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B.07348

PRIME MINISTER

cc Sir Robert Armstrong
Mr Williamson

EDD
4/3

OD(I): Meeting at 5 p.m. on 4 March

The worsening situation in Northern Ireland increases the need to do everything possible to foster gradual acquiescence in the Anglo-Irish Agreement among moderate unionists. International, including European Community, aid to Northern Ireland can contribute to this. I therefore suggest that it would be worth dealing as quickly as possible at OD(I) with the question of additionality for European Community aid, before starting a discussion of yesterday's events and the Government's response.

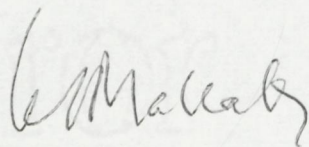
2. The Secretary of State for Northern Ireland plans to make a statement in the House of Commons today. This is likely to set out the background to yesterday's events, notably that the Agreement is no threat to unionists and can produce benefits for all the people of Northern Ireland. The statement would rebut some of the most crass misrepresentations of the Agreement. It would describe yesterday's events and reject the criticism that the Royal Ulster Constabulary contributed to disruption by not removing road blocks, etc. It would end on a double theme: the need for unionists to think carefully and responsibly about their next steps, so that their actions improve rather than further worsen the situation; and reaffirmation of both the Government's determination to implement the Agreement and the offers you made to Messrs Molyneux and Paisley on 25 February. The statement can add to the latter by saying that you have since discussed the proposed conference on devolution with Mr Hume who reacted favourably, that you plan shortly to discuss it with Messrs

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Kilfedder and Cushnahan and that the Government's own views on such a conference are positive.

3. A Northern Ireland Office assessment of yesterday's events will be distributed to members of OD(I) before the meeting. Unionist leaders are meeting this evening to consider their next steps. The results should indicate how far the real leadership has shifted to people more extreme than Dr Paisley let alone Mr Molyneaux.

4. A draft reply to the Taoiseach's last message to you will be submitted in the next day or so by the Northern Ireland Office.



C L G Mallaby

4 March 1986