

**RELEASE IN PART  
B1,1.4(B),1.4(D)**

CONFIDENTIAL

March 4, 2010

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For: Hillary  
From: Sid  
Re: NI latest

Shaun Woodward and I spoke this morning. Here is where things stand:

Reg Empey and the UUP have suddenly introduced a non sequitor, a potential monkey wrench into the works. They demand that there must be radical changes in the education system before dealing with the justice and policing issues. Of course, this new demand can't be dealt with before March 9. It's an entirely spurious issue that has nothing to do with the agenda of the peace process and whose only intent can be to upend it. Sinn Fein, needless to say, would not and cannot support the UUP demand.

Shaun's immediate gambit is to offer creation of a new separate process that after six months might reach some agreement or at least calm the waters. His proposal would give the UUP a way to back down and save face, if Empey and the UUP want to do that. Shaun will hold a meeting with the UUP and other parties later today and will know by late tonight whether Empey is susceptible to reason or digging in.

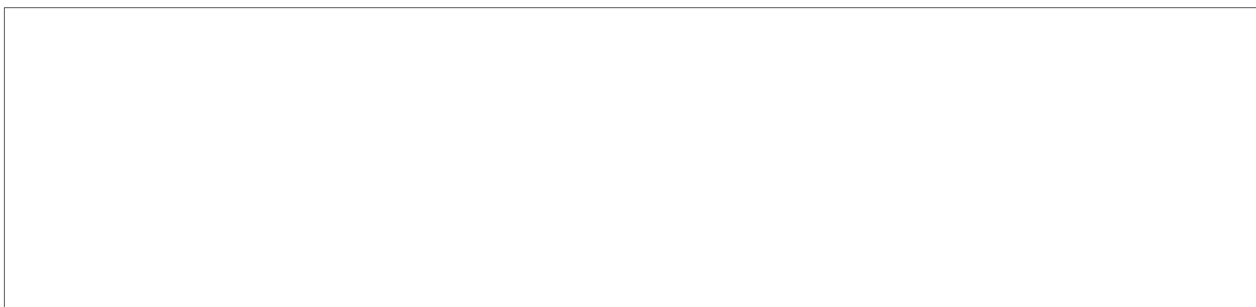
The motives behind Empey's and the UUP's intransigence are complex, ultimately irrational and self-destructive. While Empey has been lured down this primrose path by Cameron's alliance, Cameron now, publicly at least, supports the peace process, though too softly in private. Despite the supposed promise of benefit from allying with the supposed inevitable Cameron government, the politics are not at all what they seem on the surface.

It is emphatically untrue, in fact, that Empey has a political incentive to remain intransigent in hopes of winning power in the Parliament as part of a Cameron coalition. On the contrary, Empey now has zero—zero—possibility of gaining even one parliamentary seat. The single seat the UUP might have secured has been lost to it in what has turned into a debacle. Its only candidate with a chance for winning, Sylvia Hermon, the very popular incumbent from North Down, widow of the former chief constable and politically capable in her own right, was opposed to the alliance with Cameron and the Conservatives, even refusing a position as a whip. Hermon has always leaned Labour, not Tory. The UUP, furious at her, deselected her, Hermon

announced she will run on the Independent Ulster Unionist line, and the UUP has slated its own candidate to run against her. She will win. The UUP will lose its sole seat. Labour will then designate her as a whip, according to Shaun; deal done.

More: The DUP will hold all nine of its seats and likely to win increased support. Empey's intransigent stance is encouraged by the UUP leadership, driven by deep seated antagonism to the DUP. But the resentment will be counter-productive in the upcoming elections. If Empey goes along with his dead-enders the UUP will almost certainly lose a certain percentage of its following that supports the peace process to the DUP. In summary, Empey has no prospect of winning parliamentary seats and if he provokes an assembly election would likely lose assembly seats.

The key events are March 6, Saturday, when the UUP assembly party meets to discuss the latest peace accord, and March 8, Monday, when the UUP will decide.



1.4(B)  
1.4(D)  
B1

More to come...