

OPS a MASTER

AMBASÁID NA hÉIREANN, LONDAIN

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SUBJECT FILED ON:
IRELAND: Supply of Natural Gas
May 79

IRISH EMBASSY, LONDON.

8 August 1984

Prime Minister

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T143/84**

JA
8/8

Dear Private Secretary

I am instructed to forward to you the attached message from An Taoiseach, Dr Garret FitzGerald TD, for transmission to the Prime Minister.

Yours faithfully

Richard Ryan

Richard Ryan
Chargé d'Affaires a.i.

We can't go on it

the present price.

It seems cheaper

that we shall

have to abandon

the project. Please consult
with Mike

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Mr Charles Powell
Private Secretary to the Prime Minister
10 Downing Street
London SW1

Message from An Taoiseach, Dr Garret FitzGerald T.D.,
to the Rt Hon Margaret Thatcher M.P.

Thank you for your letter of 31st July, in connection with the supply of Kinsale Gas to Northern Ireland. My Government have considered your arguments carefully and I must say to you that we do not find in them grounds for changing the terms of what was agreed between our Ministers. I regret very much that your Government are now proposing to abandon the project despite the intention to implement it fully which was recorded in the Memorandum of Understanding concluded by both Governments. We welcomed this achievement in our Joint Communique on 7th November, 1983.

The terms of the understanding were drawn up in such a way as to be fair to both parties and took full account of uncertainties about future energy prices, exchange rates and demand.

You have suggested a price reduction of almost half as being necessary to ensure a viable project. This would involve supplying the gas at a price so far below its economic value as to be utterly unreasonable.

I share your anxiety to make sure that a setback on this matter does not damage our ability to make progress on other business. I would, however, be concerned that the perception, particularly in Northern Ireland, of a failure by your Government to implement this important Anglo-Irish agreement would be very negative.

I remain convinced that a positive approach toward implementing the project would be successful and accordingly my Government wishes to proceed as was agreed.

8 August, 1984