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Folder Title:

Ireland-Aid/Assistance, October 1994 [2]

Staff Office-Individual:

Staff Director-Soderberg, Nancy

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Kathleen Stephens to Anthony Lake re: Supporting Peace in Northern Ireland: Options for Greater U.S. Support (6 pages)	10/00/1994	P1/b(1) KBH 6/14/2023
002. cable	re: Looking for Ways to Help the Northern Ireland Peace Process: The Economic Dimension (6 pages)	09/14/1994	P1/b(1) KBH 6/14/2023

COLLECTION:

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

FOLDER TITLE:

[Ireland]-Aid/Assistance, October 1994 [2]

2011-0355-F

rs1659

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]



United States Department of State

Washington, D.C. 20520

FAX COVER SHEETDate: 31 OctoberTo: Brooke DarbyOf: NSCPages (including this cover): 2 FAX #: 456-9460From: Elisabeth Bracking

Office of Northern European Affairs
Room 4613
Department of State
Washington, D.C. 20520

Sender's FAX #: (202) 647-3463
Sender's Tel #: (202) 647-6071

Subject: Draft Job description

Brooke - as discussed, here is the draft, unclassified, unofficial etc job description. We work getting it through the formal channels as quickly as possible.

UNCLASSIFIED**DRAFT**

Supporting the Northern Ireland Peace Process:

Special Adviser to the President and Secretary of State
to Coordinate Economic Initiatives for Northern Ireland

The Special Adviser shall be appointed for a seven-month period by the President and advise him and the Secretary of State on economic initiatives to support the peace process in Northern Ireland. The duties of this position shall be:

- o To oversee the organization of the White House Conference on Trade and Investment. The Special Coordinator will work with the Department of State, the Department of Commerce, the International Fund for Ireland (IFI), the Irish and British governments, private businessmen and U.S. companies, and other relevant individuals and organizations.

Emphasis should be placed on partnership with the private sector.

The Conference shall promote investment in order to foster economic development in Northern Ireland and in the bordering counties of the Republic of Ireland.

- o To establish a dialogue with the European Union, its member states, and other appropriate countries to facilitate their involvement in the economic development of Northern Ireland.

This will be accomplished, in part, through overseas travel as appropriate.

- o To consult with the IFI and the Congress, and others as appropriate, to help strengthen and target its programs to provide maximum support to the peace process.
- o To coordinate the efforts of all USG agencies that are promoting economic development in Northern Ireland, placing priority emphasis on attracting private sector investment.

Following the Philadelphia conference, it is expected that implementation of these initiatives could be conducted by the appropriate U.S. government agencies, using normal coordinated procedures.

DRAFT**UNCLASSIFIED**

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02

PRT: SODERBERG

SIT: NSC STEPHENS SUM2 VAX VERSHBOW

<PREC> IMMEDIATE <CLAS> ~~CONFIDENTIAL~~ <DTG> 291545Z OCT 94

FM SECSTATE WASHDC

TO ////

INFO AMEMBASSY LONDON IMMEDIATE 3603

~~C O N F I D E N T I A L~~ STATE 293779

FOLLOWING DUBLIN 05897 DATED 28 OCT 94 SENT ACTION WHITE HOUSE
AND SECSTATE REPEATED FOR YOUR ACTION.

QUOTE

~~C O N F I D E N T I A L~~ DUBLIN 005897

NSC FOR SODERBERG AND VERSHBOW

DEPARTMENT FOR EUR A/S HOLBROOKE FROM AMBASSADOR JEAN
KENNEDY SMITH

E.O. 12356: DECL: OADR

TAGS: EAID, PREL, EFIN, UK, EI

SUBJECT: DRAFT OF THE PRESIDENT'S PRESS RELEASE ON
NORTHERN IRELAND

REF: DUBLIN 5845

1. ~~CONFIDENTIAL~~ -- ENTIRE TEXT.

2. WE RECOMMEND, EVEN AT THIS LATE DATE, REDRAFTING THE
PARAGRAPH BEGINNING "COMMERCE SECRETARY RON BROWN WILL
TRAVEL TO BELFAST.....". THE VISIT OF THE SECRETARY OF
COMMERCE IS A MAJOR EVENT. PARTICIPATION IN A BRITISH
CONTROLLED CONFERENCE RESTRICTED TO ONLY NORTHERN IRELAND
DOES NOT FURTHER OUR EFFORTS, ENSHRINED IN THE IFI, TO
BUILD PEACE THROUGH ECONOMIC REVITALIZATION THROUGH CROSS
BORDER ACTIVITIES AND ORGANIZATIONS.

3. WE PROPOSE INSTEAD THAT THE PRESIDENT ANNOUNCE THAT
THE SECRETARY OF COMMERCE WILL BE SENDING A DELEGATION TO
THE PRIME MINISTER'S DECEMBER TRADE SHOW IN BELFAST.
THIS DELEGATION WILL BE CHARGED WITH PREPARING THE
PHILADELPHIA CONFERENCE AND SHOULD INCLUDE THE DEPARTMENT
OF STATE COORDINATOR AND DISTINGUISHED IRISH AMERICAN
BUSINESS PEOPLE, SUCH AS DONALD KEOUGH, THE RETIRED

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

~~CONFIDENTIAL~~

By Mr. [signature] NARA, Date 12/31/15
2011-0355-P

IMMEDIATE

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

OF COCA COLA. KEOUGH HAS VOLUNTEERED TO PLAY A PROMINENT ROLE IN ORGANIZING THE AMERICAN BUSINESS COMMUNITY TO SUPPORT THE PRESIDENT'S INITIATIVE. HE AND OTHER SENIOR IRISH AMERICAN BUSINESS LEADERS SHOULD BE ON THE DELEGATION.

4. IN ADDITION, THE TIMING OF THE WHITE HOUSE CONFERENCE SHOULD BE MOVED TO LATE FEBRUARY. THE MOMENTUM MUST BE MAINTAINED. AFTER THE PARAMETERS OF THE PRIVATE SECTOR INITIATIVE ARE DECIDED IN PHILADELPHIA, SECRETARY BROWN SHOULD THEN COME TO IRELAND TO HOST AN AMERICAN ALL-IRELAND TRADE AND INVESTMENT CONFERENCE IN THE LATE SPRING/EARLY SUMMER. WE WOULD RECOMMEND THAT LONDONDERRY WOULD BE THE MOST APPROPRIATE LOCATION. LONDONDERRY IS THE ECONOMIC CENTER OF NORTHWESTERN IRELAND, BUT CAPITOL OF NEITHER NORTH OR SOUTH AND PLAYS A KEY ROLE IN CROSS BORDER ECONOMIC ACTIVITY.

5. ALSO, WE RECOMMEND THAT THE DRAFT BE CAREFULLY REVIEWED TO ENSURE THAT WHERE APPROPRIATE REFERENCE IS MADE TO "NORTHERN IRELAND AND THE BORDER COUNTIES."

6. THE PRESIDENT'S GOAL IS TO SUPPORT THE EFFORTS OF THE BRITISH AND IRISH GOVERNMENTS TO ADVANCE THE PEACE PROCESS THROUGH A WIDE RANGE OF COOPERATIVE POLITICAL, ECONOMIC AND SOCIAL LINKAGES. THUS, IN ORDER TO EMPHASIZE OUR EQUAL RESPECT FOR BOTH GOVERNMENTS, WE SUGGEST THE LANGUAGE IN THE LAST PARAGRAPH BE CHANGED TO READ AS FOLLOWS: "I HAVE ASKED AMBASSADOR CROWE IN LONDON AND AMBASSADOR SMITH IN DUBLIN TO PLACE A HIGH PRIORITY ON MONITORING THE PROGRESS OF OUR INITIATIVES AND TO REPORT BACK TO SECRETARY CHRISTOPHER AND ME." SMITH UNQUOTE TALBOTT

BT

#3779

NNNN

<MSGID> M1333479

~~CONFIDENTIAL~~

US ASSISTANCE TO NORTHERN IRELAND

1. US Investment Conference

- in Washington/New York or Chicago (ideally one of latter)
- invitation from President Clinton
- hosted by Clinton/Gore?
- IDB to contribute to list of invitees
- organised by NI/NSC
- to include delegation of industrialists/politicians from Belfast
- role of churches?

2. Who is to lead US Trade Delegation.

- IDB ready to assist with organisation.

3. Scope for more money for IFI ?

- Springvale (as appropriate)
- Tourism
- long term unemployed
- child care and training for women.

4. Shorts: Starstreak order.

5. OPIC

- need Ireland fund
- OPIC to provide guarantees
- money to be used for equity loans to investors from US.
- funds to be raised by issue of an "Invest in Ireland" Bond
- loans to be made at concessionary rates?

6. Business Education Initiative

- placing NI undergraduates (most likely business ones) in US business schools.
- pilot already being run by churches
- low cost, money spent in US
- 2/3 strands - separate packages for undergraduates and long term unemployed.

7. Research and Development.

- twinning and exchange arrangements.
- technology transfers

8. NDI work on party training (National Democratic Institute).

9. USIA work on conflict resolution: Chair of Peace Studies.

10. Additional resources for Independent Integrated Schools.

11. Tax concessions.

- elimination of 3% tax on repatriated profits for US firms investing in disadvantages areas

12. Extend 1985 Agriculture Bill for Section 1420: "Agricultural Information Exchange with Ireland" to Northern Ireland.

? Tourism.

JOBS PROMISED BY OVERSEAS INVESTORS

	<u>ROI</u>	<u>NI</u>
1989	13,155	2309
1990	11,817	1845
1991	8,016	80
1992	8,687	258
1993	10,807	1577



ME

cc R
verghese
Slyden

PERSONAL

10 DOWNING STREET

LONDON SW1A 2AA

21 October 1994

*From the Private Secretary**Dear Mr. House*

I am sorry that I missed you when you telephoned yesterday about Iraq. However, the message reached me, and I was able to secure the Prime Minister's agreement for what seemed to me to be a very satisfactory demarche.

Northern Ireland was the reason for my absence. You may have seen speculation about further moves by us. The Prime Minister has come to Belfast today to launch another substantial package of steps to carry the peace process forward.

I am sure that our Embassy will be sending the full text of the Prime Minister's speech to Nancy Soderberg. I am sending you with this fax a summary of the key points. Our package consists of some fifteen initiatives, new policy statements and decisions which will, without any doubt, have a very significant impact in the Province. As before, we have gone to great lengths to put together a carefully balanced approach, in order to carry the support of both sides of the community.

So long as Sinn Fein and the IRA maintain a commitment to exclusively peaceful methods, we are now on a glide path to exploratory talks within a matter of weeks. We have offered a parallel opening to representatives of the Loyalist Paramilitaries.

As you know, I do not for a moment discount the considerable hurdles ahead, but it is encouraging that we have now been able to move the process securely into the next phase. It will be vital for the Paramilitaries and their political representatives to respond positively to this, to leave no doubt of their commitment to peace, and to prepare themselves to live as democratic and law abiding citizens.

I know that a senior official of the Northern Ireland office is in Washington this week to ensure close coordination between our respective investment initiatives. We shall, of course, be inviting the US Government to be represented at the Investment Conference in Belfast in December.

*Yours sincerely**R. Lyne*

R. RODERIC LYNE

The Honourable Anthony Lake
National Security Adviser
The White House

PRIME MINISTER'S SPEECH TO THE INSTITUTE OF DIRECTORS IN NORTHERN IRELAND

Key points

Ceasefire

"I am now prepared to make a working assumption that the ceasefire is intended to be permanent".

Exploratory talks between representatives of the Government and Sinn Fein

"If we can continue reasonably to assume that Sinn Fein is establishing a commitment to exclusively peaceful methods; if the IRA continues to show that it has ended terrorism; then we shall be ready to convene exploratory talks before this year is out."

Weapons and explosives

"Peace cannot be assured finally until the Paramilitaries on both sides hand in their weapons. We must consider how guns and explosives can best be deposited and decommissioned. These weapons are both North and South of the border. So we shall be consulting the Irish Government on a coordinated approach."

Joint Framework Document (Strands Two and Three)

"When the document is finished, we shall publish it. I am determined the people of Northern Ireland will have the chance to give their views."

British Government's proposals on a way forward within Northern Ireland (Strand One)

Also to be published, for public discussion. "We shall include proposals for

an Assembly" - drawing on the lessons of the 1992 talks and of Michael Ancram's exchanges.

Contacts with Loyalist Paramilitaries

The Government will enter into contact with the Loyalists at the appropriate time, once they have sufficiently demonstrated their commitment to exclusively peaceful methods.

Loyalist political representation

"We want to hear the concerns, not least the social concerns, of the communities from which they come. We shall be looking for ways of taking their views into account in the talks process."

Border crossings

The Secretary of State has today rescinded all the remaining closure orders on border crossings.

Exclusion orders

The Home Secretary has today lifted the orders excluding Gerry Adams and Martin McGuinness from Great Britain. "They are free to travel anywhere within the United Kingdom, provided they remain committed to the democratic process."

Security forces

"The need for soldiers to patrol the streets will continue to be reviewed in relation to the threat, and it is our firm objective to return to exclusively civilian policing."

Law enforcement

The RUC will be seeking to police by consent. "No groups will be allowed

to take the law into their own hands. All sections of the community must have confidence in the police and must enjoy equal protection from crime."

Investment Conference

"We shall be convening a large Investment Conference in Belfast in December." Potential investors to be invited from Great Britain, Europe, the United States, and the Far East.

European Union Initiative

A special task force is developing a new European Community programme for Northern Ireland. "From my latest contacts with Jacques Delors, I am confident that this initiative will result in a substantial package of new measures and new money. The European Union's programme will be in addition to the British Government's own expenditure plans."

Future Government support for Northern Ireland

Public spending on Northern Ireland is above the UK average. "The Government will take full account of Northern Ireland's special needs in setting future levels of public spending for the Province."

Consultation on economic projects with business and local councils

Consultations to start with business and financial interests, and the leaders and chief executives of the local councils. "They are in day to day touch with people. So I intend shortly to issue invitations to them to meet me at Downing Street. They can play a significant role in carrying forward our plans for a better future."

People of Northern Ireland

"Walls have been going up where we should have spent the past 25 years breaking them down ... We cannot make up 25 lost years overnight. We

shall have to make Herculean efforts. That is the purpose of the initiatives I have announced today ... The future of Northern Ireland lies in the hands of its own people ...

"Let me speak directly to each and every person in Northern Ireland. If you want peace, say so now... Join the crusade for the future."



10 DOWNING STREET

LONDON SW1A 2AA

FACSIMILE MESSAGE

FROM ~~CONFIDENTIAL~~ FILING

(FAX NO . 071 - 839 - 3712)

TO Anthony Lake - National Security Advisor.
The White House.

Sir Robin Kennick - Washington.

DATE

21.10.94

NUMBER OF PAGES
TO FOLLOW

5.

**United States
Information
Agency**

Washington, D.C. 20547



October 1994

OVERVIEW OF USIS PROGRAMS IN NORTHERN IRELAND**Summary:**

USIS programs in Northern Ireland are designed to support the elements of U.S. policy by addressing relevant topics and ensuring cross-community participation in all programs.

USIS London plans and executes USIS programs in Northern Ireland with excellent support from the Consul General and his staff in Belfast and in cooperation with USIS Dublin. The current slate includes:

- exchange programs which bring professionals and leaders from both communities to the U.S. for programs lasting from several days to one month;
- speaker and specialist programs which bring American experts to Northern Ireland;
- academic programs, administered by the Fulbright Commission in London which place American and Northern Irish professors, graduate students, and teachers;
- electronic programs (Worldnet and teleconferences) which permit dialogue between American and Northern Irish leaders and professionals; and
- support for cultural programs at museums, festivals, and conferences.

Exchanges:

Currently, Northern Irish grantees participate in a range of USIS exchange programs. Each year, about 6 grantees visit the U.S. on 30-day fully funded professional tours on the International Visitor Program. Others have similar 2-14 day programs through the Voluntary Visitor Program. From time to time, additional grantees visit the U.S. on specialized programs such as in American studies and museum training.

The first group of a Voluntary Visitor project for border counties community workers arrived in the U.S. in October 1994. Planned by USIS Dublin and CG Belfast, paid for by the International Fund for Ireland, and programmed by Voluntary Visitors, this project will bring about 30 grantees to the U.S. in five groups for 2-week professional tours. Topics will be domestic violence, youth counseling, early childhood education, substance abuse, and working with the disabled.

Educational exchanges:

Since the Fulbright Commission was founded in the United Kingdom, records show that a total of 35 students from Northern Ireland have been funded between 1950 and the present. Fields of study range across science, medicine, social science, engineering, and music.

Currently, potential candidates for Fulbright programs from Northern Ireland can apply either through the Irish or British commissions. Fulbright professors are placed at Northern Irish universities every few years.

The Fulbright Teacher Exchange Program arranges for up to five American teachers to exchange places with Northern Irish teachers each year.

Speakers:

Speakers have not been regularly programmed in Northern Ireland. However, among notable programs in recent years is the Fulbright Commission sponsored colloquium on "Divided Cities" presented at the University of Ulster in FY-93.

In FY-95 USIS London is planning a number of speaker programs in Northern Ireland, including a seminar on conflict resolution co-sponsored by the Peace Studies Program at the University of Ulster and a possible co-sponsor from Dublin.

Priority topics will 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 which allows exchange staff with a U.S. museum.

Worldnets and Teleconferences:

USIS installed a satellite dish (TVRO) at the Consulate General in Belfast several years ago and has maintained an active program of interactive dialogues 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 visited Belfast together in October 1994 to examine further cooperation.

PLANNED EXPANSION OF USIS PROGRAMS

Increases in the budgets of USIS London and USIS Dublin are not expected for FY-95. However, within the current levels, both USIS London and USIS Dublin will be able to increase programming in all areas described above.

Maintaining the current priority on cross-community participation in all programs, coordination and co-programming between USIS London and USIS Dublin will be increased. Additional thematic areas will receive priority, i.e. conflict resolution, community development, grassroots politics, and local government.

USIA Grants from the Office of Citizen Exchanges: USIA plans to open funding opportunities for projects in Western Europe through the Office of Citizen Exchanges. This office solicits applications from American non-profit organizations to conduct long term exchange and training projects around the world. Requests for proposals for projects in Northern Ireland in the areas of conflict resolution, rule of law, local government, and citizen networking will be included in RFPs (Request for Proposals) to be issued later in FY-95. Depending on the quality and quantity of proposals received, this could mean one or more grants of \$60,000-\$150,000.

With additional IFI, NGO, or other private sector funds, USIS London could consider further expansion of programs:

Exchanges: Though USIS London will increase the number of International Visitor grants for Northern Ireland from London's FY-95 allocation, the allocation itself will not increase. However, use of USIA's Voluntary Visitors program can be expanded. Since the Voluntary Visitor program

guidelines allow IV-like projects for individuals and groups when international travel is funded by other organizations, USIS Dublin and London could accept grantees with outside funding, such as from the International Fund for Ireland or the private sector. Human rights, democracy, conflict resolution, and community development are promising topics for additional exchange projects.

Speakers: USIS speakers programs could be increased if additional co-sponsorship can be found.

Cultural programs: There is potential to expand placement of American Cultural Specialists at cultural institutions and to increase facilitative assistance to museums and cultural organizations. The Cultural Affairs Officer from USIS London will visit Dublin to coordinate ideas with the USIS Dublin.



USIA-sponsored exchange students from Honduras visit the Lincoln Memorial in Washington, D.C.

Citizen Exchanges

USIA's Citizen Exchanges program supports cooperative exchanges in various thematic areas through grants to nonprofit American institutions. These include exchange organizations, professional associations, universities and think tanks.

Recent Citizen Exchange programs are:

□ A program for 11 management interns from Central and Eastern Europe to come to America to study free-enterprise. The pilot program represents a new public/private sector partnership that includes the support of the Soros Foundation in conjunction with the U.S. Chamber of Commerce, USIA's Private Sector committees and business groups.

□ A nonprofit artist group brings a Chilean artist for a tour of the U.S. to observe and consult on visual arts and to participate in a residency program at the Oregon School of Arts and Crafts in Portland.

□ Young parliamentarians from the Middle East participate in an exchange with the U.S. Congress and state legislatures.

We encourage the private sector to join with us in supporting exchange programs. We award competitive grants to private, nonprofit organizations such as Sister Cities International, the American Council of Young Political Leaders, and Partners of the Americas, for projects that will link them with their overseas counterparts.

We also design and conduct about 20 programs a year in response to specific requests from our posts. Examples include parliamentary exchanges with Botswana and Thailand and transnational environmental programs in Eastern Europe and the former Soviet Union.

Youth Exchange

The Congress-Bundestag program, which is jointly funded by the U.S. Congress and the German Bundestag parliament, provides an opportunity for American and German high school students, young professionals, and workers to live and study in each others' countries for one year. This program serves approximately 400 Americans and an equal number of Germans annually.

Under the Samantha Smith Memorial Exchange Program, we provide grants to American nonprofit organizations to support youth and undergraduate exchanges between the United States and the former Soviet Union and Eastern Europe.

Through a 20 million dollar initiative proposed by Sen. Bill Bradley, of New Jersey, included in the Freedom Support Act signed by President Bush in October, 1992, and administered by USIA, thousands of high school students from the former Soviet Union and the United States will travel to and experience each others' countries. Another 30 million dollars, some of it administered by USIA, will fund exchanges of college students, businessmen and government officials of the U.S. and the former Soviet Union.

MEMORANDUM

TO: Kathleen Stephens - NSC
FROM: Morgan Kulla ^m - USIA/WEU
DATE: October 30, 1994
SUBJECT: Additional Information on USIS Programs in Northern Ireland

Attached, you will find an Overview of USIS Programs in Northern Ireland. I have also sent some information on the Office of Citizen Exchanges which offers the grants we are going to open for projects in Northern Ireland. I can't say how many there will be but realistically I guess there will be a maximum of 2. It all depends on the quality of the proposals received.

Inquiries about the grants can be addressed to:
The Office of Citizen Exchanges (E/P)
E/P - Room 266
USIA, 301 4th Street, S.W.
Washington, DC 20547 Tel. 202-619-5348

After you look it over, please call me to let me know if you want it in a different format or need more information. I will be at home 202-338-2652 after about 10:30 am.

I have also left an original of the Overview plus the general booklet on USIA (Citizen Exchanges description is taken from it on p. 21) at the gate of the OEB where you entered the other day with Sandy. If the document is ok, you can use the original for copying, rather than the fax copy.

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



UNITED STATES DEPARTMENT OF COMMERCE
Technology Administration
Washington, D.C. 20230

◎ FAX TRANSMITTAL FORM ◎

DATE :

10/7/94

TO :

Catherine Stephens
NSC

FAX # :

456-9150

FROM :

JOSEPH E. CLARK

SENIOR SCIENCE ADVISOR
4817 HOOVER BUILDING

VOICE : 202-482-2388

FAX : 202-482-4826

MESSAGE :

Some background on our discussion of increased
science & technology relations with Ireland.

We would like to help develop language for any
Presidential announcement that concerns this.

Joe

Number of Pages (Including this Cover sheet) :

5

U.S. Embassy
London

October 7, 1994

Dr. Joe Clark
Senior Science Advisor
Office of the Undersecretary for Technology
U.S. Department of Commerce
FAX: (202) 482-4826

Dear Joe:

Norman Morrison (and Jim Wolstencroft) did send us a list of areas of potential opportunity for U.S.-NI interaction in R and D collaboration/cooperation involving centers and universities. We are faxing those separately so you get the points without our spin. Some of these possibilities are likely to have greater positive impact on the goals of a "NI initiative" than others. There are also some potential downsides.

These points were provided to us upon a request made in preparation for a visit to NI by a delegation from Embassy London led by Economic Minister Tom Gewecke. He reported the highlights and an analysis of the visit in a recent cable (London 15755). This was slugged for DOC/IEP and FCS/OIO, and they will probably be interested in any plans you develop for concrete action.

In approaching a "NI initiative", it is important to keep in mind that NI is part of the UK and avoid lumping it with Ireland proper. In planning a possible mission it would be good to keep London and the State Department (UK desk) in the loop and consult closely with our Consul General in Belfast, Val Martinez.

We would be pleased to work with you in exploring the points proposed by Norman Morrison or in developing an expanded/amended set of points that would integrate GB (and possibly the Republic of Ireland) as significant "partners" in the process.

Best regards,
Ed

Approved: E/MIN: TGewecke
Drafted: E/SCI: EHildebrand
Cleared: E/SCI: JLutz



Dr Joseph Clarke
Senior Science Adviser
US Department of Commerce
4817 Hoover Building
WASHINGTON D C 20230
United States of America

6 October 1994

Dear Dr Clarke,

Thank you for your telephone discussion this morning with Norman Morrison. You discussed various suggestions on how US/NI collaboration and co-operation might be further developed in the area of R&D. The following indicators might help to map out possible territory for further detailed exploration:

- (i) examining/learning from the US approach to the funding of high technology start ups in SMEs (small and medium sized businesses which account for most of Northern Ireland enterprises); there is an alleged funding gap in Northern Ireland in this area with problems in attracting appropriate forms of venture/risk capital;
- (ii) linked with (i) above examining the incubation approach to the development of small high technology companies in the various areas of the US (eg the Advanced Technology Development Centre (incubator) at the Georgia Institute of Technology and its equivalent in Cleveland);
- (iii) twinning NI R&D centres of capability (both academic and industrial) with their appropriate equivalent in the US; in particular we could build on existing R&D linkages through the environmental Questor Centre in QUE;
- (iv) similarly twinning IRTU with broadly equivalent agencies in the US and, on that developed basis, using IRTU as a regional information resource and stimulus to encourage closer NI/US co-operation in appropriate disciplines;
- (v) exploring the possibility of funding exchanges of R&D specialist/personnel particularly linked to (ii) above ie the successful commercial incubation of high technology R&D capability;



Dr Joseph Clarke
US Department of Commerce

6 October 1994

- (vi.) joint NI/US seminars/conferences on various R&D issues - particularly examining the various regional approaches to the development of R&D and the stimulation of synergy between academia/business/government; (the forthcoming Atlanta Olympics may offer a possible base and opportunity?);
- (vii.) looking to the millennium and future generations the development of competitively based contacts between the science/engineering/commerce departments of NI/US schools and/or colleges may well be an important area for development;
- (viii.) increased IFI funding for various activities, including R&D, is an obvious suggestion (though this is a matter for the IFI rather than IRTU);
- (ix.) building on the example of the Dr Good lecture it could well be that a tripartite NI/ROI/US dimension might be incorporated into the suggestions at (i) - (viii) above.

As you may be aware we have contacts with Mr R L (Bob) Scott of Ulster/America Co (Suite 587, 8825 Roswell Road NE, Atlanta, Georgia, telephone (404) 668-1126, fax (404) 998-7212). He proposes to visit Northern Ireland again in the week beginning 13 November during which Norman Morrison hopes to discuss with him the development of possible IRTU contacts with the Georgia Institute of Technology; the Georgia Biomedical Partnership; the University of Georgia Biomedical Centre; the Research Triangle Park in North Carolina; the North Carolina Biotechnology Centre and the University of North Carolina.

I hope that you find this list of suggestions helpful and would be pleased to provide further detail if this is required. (I wrote to Ed Hildebrand in similar terms on 13 September).

With best wishes,

Yours sincerely

Jim Welter

NJW0163KP

TO: Elliot E. Maxwell@USOTP@TA
TO: Mary L. Good@USOTP@TA, Graham R. Mitchell@USOTP@TA
CC:
FROM: Joe Clark@USOTP@TA
SUBJECT: Northern Ireland Initiative
DATE: Wednesday, September 21, 1994 9:21:51 EDT
ATTACH:
CERTIFY: N
FORWARDED BY:

Jim Hauser's memo to Rob Stein suggests a 3-step process:

- Fact Finding delegation in Fall '94 (ITA-led)
- Business Conference in Spring '95 (probably Belfast)
- Commerce-OPIC Business mission in Late Spring '95 (Secretary-led).

Focus would be investment/ trade/ high-tech.

This is a sound & timely approach... BUT...

The Republic of Ireland needs to be included in the planning!

Political relations between Northern Ireland & the Republic are taking a turn for the better. A high-level U.S. mission to Northern Ireland that ignores their southern competitors will have a negative impact on their peace process. Some parallel process with Dublin should be included, the more integrated with the Belfast process the better.

Mary Good's formal Innovation Lecture in Belfast in June was jointly planned by Dublin & Belfast. (Next year's Lecture will be in Dublin, & future Lectures will alternate between their capitals.) The 200 business & government executives who attended were from both regions, and her Lecture contributed significantly to their willingness to work together. My Lecture on Innovation in Dublin this past Monday was to a mostly Republic of Ireland audience who are focused on a "White Paper" to be published late this year; the paper will state the Republic's 5-year plan for funding science, technology, & high-tech business activities. EC funding will play a significant role in the Republic's funding strategy, especially through the EC Fourth Framework Program.

In summary, it's a good time to start an initiative. It needs to be planned carefully, to include Irish realities in politics, technology & business.



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.



DEPARTMENT OF THE TREASURY
WASHINGTON

September 20, 1994

MEMORANDUM FOR KATHLEEN STEPHENS
DIRECTOR, EUROPEAN AFFAIRS
NATIONAL SECURITY COUNCIL

FROM: DAVID SUTHERLAND *DFS*
OFFICE OF THE INTERNATIONAL TAX COUNSEL

SUBJECT: Tax Incentives to Invest in Northern Ireland

The British suggestion that the United States allow U.S. companies to write off the capital costs of investments in Northern Ireland unfortunately raises much the same problems that we had noted for the five-year tax exemption proposal. As explained in Les Samuels' memorandum of September 9, any tax incentives provided by the United States for investments in Northern Ireland would seriously damage future U.S. tax treaty policy and could have spill over effects on existing treaties with developing countries (including China and India). Although the British state that "similar schemes exist elsewhere", the United States has never given this kind of incentive to investments in another country.

In addition, one of the President's campaign promises was to eliminate tax incentives for U.S. companies to export jobs. Like the five-year tax exemption proposal, this type of provision could be seen as a move in the opposite direction and could prove an embarrassment to the administration.

A copy of the September 9 memorandum is attached for your ease of reference.

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WHITE HOUSE SITUATION ROOM

DIST: LEBOURGEOIS, NSC, STEPHENS, VAX, VERSHBOW

PREC: IMMEDIATE

CLASS: UNCLASSIFIED

DTG:051549Z OCT 94

FM: USEU BRUSSELS

TO:

RUEHC/SECSTATE WASHDC IMMEDIATE

RUEHXQ/ALLEU COLLECTIVE

RUEHBL/AMCONSUL BELFAST

UNCLAS SECTION 01 OF 02 BRUSSELS 10926

STATE FOR EUR/RPE AND EUR/NE

E.O. 12356: N/A

TAGS: PREL, ETRD, EUN, UK, EI

SUBJECT: OCTOBER 4 EU GENERAL AFFAIRS COUNCIL -
- NORTHERN IRELAND

1. THE OCTOBER 4 EU GENERAL AFFAIRS COUNCIL (GAC, FOREIGN MINISTERS), MEETING IN LUXEMBOURG, AGREED TO PROVIDE INCREASED BACKING FOR THE NORTHERN IRELAND PEACE PROCESS AND INVITED THE COMMISSION, IN CONSULTATION WITH THE U.K. AND IRISH GOVERNMENTS, TO DRAFT SPECIFIC PROJECT PROPOSALS. THE TEXT OF THE COUNCIL CONCLUSION FOLLOWS IN PARA 9. IRISH FOREIGN MINISTER DICK SPRING AND U.K. FOREIGN MINISTER DOUGLAS HURD TALKED TO THE PRESS ABOUT THE GAC DISCUSSION ON NORTHERN IRELAND IN SEPARATE PRESS CONFERENCES.

DICK SPRING REMARKS

2. IRISH FOREIGN MINISTER DICK SPRING TOLD THE PRESS THAT THERE IS NOW A "HISTORIC OPPORTUNITY TO END THIS CONFLICT WITHIN THE EUROPEAN UNION'S BORDERS," AND THAT BOTH THE U.K. AND IRISH GOVERNMENTS WANT TO SEIZE IT. HE FOUND IT ENCOURAGING THAT PRESIDENT DELORS DURING THE GAC COMMITTED THE COMMISSION TO ASSISTING THE PROCESS. SPRING SAID THAT THE COMMISSION MAY FIND IT NECESSARY TO ESTABLISH A "TASK FORCE" ON NORTHERN IRELAND, DEPENDING ON HOW THE PROJECT PROPOSALS DEVELOP.

3. SPRING SAID THAT THE EU CAN PLAY A MAJOR ROLE IN CORRECTING THE "ECONOMIC DISLOCATIONS CAUSED BY TWENTY-FIVE YEARS OF VIOLENCE." IRELAND BELIEVES THAT

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THE EU SHOULD DEVELOP SPECIAL PROJECTS DIRECTED TOWARDS: STIMULATING EMPLOYMENT; URBAN RENEWAL IN DERRY AND BELFAST; TOURISM; AND INFRASTRUCTURE, PARTICULARLY NORTH-SOUTH LINKS.

4. SPRING SAID THAT THE GAC HAD AGREED TO KEEP THE MATTER "UNDER CONSTANT REVIEW." HE WAS HOPEFUL THAT SPECIFIC PROJECTS COULD BE READY FOR CONSIDERATION AT ONE OF THE NOVEMBER GAC'S (NOV. 2 OR 28) AND THAT AN OVERALL PACKAGE OF MEASURES FOR NORTHERN IRELAND COULD RECEIVE THE EU "IMPRIMATUR" AT THE ESSEN SUMMIT (DEC. 9-10).

5. ASKED BY A JOURNALIST WHETHER THIS WAS RUSHING THINGS, SPRING REPLIED THAT "A CERTAIN DEGREE OF HASTE IS CALLED FOR." "PEOPLE WANT TO SEE SIGNS OF A NEW ERA -- NEW HOUSING SCHEMES, PLAYGROUNDS, INDUSTRIAL RENOVATIONS -- WE NEED TO SHOW A PEACE DIVIDEND."

DOUGLAS HURD REMARKS

6. U.K. FOREIGN MINISTER DOUGLAS HURD NOTED THAT UNDER THE DELORS II BUDGET, NORTHERN IRELAND WILL RECEIVE 900 MILLION POUNDS IN STRUCTURAL FUNDS, PLUS ADDITIONAL CROSS-BORDER PROJECT SUPPORT, OVER THE NEXT FIVE YEARS. BEYOND THIS, THE OCTOBER 4 GAC HAD AGREED THAT AN ADDITIONAL PACKAGE OF MEASURES WOULD BE CONSIDERED BASED UPON PROPOSALS DEVELOPED BY THE COMMISSION, U.K. AND IRELAND.

7. HURD SAID THAT NO FIGURE WAS DISCUSSED -- IT WOULD FOLLOW FROM COSTING THE PROPOSALS. THE U.K. BELIEVES THAT THE SPECIAL PROJECTS SHOULD BE FOCUSED ON URBAN RENEWAL, "BELFAST AND LONDONDERRY ARE RUN-DOWN, HAVE SUFFERED JOB LOSSES, AND A RESULTING ATMOSPHERE OF SUSPICION." HE SAID THAT HE AND SPRING AGREED THAT THE EU COULD MAKE A SIGNIFICANT CONTRIBUTION TO THE PEACE PROCESS BY IMPROVING PUBLIC CONDITIONS: "THE REGENERATION OF AREAS BLIGHTED BY VIOLENCE WILL BE OF GREAT PSYCHOLOGICAL IMPORTANCE IN RECONCILING PEOPLE." HURD SAID THAT DELORS WAS "WHOLLY SYMPATHETIC" TO THIS NEED AND "HAD INDICATED HIS ENTHUSIASM TO BACK THE PEACE PROCESS IN NORTHERN IRELAND THROUGHOUT."

8. COMMENT. SPRING AND HURD'S EXPRESSED INTEREST IN DELORS' ATTITUDE WAS MORE THAN POLITESSE. THE COMMISSION HAS THE SOLE RIGHT TO TABLE PROJECT PROPOSALS INVOLVING EU FUNDING. THE DEGREE OF COMMISSION INTEREST LARGELY WILL DETERMINE HOW RAPID AND AMBITIOUS THE EU'S POTENTIAL SPECIAL PROGRAM FOR NORTHERN IRELAND WILL BE. END COMMENT.

TEXT OF THE GAC CONCLUSION

UNCLASSIFIED

UNCLAS SECTION 02 OF 02 BRUSSELS 10926

STATE FOR EUR/RPE AND EUR/NE

E.O. 12356: N/A

TAGS: PREL, ETRD, EUN, UK, EI

SUBJECT: OCTOBER 4 EU GENERAL AFFAIRS COUNCIL -
- NORTHERN IRELAND

9. BEGIN TEXT.

THE COUNCIL HEARD REPORTS FROM THE U.K. AND IRISH FOREIGN MINISTERS, WELCOMED THE PROGRESS MADE SINCE USEDOM (NOTE: THE VENUE OF THE INFORMAL MEETING OF EU FOREIGN MINISTERS AT THE BEGINNING OF SEPTEMBER) AND REAFFIRMED THE NEED TO ENSURE THAT THE PEACE PROCESS WAS MADE IRREVERSIBLE. IT RECOGNIZED THAT PEACE OFFERS A UNIQUE OPPORTUNITY FOR SOCIAL AND ECONOMIC RECOVERY IN WHICH COMMUNITY ASSISTANCE WILL CONTINUE TO PLAY AN IMPORTANT ROLE.

THE COUNCIL WELCOMED THE COMMISSION'S PROPOSAL TO INCREASE THE COMMUNITY'S CONTRIBUTION TO THE INTERNATIONAL FUND FOR IRELAND TO 60 MILLION ECU OVER THE NEXT THREE YEARS. IT INVITED COREPER TO FINALIZE THE LEGAL TEXT CONCERNING THIS CONTRIBUTION WITH A VIEW TO ITS ADOPTION BY THE COUNCIL AT ITS NEXT SESSION.

THE COUNCIL FURTHERMORE TOOK NOTE OF THE PRELIMINARY THINKING OF THE COMMISSION AND THE U.K. AND IRISH MINISTERS ON A PACKAGE OF ADDITIONAL ECONOMIC MEASURES OVER THE COMING MONTHS TO PROMOTE RECONCILIATION BETWEEN THE COMMUNITIES IN NORTHERN IRELAND.

THE COUNCIL INVITED THE COMMISSION, IN CONSULTATION WITH THE U.K. AND IRISH GOVERNMENTS, TO TAKE THE NECESSARY MEASURES WITHIN ITS OWN COMPETENCE AND WHERE NECESSARY BRING FORWARD SPECIFIC PROPOSALS TO THE COUNCIL. THE GENERAL AFFAIRS COUNCIL WILL KEEP PROGRESS IN THIS AREA UNDER CONSTANT REVIEW.
END TEXT

(DRAFTED: POL MTOKOLA, CLEARED: POL RDEGLAIN
APPROVED: POL JGREENWALD)

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202 736 4597 P. 02

10/31 cc Kathy Stephens
and return

International Fund for Ireland

- * The International Fund for Ireland (the Fund) was established in 1986 to demonstrate U.S. support for the Anglo-Irish Agreement.
- * It is a tangible expression of the U.S. policy favoring peace and reconciliation through economic progress in Northern Ireland.
- * Since 1986, Congress has apportioned approximately \$228 million to the Fund.
- * Two U.S. government priorities in its contribution to the Fund are job creation and leveraging investments. For example:
 - Since 1986, the Fund has created about 29,000 new jobs
 - In addition, construction activities have resulted in 25,000 person-years of temporary employment.
 - Of the \$352 million Fund resources committed to approved projects, another \$264 million of private and government resources have been invested. Every dollar the Fund has committed has resulted in an additional \$1.70.
- * In an effort to focus on the more disadvantaged areas of Northern Ireland, the Fund directs 70-80% of the resources available in its six program sectors to disadvantaged areas in Northern Ireland.
- * Although the U.S. is the largest donor to the Fund, other donors to the Fund include Canada (\$1 million), New Zealand (\$.5 million), and the European Community (\$108 million).
- * The Fund's program sectors concentrate on community regeneration projects (e.g. rehabilitation of derelict facilities), employment generation, training and the encouragement of community-based private enterprises in Northern Ireland, and in the six border counties of the Republic of Ireland.
- * The Fund's program sectors consist of the following: Business Enterprise, Tourism, Urban Development, Agriculture and Rural Development, Science and Technology, Wider Horizons Program and the Disadvantaged Areas Initiative.

The Fund is highly regarded by moderates from both the Catholics and Protestant communities, but has not been well accepted by those who oppose the Anglo-Irish Agreement. In recent years, however, even some Protestant opponents of the Agreement have come to see the Fund as a source of monies that could benefit their communities.

Success stories:

Community Relations/Regeneration - Dairy Farm Regeneration Scheme on West Belfast's Stewartstown Road provides:

- large supermarket
- multipurpose civic center
- library
- retail stores
- service outlets
- job search and placement service

Cross-Border Cooperation - Ballinamore and Ballyconnell canal Restoration Project. This activity linked the two main waterways in Ireland, the Erne and the Shannon, to develop and support important trade and business development for tourism. The program involved the interaction between the U.K. and Irish governments, the EC, three County Councils, landowners, local communities, consultants and contractors. The project presently employs 300 people. there has been a substantial boost to the local economy.

Disadvantaged Areas Initiative - Coalisland: Local inhabitants of Coalisland formed the Coalisland District Development Association to improve the economic and social situation of the town.

Urban Development - 30 private sector-led regeneration activities have been developed to date.

drafted ENI/ECA 10/30/94

IRELAND

PROGRAM DESCRIPTION

Priority Sectors

- Bi-communal Cooperation for Economic Development
- Social Reconciliation

U.S. Assistance (\$ Thous.)	1992	1993	1994
Development Assistance	0	0	0
Economic Support Fund	19,700	19,700	19,600
Special Assistance Initiatives	0	0	0
TOTAL	19,700	19,700	19,600

Note: Appropriations appear by fiscal year

CURRENT STATUS

The Economic Support Funds (ESF), granted to Ireland by a Congressional earmark, go exclusively to the International Fund for Ireland (IFI), a multilateral, non-partisan fund created in 1986 to promote and support grass roots efforts to reconcile the different communities in Northern Ireland and the bordering counties in the Republic of Ireland. The IFI views itself as a temporary facility to catalyze and support economic, political and social initiatives aimed at permanent reconciliation among the two communities. It disburses funds in accordance with the economic and social policies and priorities of both Irish and U.K. governments, and ensures impartiality to regions, communities and religions with regard to its board membership, administrative employment, and disbursements. Funding supports employment generation and investment promotion, with special emphasis on projects promoting communal reconciliation. U.S. funding began in 1986 to "support and promote economic and social reconstruction and development" in Ireland and Northern Ireland. The U.S. has been the largest contributor to the IFI, granting approximately \$230 million from 1986 through September 1994. The next contribution of \$19,600 is planned for FY 1995.

HIGHLIGHTS OF RESULTS

The IFI's principal efforts are directed at reducing the economic hardships of unemployment and community infrastructural decay in order to reduce the economic differences that exacerbate social disruption along religious lines. Working through sectoral program teams, the IFI has approved over 3,000 projects and disbursed \$265 million to these projects. The remainder of the total

multi-donor contributions through end of FY94 has also been committed to projects. The IFI has projects in tourism, urban development, agriculture, technology, and community development.

Innovative community relations projects have received \$4.2 million of the \$5.7 million committed for this purpose. Under a special initiative for disadvantaged areas affected by civil unrest and urban decay, IFI has disbursed \$37 million of the \$84 million committed for activities. Other urban development activities, principally commercial regeneration of town centers, have received \$32 million of the \$55 million committed for projects.

IFI has disbursed all of the \$34 million committed for vocational training of youth, and \$47 million has also been disbursed against commitments of \$63 million for small business development.

The Community Regeneration and Improvement Special Program was begun in 1990 to focus on disadvantaged rural areas and towns in Northern Ireland. It is estimated that nearly 29,000 direct and indirect jobs will be created with IFI investment. Of the 20,322 direct jobs created, almost 14,000 are in the areas of highest unemployment. Of the 8,440 indirect jobs created over 5,000 are in the most disadvantaged areas. In addition, it is calculated that the projects supported by IFI will generate over 25,000 construction jobs.

USAID/ENI/ECA
October 1994

Hawkins, Ardenia R.

From: Stephens, Kathleen D.
To: Darby, M. Brooke; Hawkins, Ardenia R.
Cc: /R, Record at A1; @EUROPE - European Affairs
Subject: another point for press release [UNCLASSIFIED]
Date: Monday, October 31, 1994 8:31AM

AID
TR

Brooke, here, from AID, is the point about Tom Dine Nancy asked about last night:

--AID Associate Administration for Europe Thomas A. Dine will visit Belfast and Dublin November 19 to look at IFI projects in Northern Ireland and the six border counties of the Republic. He will also explore the potential for a micro-enterprise program.

Brooke, would appreciate an e-mail copy of the memo and press statement versions in their final versions.
Thanks.

Hawkins, Ardenia R.

From: Danvers, William C.
To: @EUROPE - European Affairs
Cc: /R, Record at A1; @LEGISLAT-Legislative Affairs; @NSA - Nat'l Security Advisor; @UP - APNSA Special Assistants
Subject: Ireland [UNCLASSIFIED]
Date: Friday, October 28, 1994 7:31PM

Kathy:

Per your discussion with Nancy, I have compiled a read out from Hill contacts thus far on the proposed Irish package.

We were asked to take some soundings on the Hill on the package. We called those offices that have expressed interest in Irish affairs. This included Foley, Hamilton, Gilman, Manton, Moakley, McCloskey, Joe Kennedy, Rich Neal, Ben Gilman, Peter King, Ted Kennedy, Kerry, Dodd, Moynihan, Biden and Pell.

Of these offices, all supported the idea of continuing to help Ireland. McCloskey, Joe Kennedy, Ted Kennedy, Kerry, Moynihan, Biden and Pell all supported an increase in funding for IFI, calling this an historic opportunity. Some of the other offices, like Foley for example, did not have time to focus on the details, so they too may be supportive of an increase. Dodd said that while he would like an increase, he thought staying with \$20 million was realistic.

Of the appropriators, Leahy's staff expressed concern over where we were getting the money. McConnell's staffer said she didn't like the IFI in the first place, so, therefore, didn't care what we did. I am still waiting for a read out from Obey and Livingston. State promised to have it no later than tomorrow.

On the other issue of whether or not to announce it without an increase to IFI, Pat Griffin said that he thought it would be fine to announce it with \$20 million for the IFI if that is where we come out.

My read from all of this is that if we stay with the original package, I think we will be OK. That is not to say that some friends of Ireland on the Hill won't be upset, but if we can't afford the hits to other programs, then they will have to live with it.

Hope this helps.

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NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

DECLASSIFIED
PER E.O. 13526

2011-0355-F (2.15)

KBH 7/11/2023

ACTION

MEMORANDUM FOR ANTHONY LAKE

FROM: KATHLEEN STEPHENS ~~18~~

SUBJECT: Supporting Peace in Northern Ireland:
Options for Greater U.S. Support

Purpose

To decide upon a package of measures the President can announce to support the peace process in Northern Ireland by encouraging greater job growth and investment there.

Background

Nancy Soderberg chaired an interagency study of ways in which the USG might increase or refocus U.S. assistance to Northern Ireland to take advantage of the opportunity for peace presented by the IRA cease-fire and the strong interest in Congress and the Irish-American community in building on this breakthrough. We have also consulted with the Irish and British governments and leaders of Northern Irish political parties to get their views on what kind of assistance would be most helpful. We have concluded that:

- Our role in Northern Ireland -- economic and political -- is and will remain a supporting one. We should not get out in front of the Irish and British governments either in terms of forcing the pace of political negotiations or in terms of our economic role. We do not have the funds nor, in relative terms, does Northern Ireland have a need which would justify a large economic assistance effort; the British government and the EU should remain the primary sources of funds for Northern Ireland's development needs.
- Northern Ireland is already beginning to enjoy a modest "peace dividend;" the EU has increased its annual pledge to the International Fund for Ireland from about \$20 million to over \$24 million annually. Australia has committed to contribute for the first time, at a rate of \$1 million annually for the next five years. The longer the peace holds, the more businesses will look again, or for the first time, at investing in Northern Ireland. Our initiative

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Declassify on: OADR

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therefore need not start from ground zero but rather can aim to encourage these trends.

- The International Fund for Ireland (IFI) is the best way to channel the bulk of any new USG effort. It is trusted by both communities in Northern Ireland, by the British and Irish governments, and by Congress. Its mandate is to do precisely what we have identified as the priority development tasks in Northern Ireland. We are in touch with Jim Lyons, the U.S. Observer to the IFI Board, who has reported to us on the IFI Board's September 29-30 meeting. Tab A describes the IFI in detail. Tab B is Lyons' October 10 memo describing the Board's recent decisions.
- Although there is great interest on the Hill in "doing something" for Northern Ireland, there is no optimism about getting new money -- particularly with IFI already amply funded, at least for the moment. There may be support on the Hill, however, for an OPIC or other program to establish an equity or growth fund for Northern Ireland.
- Although we have examined numerous proposals put forward by HMG, the Irish government and Northern Ireland politicians for preferential tax or tariff treatment, it appears that Northern Ireland, as a part of the UK and the EU, is already in most regards in a highly favorable trade and tax position vis-a-vis the United States. Treasury would strongly oppose any move to grant unique tax breaks to encourage business in Northern Ireland on the grounds of maintaining the integrity of our tax treaty system.

Options

Based on these findings, we have identified the following options for your decision. With your approval, we will use these proposals as the basis for an October Presidential announcement, perhaps in connection with a visit to the White House by influential Irish-Americans.

International Fund for Ireland: The Administration included in its budget proposals for FY94 and FY95 \$19.6 million per year for IFI. This was a break with previous years, when Congress, not the Administration, was the driving force behind getting and keeping IFI funding. We can build on this in several ways.

Amount of Funding

We have two choices:

- A) Commit now to maintaining the present level of funding over the next two years. This could be announced in terms of our plan to obligate approximately \$40 million to IFI in FY95

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(this would consist of FY94 appropriated but not yet obligated monies along with the anticipated FY95 appropriations) and to seek Congressional concurrence for a total of about \$40 million over the following two fiscal years; or

- B) Affirm our present commitment to obligate \$40 million in FY95, and secure State Department commitment to seeking increased funding beginning in FY96 to match the EU's increased pledge of \$24 million annually.

Recommendation: Option B

Approve _____ Disapprove _____

Conditions

- A) Continue to appropriate funds to IFI under existing guidelines, which permit IFI's Board of Directors wide latitude in their use of the funds.
- B) Seek to reinforce IFI's efforts to increase donor commitments, including from private industry, by requiring that IFI set aside up to \$15 million over three years for:
- a matching grant program under which IFI could leverage up to twice the amount in private donations for a "flagship program" such as the proposed Springvale campus of the University of Ulster. The Springvale campus would be built to stretch between North and West Belfast, an area which has the highest levels of long-term unemployment.
 - a loan guarantee program that would target small business development in an effort to increase bicommunal activities.

Potentially, these programs could leverage an additional \$30-\$50 million in private funds. There may be opposition at the Fund, however, to any set-aside requirement/condition without the promise of any new money for the Fund, and concern within the Irish-American community that this approach could draw funds away from other existing private efforts. However, the IFI is highly interested in the Springvale project (Tab B), and might be interested in a matching grant program used new funds.

Recommendation: Option B, with new money

Approve _____ Disapprove _____

Investment Conference and Mission: This idea promises to attract widespread support and attention, particularly if it is held in Washington with Presidential or Vice Presidential participation.

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The IFI Board is prepared to sponsor such a conference as early in 1995 as feasible. We should consider inviting some or all of Northern Ireland's party leaders to the conference (Hume and Molyneaux for a start). The conference could be followed by a trade and investment mission to Northern Ireland and the Republic of Ireland, possibly led by Commerce Secretary Ron Brown, and with Irish-American and other business participation. We do not yet have a formal reaction from Commerce; this has to be further explored with them.

Recommendations: That we encourage IFI to organize and sponsor an investment and business conference on Northern Ireland in Washington, D.C. as soon as possible, with a commitment on our part to Presidential or Vice Presidential participation in the form of an opening or keynote address.

Approve _____ Disapprove _____

That following the conference, the Department of Commerce and/or other appropriate agencies be tasked with working with IFI to organize a trade and investment mission to Northern Ireland.

Approve _____ Disapprove _____

OPIC Equity Fund: OPIC is investigating whether an OPIC-sponsored equity fund could mobilize U.S. private capital. Congress (Representative Gilman) has asked for a feasibility study to determine if an equity fund not to exceed \$60 million is appropriate for both Northern Ireland and the Republic of Ireland.

Recommendation: Welcome the OPIC feasibility study and Congressional interest. Upon completion of the study, depending on the results, work with Congress to establish an equity fund.

Approve _____ Disapprove _____

Provision of U.S. Technical and Other Expertise: We have identified numerous other ways in which U.S. government agencies might begin or expand their contacts with Northern Ireland to focus on areas of greatest importance to solidifying the peace and promoting reconciliation. We believe that these could be done within existing budgets, with strong direction from the President on the priority he attaches to these programs. For example,

- One avenue for enhancing cooperation in the science and technology area would involve establishing collaboration among "Technology Innovation Centers" that have already been

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set up in the U.S. and Northern Ireland. The Department of Commerce has begun exploring this possibility.

- USIA could encourage Northern Irish participation in its new "conflict resolution" exchange and training project, which would give a university or organization in the U.S. funding (\$60,000-\$150,000) to fund a project in conflict resolution in Northern Ireland.
- The National Democratic Institute (NDI) is presently conducting a political party training program funded by the National Endowment for Democracy (NED) (\$200,000 budgeted); we can encourage NED to expand it (to include Sinn Fein) and to explore other ways of taking advantage of the changed circumstances.
- HUD and other U.S. agencies could provide to Northern Ireland leaders information and training they have developed on community banking, urban developments, and other areas in which they have expertise.
- The Appropriations Conference on the Hill recently appropriated \$11 million for the evaluation of Starstreak, a short range anti-air missile made by Short Brothers of Belfast, for possible acquisition by the U.S. Army. Short Brothers is a major contributor to the Northern Ireland economy whose achievements on fair employment are widely recognized. We could place the evaluation and possible acquisition of Starstreak in the context of our desire to promote economic revitalization and job growth in Northern Ireland.

SUMMARY RECOMMENDATION

That the President issue a statement in October, based on the options you have selected, announcing a package of measures aimed at supporting peace and reconciliation in Northern Ireland. This statement would emphasize the importance of international support for IFI, describe the extensive network of U.S. official and private ties with Northern Ireland on which we intend to build, and announce the President's (or Vice President's) intention to participate in an investment conference for Northern Ireland. We would also announce the formation of an international working group, under USG auspices, to continue discussions of U.S. public and private efforts to support Northern Ireland's economic and political development. (This idea is appealing to both the British and Irish governments, and to the Northern Ireland political parties, as a means to assure their voices continue to be heard.)

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Approve _____ Disapprove _____

Concurrences by: Bill Danvers and Rodney Bent (OMB)

Attachment

Tab A 1993 Report to Congress on IFI

Tab B Jim Lyons' October 10 Memo re IFI

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AGENCY FOR INTERNATIONAL DEVELOPMENT

INTERNATIONAL FUND FOR IRELAND

REPORT TO CONGRESS

NOVEMBER 1993

**Report to Congress
on the
International Fund for Ireland (IFI)
November 1993**

I. INTRODUCTION

This report is submitted to Congress in accordance with Section 6 of the Anglo-Irish Agreement Support Act of 1986. Section 6 requires the President to report to Congress on the degree to which:

- the International Fund for Ireland has contributed to reconciliation between the communities in Northern Ireland;
- the United States contribution to the IFI is meeting its objectives of encouraging new investments, job creation, and economic reconstruction on the basis of strict equality of opportunity; and
- the IFI has increased respect for the human rights and fundamental freedoms of all people in Northern Ireland.

II. BACKGROUND

The International Fund for Ireland ("the Fund") was formally established as an independent entity on December 12, 1986, in keeping with the provisions of the Anglo-Irish Agreement of November 15, 1985. The overall objectives of the Fund are to promote economic and social advancement and to encourage contact, dialogue, and reconciliation between nationalists and unionists throughout Ireland and Northern Ireland. The Anglo-Irish Agreement states that the Fund shall accomplish these objectives by stimulating private investment and encouraging voluntary efforts with special emphasis on projects promoting communal reconciliation. The Agreement also stipulated the establishment of two investment companies under the Fund.

The Fund is an independent entity which is administered by a Board of Directors appointed jointly by the British and Irish governments. The Board is guided by a Joint Advisory Committee consisting of senior civil servants drawn equally from Northern Ireland and Ireland. The Advisory Committee's principal role is to advise the Board on the economic and social policies and priorities of the two governments and to maximize the impact of assistance by avoiding duplication of activity. The Board is supported by a Secretariat composed of administrators from the two jurisdictions. The Secretariat is headed by two Joint Director Generals, one from each side. The Fund's operating expenses are paid by the British and Irish governments.

The Fund's activities are developed primarily through program teams in the following

program areas: Disadvantaged Areas Initiative, Business Enterprise, Tourism, Urban Development, Agriculture and Rural Development, Science and Technology, Wider Horizons Program, Flagship Projects, Community Relations, and Investment Companies. Program teams are composed of an equal number of representatives from Northern Ireland and the Republic of Ireland. The teams are administered by joint chairpersons who keep the Board of Directors apprised of their respective program teams' activities. In an effort to focus on the more disadvantaged areas, over 70% of the Fund resources were provided to disadvantaged areas.

The Fund receives contributions directly from bilateral and multilateral donors. U.S. obligations to date total \$170 million. Under the Foreign Operations, Export Financing, and Related Programs Appropriations Act, Congress appropriated \$19.704 million in FY 1992 and \$19.704 million in FY 1993. Those funds will be obligated in FY 1994. Since 1989, the European Community has disbursed 15 million European Currency Units (approximately US\$20 million) per year to the Fund and will continue to contribute this amount until 1994. New Zealand contributed about \$0.16 million in FY 1992 and Canada has provided approximately \$0.39 million.

Since its establishment in 1986, the Fund has approved over 2,200 projects and budgeted over \$343 million to its various program areas. Some \$284 million have been committed to approved projects within the various programs. The Fund has disbursed approximately \$182 million to ongoing and completed projects, including \$26 million to the two investment companies. By their own estimates, IFI activities directly resulted in the creation of about 18,000 new jobs and indirectly resulted in the creation of an additional 7,300 jobs.

III. RECONCILIATION BETWEEN THE COMMUNITIES IN NORTHERN IRELAND

The promotion of reconciliation between the communities in Northern Ireland continues to be central to the work of the Fund which recognizes that the roots of division and mistrust go deep, and that reconciliation cannot be achieved by money alone. Discord and violence tend to flourish where economic malaise predominates. The Fund's Board of Directors continues to believe that an increase in self-sustaining, long-term economic growth across borders and communities can help build a more harmonious society without threatening deeply held beliefs and traditions.

Due to the long, complex history of troubles in Northern Ireland many approaches to dealing with the reconciliation effort are needed. While it is still difficult to quantify, activities of the Fund are making modest contributions to this process. Following are brief descriptions of the Fund's programs, all of which help to some degree promote reconciliation.

- A. **Disadvantaged Areas Initiative:** This program continues to provide the central focus for all Fund activities. It enables the Fund's resources to be targeted on the areas of most disadvantaged and therefore most deserving of support and reconciliation efforts. These areas include smaller towns and villages as well as larger urban centers.

Approximately 70% of all Fund commitments since the beginning of the Fund have been devoted to this Initiative. The Initiative helped bring about community-led economic development in the most disadvantaged areas of Northern Ireland where there has been a lack of private investment, whether from the effects of civil strife, neglect or urban decay. The Board stated that it is very encouraged in the way in which many agencies, including community-based bodies, have worked on cross-community and, on occasion, cross-border basis, to insure that these initiatives are implemented rapidly for the benefit of local communities.

The Fund's team of eight Development Consultants continue to work in both the North and South with community-based organizations and small businesses on the development of projects. They are also involved in developing new ideas and new approaches to economic development in the most disadvantaged areas and monitoring the implementation of major projects. In 1992 a scheme was introduced by the Board to provide financial assistance for the regeneration of those Southern towns and villages which have been most affected by the border and related problems.

Some specific examples of successful Initiatives are:

- **Downpatrick:** Two important activities were begun there. The first was the development of a major commercial, shopping, administrative and service center which consists of a mini-supermarket, post office and retail outlets. The second activity supported the renovation of a derelict building in a key area into a multi-use building for the use of central community service organizations. These activities are expected to make a significant contribution to Downpatrick's development.
- **Stewartstown:** This was considered to be one of County Tyrone's most run down and depressed communities. The Funds assistance in Stewartstown intended to reverse the decline. Activities included renovation of a site in the center of town to provide work space and office and shop units. In addition, a planned environmental improvement scheme will improve the appearance of the run-down and neglected central square of town.

- **Derry:** A disadvantaged part of the city of Derry is being assisted, in partnership with the Government, to overcome its growing economic and social problems. Activities aim at community regeneration by supporting the establishment of an enterprise center, providing retail activity, job creation opportunities and community based initiatives.

B. **Business Enterprise:** Enterprise activities strive to create the conditions within which local business initiatives can be harnessed to develop enterprise, self employment and job opportunities. It also aims to encourage established businesses to seek new market opportunities for their products. In meeting these objectives, the fund has developed a close working relationship with both the North and the South. Since 1987, over 70% of the funds provided under the Business Enterprise area have gone to projects located in the most disadvantaged areas.

One of the main components of this program continues to be the assistance provided to local community enterprise groups towards the provision of work space accommodations and the establishment of business loan funds to assist the establishment and growth of small businesses. Thus far, 43 local enterprise agencies (six in 1992) have been established in the North which provide over 1,250 managed work space units accommodating 640 small businesses employing over 2,500 people. In the South, four new enterprise centers were established in 1992, providing 21 work space units and employment for over 60 people.

Another notable success of this activity since the beginning of the Fund has been the assistance offered towards the establishment of community businesses. In the North, 13 businesses have been established and over 55 local groups were helped in developing proposals. Also noteworthy is the fact that in 1992 the Fund assisted in the establishment in Belfast of an information technology resource center for community groups in the disadvantaged areas involved in developing local economic regeneration initiatives.

C. **Tourism:** The Fund recognizes that in both parts of Ireland tourism plays a central role in promoting economic activity and creating sustainable jobs. Because much of Ireland's tourism is based in areas of low economic activity, tourism will provide a great stimulus to economic activity in the more disadvantaged areas which have a limited prospect of attracting other job-creating developments.

This program has proven to be very successful on a number of fronts. For example, the Fund's investment in a joint marketing initiative, designed to market the island of Ireland as a single tourism destination has helped to increase overseas tourism revenue by about 50% since 1988 and to create over

1,890 new jobs, some 1,300 of which were created in the North with 50% in the most disadvantaged areas.

- D. Urban Development: This program continues to make significant contributions to the Fund's objectives, including reconciliation, by stimulating economic and social regeneration in urban areas of North and South. Program emphasis is directed towards the disadvantaged areas.

In the North, the program is focused on regeneration of derelict and vacant buildings and sites, by encouraging the private sector to bring these back into productive use and in so doing to increase economic activity in the local community. In the South, work has continued on a series of public projects and on a number of individual private sector activities.

To date, over 730 projects have been assisted, creating about 4,900 new jobs from these programs. Urban development activities resulted in a considerable improvement in the public appearance of towns and provided a spin-off for additional private commercial and economic development.

- E. Agriculture and Rural Development: Activities were refocused on economic regeneration of the most disadvantaged rural areas. Objectives are being achieved by assisting viable community driven projects which demonstrate a capacity for real economic and social improvement on the ground and which are self-sustaining. This activity has evolved as a natural extension of the Fund's Disadvantaged Areas Initiative with a rural area focus.

An example of such an program is the Seeconnell Initiative which aims to revive what once was a thriving community through the regeneration of economic life and stimulation of employment opportunities. Recent activities include refurbishment of derelict cottages, conversion of farm buildings into hostel-style self-catering accommodations and the provision of an educational, visitor reception, administration and community center with local craft and workshop units.

A number of traditional activities were also funded to assist the economic development of the agriculture and fishing industries. In 1992, for example, funds were provided to mushroom growers in six Southern border counties to allow them to upgrade facilities to insure high quality and continuity of output. The fund states that the success of the mushroom industry in recent years has done much to boost the economy of the region.

- F. Science and Technology: Innovation and technology change are vital to a country's economic and social development. The objectives of the Science and Technology program are to encourage business people and researchers to

engage in the transfer of technology that gives competitive advantage to Irish based companies; to support the building up of the technological infrastructure to a level that allows Irish researchers to compete on world terms; to establish cross border technological partnerships and to support local technological based economic development.

Many of the 60 plus projects funded under this program since the Fund began are cross-border in nature. The potential for increased employment in the future is great due to a sustained and strengthened industrial base that will result from the program.

For example, the Interactive Systems Center in Derry, supported by the Fund, will place the area in the forefront of developments in this commercially significant technology. The Center, when fully operational, will operate on an all-Ireland basis, will be concerned with the human/computer interface and will seek ways of designing the interface so that it will be more user friendly. The Center has a sharp commercial focus and has already brought about a number of key industrial partnerships.

- G. Wider Horizons: This program promotes economic and social advancement and encourages contact and reconciliation between nationalists and unionists throughout Ireland. It does this by bringing people together in a neutral setting to pursue common objectives. Since 1987, the program has provided over 3,600 people, mostly in the 18-28 age group, the opportunity to obtain further training and widen their experiences. Activities have included working with local leaders in the North and South to improve the employability of young people and help create and maintain jobs through developing better management in small companies.

During 1992 a new initiative, "Springboard", was started. This program, targeted at West Belfast and Tallaght in Dublin, will improve the employability of young people and help create and maintain jobs through developing better management in small companies. The initiative will provide a major new opportunity for cross-community groups to work closely together on economic development. The range of projects assisted include tourism-related programs, marketing programs for small companies and programs to develop enterprise skills.

- H. Flagship Projects: The Flagship program supports activities that have the potential to make a significant boost in economic activity for Ireland, both North and South. Two projects have been supported to date - the Erne/Shannon Canal (which links the two major waterway systems in Ireland) and the development of Navan Fort/Eamhain Macha in County Armagh, chosen because of the significance of the site in the history and heritage of Ireland.

There is a realization that the new canal link has a lot to offer communities along it. Local committees and development companies are being formed to examine the possibilities available to their communities. The canal project, with its cross-border dimension, is one of interaction involving the British and Irish Governments, the European Community and other funding agencies, three County Councils, 36 consultation groups, 550 landowners, and local communities. The arrangements for the project have brought the groups into close contact with one another, enabling them to get to know, respect and resolve the concerns of their partners.

The Navan Fort/Eamhain Macha program involves the development of a major international tourist and research center based on the history of the site as the capital of the ancient Kings of Ulster. When completed in 1993, the Fund estimates that the Center will attract up to 120,000 visitors per year and provide a major boost to local employment opportunities and economic activity generally.

- I. Community Relations: This program supports initiatives and activities which will improve relations between the communities in the North and between the North and South. It encourages a wider range of organizations, which would not otherwise have links with each other, to come together on a cross-community basis.

Through this program, the Fund encourages a wider range of organizations, which would not otherwise have any links with each other, to come together on a cross-community basis. During 1992, the Fund assisted 26 projects such as the Derry Inner City Trust which published the report on the "Beyond Hate" Conference; Youthlink which developed a cross-community youth contact scheme; and Cooperation North which encouraged school exchange activities.

- J. Investment Companies: Two investment companies have been established, one in Belfast and one in Dundalk (Enterprise Equity (Ireland) Ltd. and Enterprise Equity (NI) Ltd.) to stimulate business development in Southern border counties and in Northern Ireland. This is done by providing venture capital on a normal commercial criteria to existing and start-up activities.

The two companies continued to make progress during 1992 and sought out and developed suitable investment projects. Examples include Schimmel Ltd. which produces meat products; Footprint Television Facilities Ltd. which provides post-production television editing; and Moffett Engineers, Ltd. which provides engineering services.

IV. Encouraging New Investment, Job Creation and Economic Reconstruction on

the Basis of Equality of Opportunity

The Fund's structure and policy framework ensure that resources are distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation, and that these resources address the needs of both communities in Northern Ireland and the six border counties of the Republic of Ireland.

The Fund's Board of Directors consists of seven members; three nominated by the British government, three nominated by the Irish government, and the Chairman. Board members are approved by both sides through consultations between the two governments. The Board, by design and agreement, promotes equality and is representative of the communities in both Northern Ireland and Ireland. The Board meets once every two months, primarily to review policy and procedural issues and to approve or reject proposals forwarded by the program teams for consideration.

The Board has developed its policies for disbursement of resources taking into account the terms of the Agreement under which it was established, the wishes of the donor countries, and the need to supplement the economic and social policies of the two governments. The Board's structure and policy framework is manifested in the internal checks and balances in the Fund's appraisal, approval, and management systems. Also, the wide geographical distribution of approved projects enhances the Fund's efforts to meet the needs of both communities. The Fund's programs have created jobs, leveraged private investments, and fostered reconciliation. In addition, the Fund has made concerted efforts to target the most disadvantaged areas through various programs as well as the through the work of development consultants.

The Fund agrees that job creation is an essential factor in determining the allocation of Fund resources and clearly places an emphasis on the job creation potential of each project considered for funding. The Fund estimates that its activities directly resulted in the creation of about 18,000 new jobs and indirectly resulted in the creation of an additional 7,300 jobs. Construction activities have also resulted in 8,300 person-years of temporary employment.

The Fund continues to encourage in almost all areas that its contribution leverages private, and to a lesser extent, government investments. Following this policy since the Fund was established, the Fund leveraged some \$297 million in private funds and some \$186 million in government resources to augment \$284 million of Fund resources committed to programs throughout the area, i.e. for every dollar that the Fund committed resulted in an additional \$1.70 was committed from other sources.

The Fund does not contribute funds to new ventures unless it has determined that the venture will not be viable without its support and there is a funding gap to be filled. Fund policy continues to preclude financing which will substitute for that already

available from private or public sectors. Fund support has therefore permitted investors an opportunity to implement more risky or unusual projects that will eventually be self-supporting and economically viable thus contributing to economic growth and job creation.

V. Increased Respect for Human Rights and Fundamental Freedoms of All People in Northern Ireland

This report is required to comment on the extent to which the Fund contributed to the respect for human rights and fundamental freedom of the people it is mandated to serve. While it continues to be difficult to measure the impact of the Fund's program on human rights, one can confirm that the Fund strongly supports these principles in the implementation of its activities.

Section 116 (a) of the Foreign Assistance Act defined human rights as freedom from cruel, inhumane or degrading treatment or punishment, prolonged detention without charges or other flagrant denial of the rights to life, liberty and the security of each person. Worker rights are further defined in Section 502(b) of the Trade Act and includes the right of association, right to collective bargaining, prohibition on compulsory labor, acceptable conditions of work, hours of work and occupational safety and health.

The Department of State annually reports to Congress on human rights practices in Northern Ireland. The 1992 report continues to emphasize the United Kingdom's long tradition of respect for human rights. Laws in Northern Ireland prohibit discrimination on grounds of religious belief or political opinion. This principle was further strengthened by the British Government with the enactment and implementation of the Fair Employment Act (Northern Ireland) of 1989. This Act basically promotes affirmative action as well as equality, is intended to eliminate employment discrimination, and is aimed at outlawing even unintentional or "indirect" discrimination. It also specified the following:

- a Fair Employment Commission was established to promote equality of opportunity and investment employment practices, with powers to issue legally enforceable directions; and a Fair Employment Tribunal was established to adjudicate on individual complaints of religious or political discrimination and to enforce the Commission's directions;
- places duties on public and private sector employees to provide equality of opportunity by means of monitoring; reviews of their employment practices and affirmative action; introduces new sanctions on employment in breach of their statutory obligation; and

- makes provisions for a new code of practice to guide employees in the improvement of their employment practices and for wider statutory definitions of discrimination and equality of opportunity.

The Fund continues to endeavor to direct and carry out this program consistent with the objectives of increasing respect for human rights and fundamental freedoms. It is still difficult, however, to provide any reliable measure for these principles. The Fund and its activities, however, do directly ensure that human rights and fundamental freedoms of individuals are respected insofar as they are applicants or participants in activities supported by the Fund.

The Fund's approval and monitoring procedures insures that resources are being distributed in a manner consistent with the objectives of increasing respect for the human rights and fundamental freedoms of all people in Northern Ireland.

Specifically, Fund resources are available to all people in Northern Ireland. In fact, all Fund publications and solicitations for proposals clearly spell out the Fund's commitment to equality of opportunity and nondiscrimination. All successful applicants are required by the Board to agree to the following prior to receiving an award:

"Acceptance of a grant or loan under this scheme will be deemed to signify the applicant's acceptance of the principle of equality of opportunity and non-discrimination in employment, without regard to religious affiliation and that the applicant will be expected to use the money in accordance with this principle."

The Fund helps to increase respect for human rights and fundamental freedoms by providing employment and investment opportunities which would otherwise be unavailable. By concentrating on these areas the Fund helps to increase the number of individuals with a "stake in society", on the premise that this will create commitment and motivation to protect the environment in which such opportunities are provided. The Fund's pursuit of its objectives of stimulating self-sustaining economic growth is directed towards the emergence of a more prosperous and peaceful society.

Clearances: November 1993 Report to Congress - IFI

A/DAA/ENI/EUR:Palmaquer	<u>2A</u>	Date:	<u>12/7/93</u>
GC/LP:RLester	<u>2</u>	Date:	<u>12/6/93</u>
GC/ENI:HMorris	<u>2</u>	Date:	<u>11/23/93</u>
ENI/EUR/PDP:PO'Farrell	<u>2A</u>	Date:	<u>10/27/93</u>
ENI/EUR/PDP/PA:DLee	<u>(draft)</u>	Date:	<u>12/1/93</u>
STATE/EUR/HA:CSotana	<u>2A</u>	Date:	<u>12/2/93</u>
STATE/EUR/WE:JWithers	<u>2A</u>	Date:	<u>12/2/93</u>
LPA/LEG:TVellenga	<u>2A</u>	Date:	<u>12/7/93</u>
A-DAA/LPA:Alalacios	<u>2A</u>	Date:	<u>1</u>

ENI/EUR/PDP/PD: 10/25/93



M E M O R A N D U M

To: Nancy Soderberg
Kathy Stephens
National Security Council

Via Facsimile

From: James M. Lyons

Re: Northern Ireland

Date: October 10, 1994

Reference is made to my earlier memoranda of September 16 and 21, 1994 regarding the participation of the International Fund for Ireland (IFI or Fund) in assisting with economic aid to Northern Ireland and the six bordering counties of the Republic of Ireland. You will recall that these memoranda contained several suggestions including an IFI sponsored or underwritten trade and investment conference and a major capital project such as a "seed money" grant or pledge for a new Ulster University campus at Springvale in North/West Belfast. A further suggestion concerning a permanent or flagship North/South business center in the Newry-Dundalk area was put forth by the government of the Republic and endorsed in my memorandum of September 21. (In addition, at the suggestion of the Irish government, my September 21 memorandum also endorsed reconsidering the Conway Mill project previously vetoed by the Northern Ireland Secretariat on behalf of the British government. David Fell of the Northern Ireland Secretariat has committed to me to do this when a peace process has been put in place.)

As I already reported to Kathy Stephens, the IFI held its regularly scheduled bi-monthly board meeting September 29-30 in Ballymeena near Belfast. These proposals were put on the table for discussion purposes and as a means of reviewing an appropriate role for the Fund in assisting in providing economic redevelopment and promoting reconciliation in the largely peaceful environment which has existed since August 31, when Sinn Fein announced that the IRA would cease military operations.¹ The Board at my initiative was asked to consider whether it wished to continue to operate as it had in the past, focusing primarily on small community-oriented projects, or if the Board was willing to "elevate its sights" and take a broader and more significant role in providing leadership and seed capital for major economic redevelopment projects which

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promote reconciliation between the two traditions. The EC, through its Alternate Observer Carl Thomas, expressly endorsed this proposition as did the Observers from Canada (Ted McConnell) and New Zealand (Belinda Brown).² After discussion, the Board agreed that the Fund should take a larger role in the effort for economic reconstruction in Northern Ireland and the six bordering counties of the Republic most dramatically affected by the past 25 years of violence. In particular, the Board conceptually endorsed:

- the underwriting by the Fund of a major trade and investment conference to be held as soon as reasonably possible in Washington, D.C.; and

- a five million pound pledge toward the Springvale campus of Ulster University in West Belfast.

(The Board also expressed interest in a national service [Peace Corps or Americorps-type program] within Northern Ireland. I have offered to provide a liaison with Eli Segal for more information on this idea.)

The staff of the Board has been asked to prepare an appropriate document for circulation among the board members and for sign-off from the Irish and British governments. This document is expected to be circulated and approved within the next ten days.

As soon as the Board approves and we have a sign-off from the Irish and British governments, these are my thoughts on how to proceed:

1. Trade and investment conference. The Fund would underwrite the cost for a major trade and investment conference to be held in Washington, D.C. and the Vice President and/or the President would be able to appear. We assume that adequate planning and logistics will dictate that this conference could be held no sooner than mid-January or early February, 1995. (This would also allow additional time to pass to ensure that peaceful conditions are indeed being maintained.) We would hope that other interested governmental and private organizations interested in economic development and investment in Northern Ireland will be participants in this conference. Private organizations such as the Ireland Chamber of Commerce in the United States (chaired by Bill Flynn) and the American Ireland Fund (chaired by Tony O'Reilly) should be involved in organizing this conference. Other partici-

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pants should include the economic development agencies of the Northern Ireland Secretariat and its counterpart in the Republic of Ireland. These governmental agencies maintain various offices in the United States and would be expected to follow up and conduct "mini-conferences" across the country. The objective of these efforts would be to promote investment opportunities in the north of Ireland and identify and target specific industries and companies with investment potential.³

The trade and investment conference would hopefully be followed by a trade mission led by Secretary Brown and the establishment of a permanent North/South business development center to be located in the cross-border region of Newry-Dundalk, approximately half way between Belfast and Dublin.

2. Springvale campus, Ulster University. Simultaneous announcements in Belfast, Dublin and Washington will be made of the Fund's initial pledge of five million pounds to the Springvale campus of Ulster University to be located in North/West Belfast. This is approximately a mile and a half from Belfast city center and encompasses approximately 83 acres. The proposed site straddles the peace line and would anticipate enrollment of 4,500 students, 3,000 full-time and 1,500 part-time. The curricula would include art and design, nursing and therapies--all needed skills in the 12 counties of the north of Ireland. Four to five years would be required for development, and HMG estimates total capital expenditures to be approximately 100,000,000 pounds. The development of the campus would require significant construction and generate an estimated 410 jobs during this phase. It is expected that the campus would provide support for local industry, enhanced capacity to attract inward investment, as well as social and community development attendant to a university facility.

In addition, I suggest that this campus would be an ideal site for a U.S. constitutional/civil rights resource center providing American constitutional, legislative and judicial resources (library, Westlaw, etc.) and visiting lecturers such as members of Congress and federal judges (who already participate in similar programs in Eastern Europe and Africa through the auspices of the USIA.) United States experience with civil rights and voting rights in the south and anti-discrimination legislation in employment, housing and education could serve as constructive models for a region which has no written Bill of Rights or truly accepted

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statutory and judicial vehicles for enforcing such rights. In addition, this center could serve as a supportive resource for the participants in the Forum called for by the Downing Street Declaration.

The groundbreaking of this campus (and this resource center) or the North/South business center could perhaps be timed to coincide with a visit by the President to Ireland next year.

SUMMARY

I believe the foregoing establishes the leadership which the Fund is prepared to take in efforts to provide economic development, inward investment and support for reconciliation and the peace process in the north of Ireland. Additional United States aid such as loan guarantees and OPIC participation should be developed and announced by the Administration in conjunction with these initial IFI projects in the changed peaceful environment which exists. A coordinated and prompt announcement of these efforts should be made by the Administration, the Fund and the British and Irish governments, perhaps through simultaneous press conferences in Washington, Belfast and Dublin.

Again, I repeat my interest in reviewing the elements of any proposed Administration aid package to Northern Ireland before a final decision is made.

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cc: Paige Alexander, US AID

MEMORANDUMBy Telefax - 202 456-9460

TO: Nancy Soderberg
FROM: James M. Lyons *a*
DATE: September 16, 1994
SUBJECT: International Fund for Ireland (IFI) - Northern Ireland Aid

1. Current Funds

The IFI fiscal year end is September 30. As of this fiscal year end (1993-1994), the IFI has committed its previously appropriated funds in full. In addition, for budgeting purposes, the IFI has earmarked \$15-20 million for programs (not specific projects) through December of 1994. If these programs were fully funded as currently budgeted, the 1994-95 appropriations from the donor countries would be reduced accordingly.

For fiscal year 1994-95, the IFI has available the following funds which have already been appropriated from the U.S. and the E.C.:

U.S. - \$19.6 million
E.C. - 24.0 million (\$20 million ECU at 1.2 U.S dollars)
Total \$43.6 million¹ (excluding budget earmarked \$15-\$20 million)

It is assumed that approximately \$40 million will be available to the IFI from the US/EC for fiscal year 1994-95, and that similar amounts would be available in fiscal year 1995-96 and 1996-97. If these assumptions are accurate, the IFI will have approximately \$130 million from the U.S./EC over the next three years to fund its operations.

2. Additional U.S. Aid

Separate and apart from existing and expected appropriations to the IFI, aid programs through other agencies of the U.S.

¹ On Monday, September 12, the President of the E.C. announced an increase in E.C. contributions to the IFI for fiscal years 1994, 1995, and 1996 of some \$5 million ECU over and above the \$15 million ECU previously appropriated.

Nancy Soderberg
September 16, 1994
Page 2

government should be considered. These could include OPIC loan guarantees and other programs which might be available through either the State Department, USAID, USTR or Commerce. However, any such programs should be considered in addition to, and not as a replacement or reduction for, funding commitments to the IFI.

3. IFI Proposals

The next IFI Board meeting is in the Belfast area on September 29-30. I have spoken with Chairman Willie McCarter and he has now advised the staff and board members of the IFI to be prepared to consider immediate projects or activities which the IFI could undertake in the new post-cease fire environment. Several projects worth considering are:

- (a) An IFI-sponsored or co-sponsored trade and investment conference to be held in Belfast or Derry at which Vice President Gore or Secretary Ron Brown would be a featured speaker and participant. (This would also give the VP the opportunity to meet with moderate Protestant leaders in an effort to reinforce their participation and commitment to peace talks.)
- (b) A major capital project such as an immediate \$20 million "seed money" grant for a new Ulster university campus at Springvale in north and west Belfast. This campus would span both Catholic and Protestant areas and would have an immediate regenerative impact on the surrounding communities. The Northern Ireland secretariat in British government is supportive of this idea which would ultimately require \$100 million pounds sterling to complete. The curriculum of the campus would be directed toward medical and computer technical skills which would squarely address a growing need for skilled workers in these areas.

The views of the Irish government of these proposals, as well as proposals of their own, have been solicited and are expected to be received by the middle of next week.

Nancy Soderberg
September 16, 1994
Page 3

4. Additional Support to the IFI

I understand that a supplemental appropriation is not in the cards for this year. However, a transfer of loan guarantee capacity (e.g. from Turkey) may be feasible. If this can be done, the IFI should be in a position to develop and implement a new program for providing loan guarantees to major industrial/commercial investors. I'll try to explore this primarily with Willie McCarter over the weekend.

The idea of a challenge or matching appropriation as a vehicle to attract private contributions to the IFI has been suggested. However, this would apparently jeopardize the tax-free status of such groups as the American Ireland Fund. Under these circumstances, we would need to explore alternative methods to encourage and coordinate private funding. I will try to discuss this with Tony O'Reilly.

5. Summary

It is my understanding that you want to develop an approach for U.S. aid to Northern Ireland next week. I believe the IFI has a central but distinct role to play in this approach, and that its resources should not be diminished or restricted, but supplemented through other available means, e.g., loan guarantees. I would strongly urge that IFI cash resources not be replaced by loan guarantees or operational restrictions, as this will have the practical and perceived effect of reducing the U.S. commitment to the IFI. In the face of public and expressed support by the President for U.S. support to Northern Ireland, this could, in my view, be seen as inconsistent and embarrassing to the administration.

I am available to discuss these matters with you by phone and, if necessary, could come to Washington next week to participate in discussions. I would very much appreciate it if you would keep me in the loop and fully informed.

cc: Paige Alexander USAID

~~CONFIDENTIAL~~

INTERAGENCY MEETING ON
ASSISTANCE OPTIONS FOR NORTHERN IRELAND

DATE: September 19, 1994

LOCATION: White House Situation Room

TIME: 2:00pm

I. PURPOSE

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

II. BACKGROUND

This meeting follows up on our September 8 meeting. Several additional papers have been prepared.

III. NEW PAPERS

- British Ideas.....State/NSC
Letter on Soderberg-Fell meeting
Background on Shorts Starstreak
- IFI
Options for Increasing IFIAID
Reconciliation Potential
- Embassy London AnalysisState
- Immigration/Visa IssuesState/INS

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By N NARA, Date 12/31/15

2011-0355-F



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: (202) 898 4242
Facsimile: (202) 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. *where?*

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 recognised 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 Peashline. 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

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FM: AMEMBASSY LONDON

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RUEHC/SECSTATE WASHDC IMMEDIATE 7843

RUEHDC/USDOC WASHDC

RUEHDL/AMEMBASSY DUBLIN 2053

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2011-0355-F (2.16)
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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;

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- 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

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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.)

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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 TRANSAIR, 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.

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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

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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.

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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.

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 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.

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.