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Gm/17678/94

In Sample JPA
you will wish
to note.

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2 September 1994

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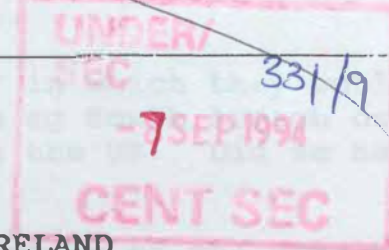
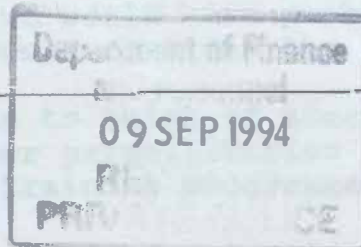
528495.

M.T.H. Maxwell
Central Secretariat
NIO (B)

Your reference

Our reference

Date



Dear Mike,

U.S. ECONOMIC ASSISTANCE FOR NORTHERN IRELAND

1. Our telegram of today reports our discussion with Nancy Soderberg of the NSC about U.S. economic assistance for Northern Ireland.
2. Soderberg said she had just finished chairing an initial NSC meeting on the subject. She handed over the paper that had formed the basis of discussion. It had been opposed by nearly everyone there. It would be very difficult to squeeze any more money out of the bureaucracy. Investment rather than aid would be the best way to go.
3. The conference on investment looked promising, but they were not happy leaving it to the churches. Nor would it be easy to hold it in the U.S. in the near future. They were already committed to holding a conference on investment in Eastern Europe in December. Perhaps it might be in Northern Ireland under joint U.S./EU sponsorship later in the autumn. The President could send a message and Ron Brown, Commerce Secretary, could lead a delegation of U.S. businessmen. Comment: It would be helpful to have your reaction in due course.
4. It would be difficult to increase the contribution to the IFI. Spring, however, said after his meeting with Clifton that the President was committed to increasing it. The earliest this could be done would be in next year's appropriations bill. Congressional contacts think it will be hard. Spring proposed that a committee of the IFI be established to think of new ways of attracting investment to Northern Ireland. Jump Lyons, the U.S. observer on the Fund and a close friend of the President, is pushing for this. The Americans also want to look at ways in which the IFI might be restructured to spend money more quickly in areas of need. Perhaps it could receive private contributions.

P/A
Peace Dividend

Mr. Ziegler 09/09

Mr. Ziegler 09/09

09/09

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09/12/91

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5. I explained that OPIC would be little help for Northern Ireland. Most companies could get better terms elsewhere. Nancy said no one at the meeting had been clear what loan guarantees (no 6) meant.

6. On tax Nancy said the U.S. Treasury was adamantly opposed. If we could offer some tax break for U.S. companies investing in Northern Ireland it might be possible to persuade them to cooperate. I said we would have problems with our own Treasury, but we could consider the idea.

7. They would like to think of some way in which they could help re-train former paramilitaries from eg South Armagh or the Shankill with training programmes in the US. Did we have any ideas on this?

8. Jeremy handed over your ideas in the form of the attached non paper. They represented a menu from which the NSC could choose. Nancy was impressed. She said she would inject the paper into the process and copy it to the Irish. Jeremy said we would be happy to send experts over to discuss the details. We might think of establishing a working group. Nancy said U.S. ideas were still too unformed. This would all take some time. But in a few weeks it might be helpful to invite experts over. Jeremy suggested it would be worth saving some U.S. aid for the possible future establishment of a devolved government. The U.S. might want to be able to offer it assistance.

9. We will follow up with the U.S. experts in a few days.

Yours truly
J-P R

Jonathan Powell

cc: PS/Mr Fell, NIO (B)
David Gibson, DED, Belfast
Peter Bell, SIL, NIO (L)
Graham Archer, RID, FCO

PS
Mr Greenstock
Mr Westmacott
Mr Alexander

DRAFT

Joint call for
Fair Employment
+ Incentive
E.U.

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

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

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

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

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

\$375m.
I.B.
Loans

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

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

6m
short
for '95

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

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

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

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

joint fund.

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5. o Encourage Overseas Private Investment Corporation to increase funds available to support firms investing in Northern Ireland.
6. o Propose to Congress a loan guarantee program for Northern Ireland and the Republic that would include guarantees for investments by governmental entities and private foundations in infrastructure development, housing, and the construction of health and medical facilities (i.e., clinics.)
- o Propose legislation providing U.S. tax exemption over a five-year period for U.S. subsidiary companies operating in Northern Ireland which participate in a career opportunities program for persons from economically disadvantaged areas.
- While the corporate tax rate for N.I. is higher than the Republic and a U.S. exemption would mean less than it does to companies investing in the Republic, it would bring Northern Ireland in line with the present exemptions for investment in the Republic.
- o Under USIA auspices, open an "America House" in Belfast and promote programs designed to bring the communities together.
- o Dramatically increase the funding for Northern Ireland in the various USIA-administered International Visitor Programs.
- c Refocus the targets for the \$2.5 million increase in the National Endowment for Democracy (NED) budget that already has been set aside for the NDI.

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