
c. Conference - U.S.	34,940	
1 RT Ottawa to Boston @ \$540	540	
1 RT Johannes. to Boston @ \$2400	2,400	
2 RT Brussels to Boston @ \$2100	4,200	
2 RT Amsterdam to Boston @ \$1300	2,600	
1 RT Jerusalem to Boston @ \$2000	2,000	
4 RT Washington to Boston @ \$ 400	1,600	
12 RT Belfast to Boston @ \$1800	21,600	

B. Per Diem		26,874
a. Belfast	1,560	
1 NDI Staff x 4 days @ \$130	520	
1 US x 4 days @ \$130	520	
1 Netherlands x 4 days @ \$130	520	
b. The Hague	13,360	
2 NDI x 6 days @ \$167	2,004	
2 U.S. x 4 days @ \$167	1,336	
1 Canada x 4 days @ \$167	668	
1 Israel/West Bank x 4 days @ \$167	668	
1 S. Africa x 4 days @ \$167	668	
2 Belgium x 6 days @ \$167	2,004	
12 Northern Ireland x 3 days @ \$167	6,012	
c. Boston	11,954	
2 NDI Staff x 6 days @ \$139	1,668	
2 Washington x 4 days @ \$139	1,112	
1 S. Africa x 4 days @ \$139	556	
1 Netherlands x 6 days @ \$139	834	
1 Canada x 4 days @ \$139	556	
2 Belgium x 4 days @ \$139	1,112	
1 Israel/West Bank x 4 days @ \$139	556	
1 Netherlands x 4 days @ \$139	556	
12 Northern Ireland x 3 days @ \$139	5,004	
C. Local Travel Costs	2,000	
D. Other Travel Costs	1,000	
V. CONTRACTUAL SERVICES		1,250
A. Interns	1,000	
B. Photography	250	
VI. OTHER DIRECT COSTS		6,200
A. Bank Charges	200	
B. Public Information	2,000	
C. Meetings, Workshops & Conferences	4,000	
VII. COOPERATIVE AGREEMENT		47,850
Center for Emerging Democracies (CED)		
TOTAL DIRECT COSTS		120,228
INDIRECT COST @ 27.2% Less Cooperative Agreement		32,702
TOTAL COSTS		200,780

Non Paper (British Embassy)

2 September 1994

ECONOMIC ASSISTANCE: WHAT NORTHERN IRELAND NEEDS

INWARD INVESTMENT

US Tax Concessions

1. In the experience of the Industrial Development Board, taxation is a key determinant for US corporations investing overseas. A U.S. tax concession on repatriated profits for US firms willing to train long-term unemployed from disadvantaged areas would be welcome.

An Investment Conference

2. An investment Conference involving major U.S. corporations could be beneficial. A clear signal from the President that the Administration wanted to see increased investment in Northern Ireland would be significant.

BELFAST AND LONDONDERRY INITIATIVES

3. The British Government is working towards partnership arrangements - involving the public, private and community sectors - in Belfast and Derry. U.S. assistance targetted on these partnerships and the Action Teams which lead them would make an immediate impact on the tackling of local problems. It is crucial that the parts of Belfast and Derry which bore the brunt of the terrorism to quickly see a tangible change on the ground.

IFI FUNDING

4. An increase in the International Fund for Ireland funding would be welcomed. Ways could be found to expedite the rate of spending.

UNEMPLOYMENT

Long Term Unemployment

5. The British Government proposes to launch a major programme of work to provide community-based jobs for thousands of the long-term unemployed, including a significant training element. This would start with experiments in the most disadvantaged areas as soon as possible.

Green Cards

6. An allocation of 25,000 green cards specifically for Northern Ireland residents living in disadvantaged areas would help to tackle the long term unemployment problem.

EDUCATION

Springvale Campus

7. There is a proposal to establish a new University Campus at Springvale, stretching between North and West Belfast, spanning both Catholic and Protestant areas. This would be designed not only to meet Higher Education needs but also to have a regenerative impact on the surrounding depressed areas - in both cases drawing in and benefitting both sides of the community. As yet no funding has been found for this project.

Integrated Education Trust Fund

8. Additional resources for the independent Education Trust Fund would enable it to support a faster growth rate of new independent schools. New integrated schools rely on the Trust Fund for their initial capital and its existing funds are almost completely committed.

BUSINESS EDUCATION

9. An expansion of the existing Business Education Initiative which provides business training in the United States for graduates would have a major impact on the Northern Ireland economy.

INFRASTRUCTURE

Road and Rail Connections

10. We have the capacity to bring forward quickly substantial capital projects to include upgrading rail connections and road works which would: provide jobs, improve infrastructure, make certain depressed areas more attractive to investors and tourists and improve North/South trade links. U.S. assistance would be welcome.

Housing

11. Certain areas continue to suffer from an acute housing need which, because of public expenditure constraints, it is hard to meet. Extra resources for housing, channelled through the voluntary sector, would be welcome. We would also be keen to find new ways of encouraging private sector housing for inner city areas.

Sponsored Air Service Between U.S. and NI

12. Temporary financial support to stimulate increased direct air service from the U.S. to Northern Ireland would provide a welcome boost for tourism.

RESEARCH AND DEVELOPMENT

13. Sponsorship of research by the U.S. government and U.S. companies at Northern Ireland Institutions, eg Queens University and University of Ulster would be welcome.

14. The establishment of a Medical Research Institute linked to the Belfast teaching hospitals would be welcome.

ARTS/TOURISM/SPORTS

15. We need greater provision for the arts and tourism. This might include a concert hall for Derry, sponsorship of visits by world class entertainers, and a major center for sporting excellence.

~~CONFIDENTIAL~~

G

WHITE HOUSE SITUATION ROOM

DIST: NSC, STEPHENS, VAX, VERSHBOW

PREC: PRIORITY CLASS: ~~CONFIDENTIAL~~ DTG:081043Z SEP 94

FM: AMEMBASSY LONDON

TO:
RUEHC/SECSTATE WASHDC PRIORITY 7576

RUEHDL/AMEMBASSY DUBLIN 2014

~~CONFIDENTIAL~~ LONDON 014240

NSC FOR STEPHENS

E.O. 12356: DECL: OADR

TAGS: EAID, PREL, UK, EI

SUBJECT: AID TO NORTHERN IRELAND: STAFFDEL PEEL
DISCUSSION WITH BRITISH OFFICIALS

REF: (A) STATE 236604, (B) 93 LONDON 22850

1. DURING A VISIT TO LONDON FOR DISCUSSIONS DEVOTED MAINLY TO THE CRISIS IN RWANDA, STAFFDEL PEEL (REF. A) HAD A LUNCHEON MEETING WITH BRITISH OFFICIALS ON SEPTEMBER 7 TO TALK ABOUT NORTHERN IRELAND. ON THE BRITISH SIDE WERE GRAHAM ARCHER, HEAD OF THE REPUBLIC OF IRELAND DEPARTMENT AT THE FCO; AND PETER BELL, ASSISTANT UNDER SECRETARY, NORTHERN IRELAND OFFICE. U.S. SIDE INCLUDED TERRY PEEL, STAFF DIRECTOR OF THE HOUSE APPROPRIATIONS FOREIGN OPERATIONS SUBCOMMITTEE; JAMES DYER, MINORITY STAFF ASSISTANT; PHILIP DYER FROM THE HUNGER CAUCUS; BETTE COOK (USAID); AND E/MIN.

2. NOTING HIS SUBCOMMITTEE'S JURISDICTION OVER THE INTERNATIONAL FUND FOR IRELAND (IFI), PEEL INQUIRED ABOUT HMG AID PRIORITIES FOR NORTHERN IRELAND. BRITISH OFFICIALS SAID THEY THOUGHT IT WAS MOST IMPORTANT TO TARGET DEPRESSED AREAS AND UNEMPLOYED YOUNG PEOPLE, WHILE AT THE SAME TIME CREATING SYMBOLS OF CROSS-COMMUNITY COOPERATION AND AVOIDING ANY APPEARANCE OF FAVORING ONE GROUP OR ANOTHER, OR A "BUY OUT" OF THE UNIONISTS. THEY MENTIONED A NEW CAMPUS OF THE UNIVERSITY OF ULSTER AND STIMULATION OF THE TOURISM INDUSTRY. FINALLY, THEY WONDERED IF AID COULD COME THROUGH CHANNELS OTHER THAN THE INTERNATIONAL FUND FOR IRELAND, SINCE THIS HAD A RELATIVELY SLOW RESPONSE TIME.

3. STAFFDEL RESPONDED VERY CAUTIOUSLY ON THE PROSPECT OF ANY NEW CONGRESSIONALLY-FUNDED AID FOR NORTHERN IRELAND, BECAUSE OF THE LACK OF FUNDS AND FIERCE COMPETITION FOR THOSE AVAILABLE. THEY CAUTIONED THAT "TOURISM" PROJECTS HAD AN IMAGE PROBLEM, AND INDICATED THAT THEY THOUGHT THE IFI WAS THE EASIEST FRAMEWORK

DECLASSIFIED E.O. 13526
Department of State Guidelines,
September 11, 2006

By W NARA, Date 12/23/15
2011-0355-F1

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THROUGH WHICH TO CHANNEL RESOURCES.

4. COMMENT: WITH THE QUESTION OF ASSISTING THE ECONOMY OF NORTHERN IRELAND INCREASINGLY UNDER DISCUSSION IN THE WAKE OF THE IRA CEASEFIRE, INTERESTED USG AGENCIES MAY WISH TO REVIEW REF (B) ANALYSIS OF THE ECONOMIC SITUATION THERE. END COMMENT.

5. STAFFDEL DID NOT HAVE THE OPPORTUNITY TO REVIEW THIS CABLE. CROWE

BT

#4240

NNNN

<^SECT>SECTION: 01 OF 01

<^SSN>4240

<^TOR>940908064925 M1241112

FROM:

SITREPT

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

DIST: SIT, LEBOURGEOIS, NSC, STEPHENS, SUM, SUM2, VAX, VERSHBOW

PREC: PRIORITY

CLASS: ~~CONFIDENTIAL~~

DTG: 071652Z SEP 94

FM: AMEMBASSY BONN

TO:

RUEHC/SECSTATE WASHDC PRIORITY 9606

RUEHXQ/ALL EUROPEAN UNION POSTS COLLECTIVE
RUCNDT/USMISSION USUN NEW YORK 1021
RUEHRL/USOFFICE BERLIN 5868

~~CONFIDENTIAL~~ BONN 22113

E.O. 12356: DECL: OADR

TAGS: PREL, GM

SUBJECT: EU AND NORTHERN IRELAND

IRISH FM SPRING MET WITH GERMAN FM KINKEL IN BERLIN ON
SEPTEMBER 6 TO REQUEST THAT THE GERMAN PRESIDENCY ADD
NORTHERN IRELAND TO THE AGENDA OF THE SEPTEMBER 10-11 EU
FOREIGN MINISTERS MEETING, ACCORDING TO MFA DIRECTOR FOR
NORTHERN EUROPE WILMANNS. KINKEL RESPONDED THAT HE WOULD
BE PREPARED TO DO SO, BUT ONLY AFTER SPEAKING WITH BRITISH
FM HURD AND RECEIVING BRITISH CONCURRENCE. WILMANNS TOLD
US THAT KINKEL PLANNED TO TELEPHONE HURD ON SEPTEMBER 7 OR
8, AND DID NOT ANTICIPATE ANY OBJECTIONS FROM HURD. SPRING
TOOK THE OPPORTUNITY OF THE MEETING TO BRIEF KINKEL ON
DEVELOPMENTS IN NORTHERN IRELAND, AS WELL AS PM REYNOLDS'
TALKS IN THE U.S.

HOLBROOKE

BT

#2113

NNNN

<^SECT>SECTION: 01 OF 01

<^SSN>2113

<^TOR>940907145538 M1239763

FROM:

SITREPT

DECLASSIFIED E.O. 13526
Department of State Guidelines,
September 11, 2006

By mw NARA, Date 12/23/15

~~CONFIDENTIAL~~

2011-0355-F

DRAFT

o Encourage Overseas Private Investment Corporation to increase funds available to support firms investing in Northern Ireland.

o Propose to Congress a loan guarantee program for Northern Ireland and the Republic that would include guarantees for investments by governmental entities and private foundations in infrastructure development, housing, and the construction of health and medical facilities (i.e., clinics.)

o Propose legislation providing U.S. tax exemption over a five-year period for U.S. subsidiary companies operating in Northern Ireland which participate in a career opportunities program for persons from economically disadvantaged areas.

-- While the corporate tax rate for N.I. is higher than the Republic and a U.S. exemption would mean less than it does to companies investing in the Republic, it would bring Northern Ireland in line with the present exemptions for investment in the Republic.

o Under USIA auspices, open an "America House" in Belfast and promote programs designed to bring the communities together.

o Dramatically increase the funding for Northern Ireland in the various USIA-administered International Visitor Programs.

o Refocus the targets for the \$2.5 million increase in the National Endowment for Democracy (NED) budget that already has been set aside for the NDI.

Adams

Lexon - state

Leahy

DRAFT

Dec - put Lane
on my call
sheet. Mchry with
4 togh. 3

WASHINGTON HEADQUARTERS SERVICES

CORRESPONDENCE & DIRECTIVES
1155 DEFENSE PENTAGON
WASHINGTON DC 20301-1155
FAX # (703) 695-1219

FACSIMILE COVER SHEET

FROM: BOB ORR, OSD/WHLO C

TELEPHONE #: (703) 695-6151 C

IF YOU DO NOT RECEIVE ALL
PAGES, CONTACT SENDER
IMMEDIATELY!!!!!!!!!!!!!!

TO: ASST. TO PRES FOR NATIONAL SECURITY AFFAIRS

TELEPHONE #: (202) 456-2224

PAGES (Including Cover Sheet): 2

COMMENTS: HARD COPY TO FOLLOW ON 1000 hrs
RUN TO WHITE HOUSE

(UNCLASSIFIED OFFICIAL INFORMATION ONLY)

A Facsimile Message from the
IRIS-RUSSIA PROJECT



2 September 1994

TO

Name: Ms. M. Brook Darby
Organization: National Security Council
Office of the Staff Director
Fax No: 8-101-202-456-9460
Regarding: July 31 Letter to Nancy Soderberg

FROM

Name: Lane Blumenfeld, Director
The IRIS-Russia Project
ul. Ogareva 5, Rooms 620-21
103918 Moscow, Russia

Telephone: (7-095) 229-2762/7611/7955

Fax: (7-095) 229-2762

No. of Pages (Including Cover): 1

Remarks:

I want to follow-up on my July 31 fax to Nancy. I will be in DC on Friday, September 2. If possible, I was hoping to meet or talk with Nancy by phone. I will call you on Tuesday to try and set up a time.

Hope all is well with you. Speak to you soon. --Lane.

The Center for Institutional Reform and the Informal Sector
at the University of Maryland at College Park
2105 Morrill Hall, College Park, MD 20742
Phone: 301-405-3110, Fax: 301-405-3020

NORTHERN IRELAND: PLURALISTIC POLITICS IN A DIVIDED SOCIETY

U.S. GRANTEE:**The National Democratic Institute
for International Affairs****U.S. Subgrantee:****The Center for Emerging Democracies****DATE OF PROJECT:****April 1 - November 30, 1994****AMOUNT REQUESTED:****Direct Costs \$ 120,228
Indirect Costs \$ 32,702
Cooperative Agreement \$ 47,850
Total Costs \$ 200,780**

I. SUMMARY

NDI proposes to conduct a political party training program with the constitutional parties in Northern Ireland. The program will aim to strengthen political parties and the practice of politics in Northern Ireland while also examining issues of politics in a divided society. In convening parties with strong ideological differences, the program would focus on the parties' structural similarities and shared civic responsibilities. Mid-level and future party leaders will be invited to participate in the program which will combine roundtable dialogues regarding political parties in divided societies and training in the field of political party organization. NDI plans to develop and execute this program in collaboration with Initiative '92 in Northern Ireland, the Frei Foundation in the Netherlands and the Center for Emerging Democracies (CED) in the U.S. A comprehensive report focusing on the practice of politics in a divided society will be written by the CED at the conclusion of the program.

II. BACKGROUND

While decades of unremittent political violence have taken thousands of lives in Northern Ireland, the violence and an invariable political stalemate have eroded the democratic infrastructure of Northern Ireland.

An independent commission of inquiry set up by the citizens' group, Initiative '92, recently examined this issue. With input from 3,000 people through written submissions, focus groups and hearings held across Northern Ireland, the commission came to several conclusions. The commission discovered that the decline of democracy and civic standards in Northern Ireland can be associated with the withdrawal of large portions of society from the political arena. The professional, business and middle classes have "opted out" of the political process, leaving a political void in the center.

According to respondents to the Initiative '92 study, the failure of the citizens of Northern Ireland to participate in politics is exacerbated in part by the direct rule of the United Kingdom's parliament. This system of governance gives extraordinary power to the UK's secretary of state for Northern Ireland. In addition, the legislature at Westminster is comprised largely of Britain's political parties, which do not formally exist in Northern Ireland, and is viewed as neither representative of nor responsive to the people of Northern Ireland. This disconnect between the electorate in Northern Ireland and the parliament in Britain also frustrates Northern Ireland's local politics. The absence of democracy and of accountability to the electorate means that politicians in Northern Ireland have no forums in which to develop and practice political skills. This, in turn, results in poor leadership and deficient representation. Many people who otherwise might join a political party choose instead to join a community organization.

From 1986 to 1989 NDI, in conjunction with the John W. McCormack Institute at the University of Massachusetts, conducted a political party building and leadership development project with one of Northern Ireland's constitutional political parties, the Social Democratic and Labour Party (SDLP). The project was judged by the SDLP and other parties in the region to be quite important in assisting the SDLP to develop a modern political organization. Consequently, party leaders from across the ideological and sectarian spectrum have requested a training program for all parties that would be designed to meet the realities of today's politics in the region. Because of this earlier programmatic work and the several people from Northern Ireland who have participated in NDI's party building programs elsewhere, the Institute has remained well informed of the changing political culture in this divided society.

III. OBJECTIVES

NDI intends to develop a program that is specifically tailored to address the needs of individual parties in Northern Ireland. The Institute, in partnership with other international political development organizations, will organize a series of workshops and consultations aimed at training mid-level and future leaders in the role and responsibilities of political parties, modern communication techniques and organizational methods.

The objectives of the program are:

1. to help diminish the sectarian nature of politics in Northern Ireland;
2. to introduce a common political vocabulary in order to create possibilities for establishing common ground among the parties;
3. to impart to future political leaders an awareness of the responsibility of political parties to the greater good of their community.

IV. PROGRAM ACTIVITIES

This program is structured in three phases to take place throughout 1994. At the completion of each phase an evaluation will be conducted to assess the impact of previous work and to adjust the future activity according to the relevant experience. The program will begin with a series of individual, all-party consultations and be followed by two all-party training seminars. All constitutional parties have indicated an interest in this type of training and will be invited to participate in the program. The targeted parties include the Alliance Party (AP), the Democratic Unionist Party (DUP), the Official Unionist Party (OUP) and the Social Democratic and Labour Party (SDLP). Each party, with attention to gender and geographic diversity, will identify three participants, whose participation will be constant for the duration of the program. In addition to participation in this specific program, NDI will involve these people in some of its other international programs as resource personnel.

In PHASE I NDI will sponsor a team of political organizing experts from each of the partner institutions to visit Northern Ireland for intensive one-on-one consultations with the primary and secondary leadership of each party. The schedule will be arranged by the Belfast-located staff of Initiative '92. The purpose of the consultations will be to identify:

- the strengths and weaknesses of each party;
- the specific interests of each party in participating in the project; and
- the party representatives who will be invited to participate in the program.

At the conclusion of the mission a working group of the sponsoring organizations and representatives of the parties will convene to formulate the agenda for the first conference. The group will also identify the areas of trainer expertise needed and the countries from which they would like to bring trainers for the workshops. In choosing international trainers, the group will look particularly to countries which share an experience of politics in a divided society.

In PHASE II the Frei Foundation will organize the first all-party workshop, which will take place in the Hague. The three-day program will include a mix of plenary sessions, interactive workshops and one-on-one meetings. The first plenary session will examine the results of Initiative '92's recently conducted public opinion survey in Northern Ireland about the attitudes of the citizenry toward political parties and their leaders. The survey results will be examined by experts from other countries. In additional plenary sessions country experts will offer presentations on the role of political parties in divided societies. The sessions will examine the means by which parties have been the vehicles for bridging political and cultural divisions. The papers from the plenary sessions will be published for broad distribution within Northern Ireland, and elsewhere. The workshops will introduce a number of modern techniques for intra- and inter-party communications, leadership accountability and organization methodology. Local, as opposed to national, party organization will be stressed, with an emphasis on parties and local government. Half of the conference agenda will be devoted to one-on-one party consultations in which members of each delegation will have individual training conducted by a party organization expert.

In PHASE III the Center for Emerging Democracies will convene a second all-parties conference in the United States. The participants will include those who participated in the Hague sessions. Prior to the conference the working group will assemble to examine the impact of the first training session program conference and its implementation by the parties. The working group's findings will determine the specifics of the conference agenda. Included in the agenda will be the reports of the working committee, which will include the opportunities available to the parties in the intervening period of time and how each party responded. The report will be assimilated by Initiative '92. The workshops in this conference will provide an opportunity for Northern Ireland party leaders to present their respective party's response to the organizational techniques offered in the earlier phase of the project. The one-on-one consultations will be used to address specific deficiencies in each party and how to handle these problems.

The project will compile materials used by parties in similar political environments and, where appropriate, will adapt the documents to the Northern Ireland political culture. These materials will be made available to the participants to use within their parties. NDI, with several years of experience in Northern Ireland, party politics will be particularly sensitive to issues that divide the parties in Northern Ireland and to the effect that isolation has had on their engagement in international dialogue.

Trainers are likely to be recruited from the United States, Netherlands, Belgium, Canada, South Africa and the Middle East. These resource people will be selected for their political organizational skill, experience with divided political cultures and competence in leadership training.

The three organizations that will join NDI in this project offer unique and complimentary resources for achieving the project's objectives. Initiative '92 has achieved broad acclaim in Northern Ireland, Ireland and Great Britain for the attention it has paid to the citizens of the region and their attitude to the effect of the conflict on day-to-day life. The recommendations of Initiative '92 are reflected in the current peace negotiations. The Frei Foundation is the political development institute of the Christian Democratic Appeal party in the Netherlands and has been a competent partner for NDI in joint projects in Eastern and Central Europe. The participation of the Foundation, representing a party that brought together Catholic and Protestant parties in the Netherlands, is necessary to gain the confidence and participation of the Unionist political parties. The Center for Emerging Democracies is an adjunct of the John W. McCormack Institute at the University of Massachusetts. The McCormack Center was NDI's partner in its previous Northern Ireland programming. As a subgrantee, the Center will assume the responsibility for project implementation with oversight by NDI. The four organizations will collaborate on the development of the agenda and workplan and will assume specific responsibilities in the implementation of the program activities. Initiative '92 and the Frei Foundation will provide some in-kind support to the program in the form of staffing, and miscellaneous conference costs.

V. EVALUATION

In evaluating this program NDI will apply both quantifiable and qualitative techniques. A written survey of all participants and trainers will be administered in each phase. In addition the working group will have an evaluation session after each phase that will serve as the basis for planning further project activities. Initiative '92 will contribute written assessments of the results of the training as manifested by future political initiatives in the region. In the last conference the agenda will include a focus group in which the participants will evaluate the program. Finally, a comprehensive report on the program incorporating this information will be written.

The evaluation will measure the following:

1. Have the participating party activists been able to elevate their individual and collective positions within their respective political parties?
2. Have there been examples of where the parties have engaged in consensus building policy at the local government level?
3. Have parties introduced and improved their internal and public communication techniques?
4. Have the parties reorganized their structures in order to insure transparency and enable greater participation in decision making?

VI. BUDGET

To conduct this program NDI requests a grant in the amount of \$200,780 from the National Endowment for Democracy. A subgrant from this sum will be provided to the Center for Emerging Democracies in the amount of \$47,850.

BUDGET PROPOSAL
NORTHERN IRELAND
APRIL 1, 1994 - NOVEMBER 30, 1994

I. SALARIES AND BENEFITS		18,504
A. Salaries	13,273	
1 Senior Associate @ 10% - 8 mo.		
1 Executive Officer @ 5% - 8 mo.		
1 Logistics Director @ 10% - 8 mo.		
1 Program Assistant @ 25% - 8 mo.		
B. Benefits @ 39.4% of salaries	5,231	
II. SUPPLIES AND EQUIPMENT		2,500
A. Office Supplies	1,500	
B. Equipment Rentals	1,000	
III. COMMUNICATIONS		3,000
A. Telephone/Fax	2,500	
B. Postage/courier	500	
IV. TRAVEL AND PER DIEM		88,774
A. Travel		58,900
a. Assessment Mission (April)	5,000	
1 RT NDI (S. Africa) to Belfast @ \$2600	2,600	
1 RT Washington to Belfast @ \$1800	1,800	
1 RT Amsterdam to Belfast @ \$600	600	
b. Conference - Netherlands	18,960	
1 RT NDI (S.Africa) to Amster. @ \$2300	2,300	
1 RT Johannes. to Amster. @ \$2300	2,300	
1 RT Ottawa to Amsterdam @ \$2400	2,400	
2 RT Brussels to Amster. @ \$280	560	
2 RT Washington to Amster. @ \$1300	2,600	
1 RT Jerusalem to Amsterdam @ \$1600	1,600	
12 RT Belfast to Amsterdam @ \$600	7,200	
c. Conference - U.S.	34,940	
1 RT Ottawa to Boston @ \$540	540	
1 RT Johannes. to Boston @ \$2400	2,400	
2 RT Brussels to Boston @ \$2100	4,200	
2 RT Amsterdam to Boston @ \$1300	2,600	
1 RT Jerusalem to Boston @ \$2000	2,000	
4 RT Washington to Boston @ \$ 400	1,600	
12 RT Belfast to Boston @ \$1800	21,600	

B. Per Diem		26,874
a. Belfast	1,560	
1 NDI Staff x 4 days @ \$130	520	
1 US x 4 days @ \$130	520	
1 Netherlands x 4 days @ \$130	520	
b. The Hague	13,360	
2 NDI x 6 days @ \$167	2,004	
2 U.S. x 4 days @ \$167	1,336	
1 Canada x 4 days @ \$167	668	
1 Israel/West Bank x 4 days @ \$167	668	
1 S. Africa x 4 days @ \$167	668	
2 Belgium x 6 days @ \$167	2,004	
12 Northern Ireland x 3 days @ \$167	6,012	
c. Boston	11,954	
2 NDI Staff x 6 days @ \$139	1,668	
2 Washington x 4 days @ \$139	1,112	
1 S. Africa x 4 days @ \$139	556	
1 Netherlands x 6 days @ \$139	834	
1 Canada x 4 days @ \$139	556	
2 Belgium x 4 days @ \$139	1,112	
1 Israel/West Bank x 4 days @ \$139	556	
1 Netherlands x 4 days @ \$139	556	
12 Northern Ireland x 3 days @ \$139	5,004	
C. Local Travel Costs	2,000	
D. Other Travel Costs	1,000	
V. CONTRACTUAL SERVICES		1,250
A. Interns	1,000	
B. Photography	250	
VI. OTHER DIRECT COSTS		6,200
A. Bank Charges	200	
B. Public Information	2,000	
C. Meetings, Workshops & Conferences	4,000	
VII. COOPERATIVE AGREEMENT		47,850
Center for Emerging Democracies (CED)		
TOTAL DIRECT COSTS		120,228
INDIRECT COST @ 27.2% Less Cooperative Agreement		32,702
TOTAL COSTS		200,780

Nancy -

Kathy will bring
better copy to
meeting

Morgan

UNCLASSIFIEDFAX TRANSMITTAL SHEET

NATIONAL SECURITY COUNCIL
OLD EXECUTIVE OFFICE BUILDING
ROOM 368
WASHINGTON, D.C. 20506

FROM: Kathy Stephens

PHONE: _____

FAX: (202) [REDACTED] 456-9150

TO

FAX

PHONE

Deetzawkins456-2560

NUMBER OF PAGES INCLUDING COVER SHEET

215

SPECIAL INSTRUCTIONS:

Please pass to Nancy Soderberg -As discussed -Mre Ireland background.UNCLASSIFIED

09/02/94 11:30

202 647 3163

EUR/SE

002

DRAFT

o Convene a Presidential Conference on Trade and Investment
in Northern Ireland and the Republic of Ireland. The President
at the conference along with Cabinet level

officials from Ireland and the U.S.

- The Catholic Bishops Conference and Presbyterian Church U.S.A. are in the process of organizing a conference for Spring 1995).

As an alternative to an immediate conference, the President could throw his support behind the above conference.

- o Commerce Secretary Brown could lead a delegation of U.S. corporate investors to Northern Ireland to encourage investment and trade.

-- Emphasis of visit would be on creating jobs both in Northern Ireland's economically depressed areas as well as the U.S.

- o Increase the annual U.S. contribution to the International Fund for Ireland (IFI)

Annual contribution is 19.6 million. Any increase from State's budget would likely involve a decrease in other crucial programs -- Turkey and Andean Counter-narcotics.

- o Alternatively, or in addition, launch an effort to "reinvent" IFI, streamlining its administration and retargeting its efforts to take account of the new circumstances

One key objective would be to increase fund disbursement so the positive effect of monies already programed can be seen on the ground quickly.

Establish a mechanism whereby private U.S. citizens, corporate foundations and NGOs/charities can contribute to the IFI.

Consider increasing the cross-border elements of IFI, in consultation with the UK and the Irish Republic.

DRAFT

09:02/93 11:31

0202 847 3483

EUR/NE

0003

DRAFT

- o Encourage Overseas Private Investment Corporation to increase funds available to support firms investing in Northern Ireland.

- o Propose to Congress a loan guarantee program for Northern Ireland and the Republic that would include guarantees for investments by governmental entities and private foundations in infrastructure development, housing, and the construction of health and medical facilities (i.e., clinics.)

- o Propose legislation providing U.S. tax exemption over a five-year period for U.S. subsidiary companies operating in Northern Ireland which participate in a career opportunities program from economically disadvantaged areas.

While the corporate tax rate for N.I. is higher than the Republic and a U.S. exemption would mean less than it does to companies investing in the Republic, it would bring Northern Ireland in line with the present exemptions for investment in the Republic.

- o Under OSIA auspices, open an "America House" in Belfast and promote programs designed to bring the communities together.
- o Dramatically increase the funding for Northern Ireland in the various OSIA-administered International Visitor Programs.
- o Refocus the targets for the \$2.5 million increase in the National Endowment for Democracy (NED) budget that already has been set aside for the NDI.

DRAFT

09-01-94 09-33 202 647 3403

EUR-NE

NSC WASH DC

002-007

UNCLASSIFIED

INTERNAL WORKING DOCUMENT

Northern Ireland

The President has repeatedly promised to do everything possible to support the peace process in Northern Ireland. There is wide expectation in Ireland and the United Kingdom that the United States will provide substantial financial assistance to Northern Ireland in the event a genuine political settlement is reached. Given tight budgets and domestic concerns about exporting American jobs, we will have to be creative in devising programs that will be both politically saleable with the Congress and provide real assistance to Northern Ireland in building a new political and social order. We will also have to move quickly to capitalize on the momentum of a political breakthrough. There follow a number of ideas or programs we might consider in putting together a Presidential program to support Northern Ireland.

1. Convene a Presidential Conference on Trade and Investment in Northern Ireland, similar to the ones being organized for Eastern Europe and South Africa. The President would speak at the conference along with the Prime Ministers of Great Britain and Ireland. The conference would bring together private businessmen from the U.S., Northern Ireland, Ireland and Great Britain.

The Catholic Bishops Conference and Presbyterian Church U.S.A. are in the process of organizing an investment conference for the Spring of 1995 to promote investment opportunities in Northern Ireland. The Administration could, as one alternative, throw its support behind this conference and feature the President as a keynote speaker. (see attached proposal).

2. Increase the annual U.S. Contribution to the International Fund for Ireland (IFI) to \$60 million for two years.

IFI Chairman McCarter recently said in Washington that he was confident he could spend triple the annual U.S. contribution of \$20 million to the IFI.

3. Announce that the Overseas Private Investment Corporation would undertake a commitment of \$200 million to support U.S. firms investing in Northern Ireland.

UNCLASSIFIED

08/01/84 08:34 202 647 3463

EUR/NE

NSC WASH DC

003/007

UNCLASSIFIED

-2-

4. Propose legislation providing tax exemption over a five year period for U.S. subsidiary companies operating in Northern Ireland which participate in a career opportunities program for persons from economically disadvantaged areas. (Program proposal attached.)

5. Announce that the President will propose that Congress provide the National Democratic Institute an additional \$2.5 million to fund programs for the development of young political leaders. In addition, or alternatively, the President could announce additional financial support for USIA IVP programs or contributions to the International Executive Service Corps.

6. Announce that the United States will create under USIA auspices an "America House" in Belfast to bring together the Protestant and Catholic communities in programs designed to promote a tolerant multi-ethnic society. An America House would build on the tradition that our Consul General's residence has for many years provided the venue for politicians of all political stripes to meet and discuss common problems. The America House could sponsor political discussions led by American experts on development of multi-ethnic societies, as well as cultural events designed to bring diverse groups together to participate jointly in musical, dramatic or other productions.

Finally, the President could announce that he will visit Northern Ireland to dramatize his support for the peace settlement reached by the parties. This could be done at a trade conference or at a Rose Garden ceremony honoring the Prime Ministers of Ireland and Great Britain and the political leaders of Northern Ireland who have reached agreement on a political process or settlement in the North.

UNCLASSIFIED

UNCLASSIFIED

PRIVATE SECTOR/ECCLESIASTICAL INVESTMENT INITIATIVE

(Preface: The following program was an EUR/NE suggestion to Jerry Powers of the Catholic Bishops Conference and John Duffy representing the Presbyterian Church U.S.A. in response to their search for ideas about where next to take the Joint Call for Fair Employment and Investment. The proposal was met with enthusiasm by them and is currently being pursued.)

Concept: An Investment Conference jointly sponsored by an ad hoc consortium of American subsidiaries in Northern Ireland and American and Irish Ecclesiastical signatories to the Joint Call for Fair Employment and Investment. The conference would emphasize a practical presentation of investment opportunities from the vantage point of other American companies currently doing business in Northern Ireland. The target attendees would be potential U.S. investors in manufacturing, services, marketing and distribution.

Timing: Hold an Investment Conference for Northern Ireland in a U.S. location, such as Washington, in the Spring of 1995 (possibly late March to take advantage of the post-March 17 heightened U.S. interest in Ireland and Northern Ireland).

Components and Structure: The conference would open with key note presentations by Northern Ireland Secretary of State Sir Patrick Mayhew and Irish Deputy Prime Minister Dick Spring. A possible brief appearance by the President or Secretary of State would be desirable.

The first series of presentations would be "testimonials" by American companies currently operating in Northern Ireland. The companies, Ford, Short Bros., Du Pont, Seagate, Fruit of the Loom, among others, would focus their remarks on perceived obstacles or disincentives to American investment in Northern Ireland such as the security situation, tax considerations, resource availability. The predicate of the presentations would be that these "blue chip" companies are there because it is profitable for them to be there.

The second series of presentations would address specific issues such as, inter alia, taxation, recruiting, employment regulations, infrastructure, location, security, market, community-relations and import/export regulations. The presentations would be made by specialists in each area.

The final presentations would include Ecclesiastical signatories to the Joint Call who would focus on the history and current status of fair employment in Northern Ireland and the impact they have on successful business operations. The presentation would be complemented by testimonials from the ad hoc consortium who are supporters of the Joint Call.

UNCLASSIFIED

PM-US-Ireland, 4th Ld-Writethru, a0544,500
 Irish Leader Says Clinton to Seek More Aid for Northern Ireland
 EDS: TOPS with 10 grafs to UPDATE with Spring news conference;
 picks up 7th graf pvs, Asked about...
 By RON FOURNIER=
 Associated Press Writer=
 EDGARTOWN, Mass. (AP) — Irish Deputy Prime Minister Dick Spring
 said today he left President Clinton's vacation retreat with a
 pledge that the administration will seek further U.S. aide for
 Northern Ireland.
 "I feel very satisfied that the U.S. administration will assist
 us through an economic package," Spring told reporters after the
 meeting at Clinton's borrowed vacation home on Martha's Vineyard.
 The meeting came two days after the Irish Republican Army vowed
 to end 25 years of hostilities with a cease-fire.
 Spring said Clinton did not mention a specific amount of money
 he will seek from Congress, and he acknowledged that lawmakers must
 approve any package recommended by the president. Lawmakers have
 said no new money is expected to be approved this year.
 "President Clinton gave his pledge that he wanted to assist
 further," Spring said. There was no immediate comment from the
 White House, which earlier this week rejected Irish claims that
 Clinton had promised more money.
 Spring told reporters Clinton may be waiting to see whether the
 cease-fire holds. "We are all at the stage where we are awaiting
 developments," he said.
 Earlier, Spring told NBC he hoped the U.S. could increase the
 amount of money it already provides Northern Ireland through an
 international fund.
 "There has to be a lot of reconstruction, development,
 expansion of the economy in the North, and hopefully that will be
 taking place with assistance from Washington."
 "If there's more assistance coming from the United States to
 help us to rebuild Northern Ireland, I think those who have been
 involved in violence can see that peace will in fact pay," Spring
 said.
 The White House tried to lower expectations of the meeting,
 keeping Clinton away from reporters and not holding a separate U.S.
 briefing.
 Asked about the link of economic aid with the move toward peace
 by the Irish Republican Army, White House Press Secretary Dee Dee
 Myers said, "That's not the purpose" of the trip.
 "The president wanted a chance to congratulate him again and
 talk about how to move forward, how the United States can play a
 useful role in this process," Myers said.
 The United States already contributes \$20 million a year to the
 International Fund for Ireland for projects on both sides of the
 north-south border. There has been talk of escalating that into the
 \$250 million range, although key lawmakers have said an aid package
 is not likely to be approved this year.
 Irish Prime Minister Albert Reynolds said Wednesday that Clinton
 pledged a multimillion-dollar aid package. The White House,
 however, said no deals were cut.
 But Clinton, who vowed Wednesday to "stand ready to assist
 Ireland," badly wants to be seen as a force in the move toward
 peace.

UNCLASSIFIED

US ENVOY FOR NORTHERN IRELAND BUT IN THE END IT DIDN'T
 MAKE ALL THAT MUCH DIFFERENCE: THEY THEMSELVES BECAME THE
 SPECIAL ENVOY.
 OTHER COVERAGE LEAD WITH "CLINTON PRAISES IRA DECISION TO
 PURSUE PATH OF PEACE", WHICH CONTAINED COMMENTS FROM
 THE PRESIDENT, SENATOR EDWARD KENNEDY, MR. PAUL MURRAY,
 HEAD OF NORAI, AND VARIOUS OTHER CONGRESSMEN AND SENIOR
 POLITICAL FIGURES, ALL PRAISING THE PEACE INITIATIVE, AND
 CALLING FOR FURTHER EFFORTS TO BE MADE.
 2. THE IRISH INDEPENDENT, THE LARGEST CIRCULATION, DAILY,
 SAID IN AN ARTICLE BY IRISH HISTORIAN TIM PAT COOGAN ON
 THE NORTH, CALLED "POISED IN HISTORY'S ANTE CHAMBER",
 THAT:
 "IN AMERICA, THE IRISH AMERICAN LOBBY, HEADED BY THE
 IRISH AMERICAN LEAGUE, IS BECOMING MORE AND MORE INFLUENTIAL."

OLDER FIGURES SUCH AS SENATOR TED KENNEDY, AND THE NEWER GENERATION MOBILISED BY NEIL O'DOWD, BILL FLYNN AND BRUCE MORRISON; IN DUBLIN SENATOR KENNEDY'S SISTER, JEAN, ALL PROVIDED INVALUABLE SUPPORT AT DIFFERENT LEVELS AND IN DIFFERENT WAYS TO THE PEACE PROCESS."

IN THEIR EDITORIAL ENTITLED "AN HISTORIC OPPORTUNITY", IT SAID THAT:

"THE PROMISE OF A US INVESTMENT PACKAGE IS WELCOME BUT MOST OF THE BURDEN WILL CONTINUE TO FALL ON THE BRITISH TAXPAYER."

THE PAPER ALSO PROMISED "SPRING TO MEET US PRESIDENT FOR TRUCE TALKS":

"WITH VETERAN REPUBLICAN JOE CAHILL ALREADY IN THE US TO 'SELL' THE CEASEFIRE, MR. SPRING WILL ALSO BE KEEN TO GET THE GOVERNMENT'S VIEWS ACROSS TO THE AMERICAN PUBLIC."

3. THE IRISH PRESS, A LEFT OF CENTER, TABLOID DAILY CARRIED A LENGTHY NEWS REPORT ENTITLED "NORTH DOMINATES NEWS IN US".

"CAHILL IS CLEARLY CHARGED WITH INSURING THAT NORAID GOES ALONG WITH SINN FEIN AND THE IRA'S EFFORTS TO PROMOTE THE SIGNIFICANCE OF THE CEASEFIRE."

IN ANOTHER MORE THOUGHTFUL PIECE, "BILL CLINTON'S ELECTION PLEDGE PAYS DIVIDENDS", RAY O'HANLON NOTED CLINTON'S PROMISES TO THE IRISH-AMERICAN LOBBY AND CONTACTS WITH THE IRISH GOVERNMENT:

"CLINTON HAS MAINTAINED CLOSE CONTACTS WITH THE IRISH GOVERNMENT THROUGH THE IRISH EMBASSY IN WASHINGTON AND IT HAS BEEN REMARKED UPON HOW MUCH ACCESS THE IRISH GOVERNMENT NOW HAS TO THE WHITE HOUSE."

UNCLAS SECTION 02 OF 02 DUBLIN 004774

USIA

USIA FOR P/M, WEU PASS WHITE HOUSE FOR NSC
SECSTATE FOR EUR/NE; EUR/PA

E.O. 12356: N/A

TAGS: PREL, UK, EI

SUBJECT: MEDIA REACTION

IT ENDS WITH...

"AS LONG AS DUBLIN WANTS PRESIDENT CLINTON TO PLAY A VISABLE ROLE IN THE NORTH PEACE PROCESS, IT APPEARS EVIDENT THAT CLINTON IS MORE THAN WILLING TO DO JUST

UNCLASSIFIED

UNCLASSIFIED

THAT."

4. RADIO COVERAGE ON RTE ONE ENDED THE 8.00AM NEWS
THIS

MORNING WITH A QUOTE FROM THE IRISH AMBASSADOR TO WASHINGTON, DERMOT GALLAGHER. HE SAID:

"PRESIDENT CLINTON SAID IRELAND DIDN'T HAVE A FRIEND IN THE WHITE HOUSE ON MARCH 17TH BUT ON EVERYDAY OF THE YEAR AND HE'S CERTAINLY SHOWN THAT."

CASSEL

BT

#4774

NNNN

<^SECT>SECTION: 01 OF 02

<^SSN>4774

<^TOR>940901085537 M1231155

<^SECT>SECTION: 02 OF 02

<^SSN>4774

<^TOR>940901085539 M1231156

FROM:

SITREPT

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

FAX COVER SHEET

NATIONAL
SECURITY
COUNCIL

OEOB, Room 368
17th & Penn, N.W.
Washington, D.C.
20506

Did you get a complete,
clear transmission? If
not, please call:

(202) 456-9151

From: KATHLEEN STEPHENS

To: MIKE LEKSON 647-3463

BARBARA BRERETON 408-5145

ROBERT BECKHAM 647-1681

GORDON ADAMS 395-3513

ERIC TODER 622-0646

JOHN HARROD 205-0420

PETER ORR 647-5560

RODNEY BENT 395-5770

MIKE HANCOCK 663-1247

Nancy Soderberg

Date/Time: SEPTEMBER 7, 1994

No. of pages to follow: 2

**Message: BACKGROUND PAPER FOR 9-8 MEETING:
"TAX EXEMPTION FOR NORTHERN IRELAND"**



DEPARTMENT OF THE TREASURY
WASHINGTON

SEP 6 1994

ASSISTANT SECRETARY

MEMORANDUM FOR KATHLEEN STEPHENS
DIRECTOR, EUROPEAN AFFAIRS
NATIONAL SECURITY COUNCIL

FROM: LESLIE B. SAMUELS *LBS*
ASSISTANT SECRETARY (TAX POLICY)

SUBJECT: *Tax Exemption for Northern Ireland*

Summary

The proposed five year tax exemption for Northern Ireland subsidiaries of U.S. companies would seriously damage future U.S. tax treaty policy, would have spill over effects on existing treaties with at least eight other countries, including China and India, and would almost certainly be defeated by the Senate. The companion proposal to encourage the United Kingdom to lower its tax rate in Northern Ireland, if implemented without a U.S. tax exemption, would actually have a more positive long-term effect on U.S. investment in Northern Ireland.

Current U.S. Tax Policy

The United States already provides deferral of U.S. tax on the earnings of foreign subsidiaries of U.S. companies providing that the earnings are reinvested in the foreign subsidiary and the subsidiary is engaged in an active business. This deferral from U.S. tax provides an incentive for companies to invest in places with low tax rates similar to those found in the Republic of Ireland. If the United Kingdom were to lower its tax on income earned by companies located in Northern Ireland, U.S. companies would have a similar incentive to locate in Northern Ireland. If the United States were to provide an exemption from U.S. tax in those situations, the exemption would actually have the perverse effect of encouraging those companies to repatriate their earnings from Northern Ireland before the end of the five year period so that they could take advantage of the tax exemption. If the current U.S. system were to remain in place, companies would instead have an incentive to continue their operations in Northern Ireland and invest their earnings in Northern Ireland, rather than repatriating those earnings to the United States.

Effect on U.S. Treaty Policy

The United States is frequently asked to provide exemptions of this kind (often called tax sparing) to developing countries.

We have consistently refused to do so. In addition, discussions on this topic with the Senate over several decades have shown that body is strongly opposed to providing tax sparing at any time. Further, we had recent discussions with tax officials from France, Germany and the United Kingdom to the effect that the tax sparing in tax treaties should be discouraged.

Providing this incentive to Northern Ireland would have serious adverse implications for U.S. treaty policy. At the insistence of several of our treaty partners, we have included a provision in certain treaties that if the U.S. ever makes an exception to its rule against tax sparing, then the same benefit would be extended to these countries. These clauses were included with the expectation that no such exception would be made. Thus, if an exception is made for Northern Ireland, the United States would be required to immediately reopen negotiations with Morocco, Malta, Barbados, Jamaica, Cyprus and South Korea. In addition we would be required to "promptly amend" our treaties with China and India in order to incorporate the same provision that we were offering to Northern Ireland.

The U.S. would also have to abandon any hope of completing treaties with other developing countries in order to lower withholding taxes paid by U.S. companies because those countries would insist on receiving the same benefits.

The precedent established also probably would create pressure to introduce similar tax incentive programs for other troubled foreign areas, like Bosnia, etc.

Collateral Political Ramifications

One of the President's campaign promises was to eliminate tax incentives for U.S. companies to export jobs. This type of provision would be seen as a move in the opposite direction and could prove to be a serious embarrassment to the administration.

Mr. Gephardt and other Members of Congress, have introduced bills designed to curb "runaway plants". These Members would be certain to oppose a proposal to offer unique tax incentives for companies to move jobs to Northern Ireland.

Moreover, any such proposal would require legislation and be scored for a tax revenue loss under the PAYGO budget rules. A revenue offset would be required, a sensitive project that may be characterized as a tax increase bill.