

SECRET.

Confidential filing.

Visit of the Italian foreign minister,
Signor Colombo, 28 May 1980.

ITALY.

May 1980.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
28.5.80.							
29.5.80							

PREM 19/286

SB
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10 DOWNING STREET

From the Principal Private Secretary

cc B. Ingham. / Italy
cc Master
Europe Pol
Budget P's
Europe Pol
CAP P's 5
29 May 1980

Dear Paul,

EUROPEAN COMMUNITY: VISIT OF SIGNOR COLOMBO

The Prime Minister gave a dinner last night for Signor Emilio Colombo, the Italian Foreign Minister. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and Mr. Franklin were also present. Signor Colombo was accompanied by Signor Cagiati, the Italian Ambassador in London, and Signor Ruggiero.

The Prime Minister said that the problem of the British contribution to the Community budget had got bigger rather than smaller since the meeting of the European Council in Luxembourg. She hoped that progress towards its solution would be made at the meeting of the Foreign Affairs Council the following day. If the issue was still substantially unresolved by the time the European Council met on 12/13 June, there would be a crisis of unprecedented proportions at Venice. She wondered whether the other member states were genuinely seeking a solution or not.

Signor Colombo said that he hoped very much that the question would not have to be referred again to the European Council. He agreed that the situation had got worse not better since Luxembourg, but he believed nonetheless that all the members of the Community wanted a solution. The fact was, however, that every country had its own problems, and to all of them their difficulties had seemed more complicated after their return to their capitals from Luxembourg. Chancellor Schmidt, for example, had had serious trouble with his Finance Minister, Herr Matthofer, and there was something of a Cabinet crisis on this issue in Bonn. Similarly, President Giscard had been attacked on his return to Paris by supporters of M. Chirac. If progress on the problem of the British budget contribution was to be made, account had to be taken of everybody's difficulties, including the UK's, and of each member country's approach to the matter.

The Prime Minister commented that some of the other heads of government had dramatised their problems. In fact their difficulties were small in relation to the UK's. Even if a settlement had been agreed in Luxembourg on the basis of a British contribution of 538 meua for 1980, the UK would still have been the second biggest net contributor by far.

/Signor Colombo said

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Signor Colombo said that he believed that support was growing for the idea that there should be a fundamental review of the Community's financial arrangement, while a "truce" was called in the short term. Under this approach a precise mandate, with a firm timetable, would be given to the Commission to study the restructuring of the Community's finances. This might include a provision that when agricultural surpluses accumulated beyond defined limits, they would be financed only partially by the Community budget and for the rest by national funds.

The Foreign and Commonwealth Secretary said that the problem needed a more fundamental attack than that. The Chancellor of the Exchequer commented that what Signor Colombo had described was only one element of a mid-term solution which did not, in any case, remove the urgent need to deal with the immediate problem of the UK contribution.

Signor Colombo said that when he had referred to a "truce" for the period prior to a comprehensive reshaping of the Community's financial arrangements, he had in mind a provisional solution which dealt with the problem over the next two years. At Luxembourg there had been a proposal on the table for 1980: this had envisaged a UK net contribution of 538 meua for that year, and this meant that a burden of 1240 meua would have been transferred to the Eight. But because of Chancellor Schmidt's domestic difficulties since Luxembourg, this proposal no longer existed. His soundings over the last few weeks had shown, however, that it might be possible to bring forward another proposal for 1980 which entailed transferring a smaller burden to the other member countries. As regards 1981, Mrs. Thatcher had proposed at Luxembourg that the British net contribution should increase in proportion to the growth of the budget as whole. Another approach might be to distribute the increase in the UK's contribution by fixed proportions round the member countries: for example, if the UK's net contribution went up by 100 meua in 1981 X% might be paid by the UK and Y% by the other countries. We virtually had a firm figure for 1980, even though some small change would be needed to accommodate Chancellor Schmidt's difficulties, and it should be possible to get an agreed figure for 1981 without too much difficulty. 1982, however, was much more of a problem. It was very difficult to see what the UK's contribution in that year would be. If the fundamental review of the whole system which he had earlier suggested was completed in the next two years, the problem would disappear. But we could not be sure that the system would have been fundamentally reformed by 1982. If it had not been restructured and we were still using the existing system, it remained very difficult to forecast what the figures would be for that year. All this pointed to the need to build on what was done for the first and second years to "open a window" for the third year which would allow the Community to deal with the situation if the system had not been reformed in the meantime. An approach on these lines might offer the way ahead, but he had to admit that it was not at present accepted by either the French or the Germans. He had already mentioned the Germans' difficulties over the figure for the first year. The French, on the other hand, saw problems about the second year: they felt that they were being asked to decide now what the UK's net contribution should be but without any guarantee on agricultural prices for 1981. What was

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needed - though he had no formulation to offer yet - was an arrangement which balanced the certainty of the budget solution for the second year with some measure of security for the French on farm prices.

The Foreign and Commonwealth Secretary said that Signor Colombo appeared to be suggesting a trade-off in the second year between the budget solution and agricultural prices. But this would only compound the follies of the CAP of the last 10 years and would make the problem of reforming the Community's finances even more difficult than it was now. The Chancellor of the Exchequer added that everybody had been agreed in 1972 on the need for radical reform of the CAP. But this had not been achieved eight years later and nobody knew when it would be. In the meantime the UK was paying an unfair share of the cost of the unreformed policies. Britain needed a solution that dealt with the problem until a fundamental reform took effect. An acceptable approach would be to agree upon the UK's net contribution in terms of a proportion of its unadjusted contribution to the budget for 1980 and then to apply this principle to all subsequent years until such time as there was a permanent solution resulting from the kind of fundamental review which Signor Colombo had been advocating.

The Prime Minister said that just as Chancellor Schmidt now thought that he had been too generous with his offer at Luxembourg, so she believed that she had been too forthcoming in agreeing on a figure of 538 meua for 1980. A net contribution of this size would still make the UK the second largest contributor by a long way, despite the fact that our income per head was well below the average of the Community as a whole. Nonetheless, she had agreed to this figure in Luxembourg and she stood by it now.

Signor Colombo said that it was essential to oblige the institutions of the Community to find solutions to the problems facing the member countries: otherwise empirical solutions would have to be adopted and these were likely to be damaging in one way or another. This was why it was important to fix a timetable for financial reform. If a radical solution was not found, there was no doubt that the Eight would have to make larger contributions to the budget in order to reduce the burden on the UK. He had no doubt that all nine member countries wanted a fundamental solution. Signor Ruggiero added that the truce which Signor Colombo had mentioned earlier would apply to the short term. It would be a compromise which sought to alleviate the problem of the budget but not to solve it. Part of the truce would have to be higher agricultural prices. An approach of this kind was in keeping with the natural logic and habit of the Community. Did the UK accept the idea of a truce?

The Prime Minister said that she had no difficulty in agreeing to the concept, but everything depended on the terms of the truce.

Signor Ruggiero said that the terms of the truce had to be negotiated. Once that was done, the UK would have all the weapons in its hands to negotiate the peace - the permanent reform of the Community's financial arrangements. Surely the UK did not want to try to negotiate the peace while still fighting. This was the case for the truce, which

/would embody firm

ould embody firm arrangements for the first two years and a window on the third year. Replying to a question by Lord Carrington, he said that he could not at present put a figure on the fixed ceiling for the UK contribution in the first year. Signor Colombo interjected, however, that it would have to be "a little more" than 538 meua.

The Foreign and Commonwealth Secretary said that 538 meua for 1980 and indexed thereafter was as far as we could go. We had after all argued for broad balance at Dublin and then in the New Year had told Signor Cossiga that we were prepared to go up to a net contribution of 400 meua. We had moved a very long way and could go no further. The Prime Minister added that we had been trying to find a solution to the UK's problem for over a year. What hope was there that the Community could tackle successfully the much bigger issue of fundamental reform of its finances in as little as two years?

Signor Colombo said that if a formula for the British contribution was agreed for the first and second years, it was inconceivable that it would not be used for the third year if there had been no reform in the meantime. The history of the Community showed that once something of this kind was established, it was very difficult not to carry on with it.

The Chancellor of the Exchequer said that the conditions of the truce must endure until the peace treaty had been negotiated, and we had no idea how long this would be. The Prime Minister said that she was not convinced by what Signor Colombo had said about the third year. It was likely that at the end of the second year, the Community would come up against the 1% VAT ceiling, and this was likely to lead the other heads of government to say that the UK could have a solution for the third year, provided the 1% VAT ceiling was breached. But the moment we went above the ceiling, we were abandoning any prospect of reforming the CAP. We must have a solution for the third year which prevented this happening.

Signor Colombo said that one way of dealing with the Prime Minister's concern would be for the mandate to the Commission to say that in studying how the Community's finances might be reformed, they should exclude the possibility of going above the 1% VAT ceiling. Signor Cagiati added that the Prime Minister's point about the 1% VAT ceiling could be reversed: the UK could argue that unless the Community accommodated them on the budget, they would not agree to go above the 1% VAT ceiling.

The Chancellor of the Exchequer said that Signor Colombo's suggestion about the Commission's mandate was part of the peace treaty. We had to have a truce that lasted three years. If it was agreed that the formula for the first year worked in the second year as well, why should it not govern the third year rather than some much vaguer arrangement? The Foreign and Commonwealth Secretary said that public opinion in the UK was such that we had to have a settlement that was cast iron for three years: the British Government could not sell anything less at home. He believed that our partners were reluctant to agree to a firm arrangement for the third year because the budget figures for 1982 were so big and so speculative that they did not want to accept the risk-sharing which a reduction in the UK's net contribution required. Mr. Franklin added that the UK did not believe

/that a radical reform

that a radical reform could be agreed and implemented in two years. But if we were wrong, the new system could be introduced in time to take care of the third year. What was needed now therefore was an arrangement for the third year on the same lines as that for the first and second years but on a contingency basis.

Signor Ruggiero said that if the UK stuck out for arrangements which applied uniformly to all three years, the Eight would argue that the base line should be less favourable to the UK than what had been proposed in Luxembourg for the first year. They would say that what Britain gained on duration they should lose on the amount. If he were in the UK's place, he would prefer to create in the first and second years a better precedent for the third year. Signor Cagiati said that if the agreement extended explicitly to the third year, this would reduce the pressure on the Community to go for fundamental reform. What was required was a solution that formally covered the first two years but in practice extended to the third, fourth, fifth years and so on. It might be possible to say in the mandate for the Commission that the problem had to be solved in two years but if it was not, the interim solution would continue: this would avoid mentioning the third year. Signor Colombo said that he had suggested his approach because everybody was uncertain about the third year: in looking ahead to 1982 we were entering the unknown, though it was worth bearing in mind the corrective mechanism would still exist in that year.

The Prime Minister said that she could not accept an arrangement which left the third year unclear. She could not contemplate having a wrangle year after year. It would be better to have one big row early on and reach a lasting solution. She would be prepared to accept a formula which provided that, in the absence of a permanent solution being introduced in the third year, the UK net contribution for that year would be no bigger as a proportion of the Community budget than it had been in the second year. The Chancellor of the Exchequer said that we should not forget that of the first two years five months had already gone. For the purpose of the UK's domestic financial plans he would have to take account in less than 12 months' time of what our net contribution in 1982 would be. This meant that if 1982 was left undecided now, we should have to reopen the budget issue again in less than a year. If the formula being suggested for years one and two was a device which shared equitably the risks and burdens, how could it be unreasonable to apply it to the third year when we were all faced with uncertainty?

Signor Colombo said that he was making a big effort to see that everybody understood everyone else's problem. He was trying to ensure that there were no victors and no vanquished. But he also had to consider what would happen if there was no agreement on the budget. It would mean that there would be no agricultural price increases on 1 June: on the other hand, national aids would lead to the break-up of the Community. It would mean also that there was no budget for 1980; nor could the 1981 budget be drafted. Failure to reach internal agreement would seriously reduce the ability of the Community to act cohesively on the international scene. He was therefore trying to find a solution acceptable to everybody and he believed that what he had in mind was a step forward from Luxembourg.

/The Prime Minister

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The Prime Minister said that if the French introduced national aids, it would be the end of the CAP. If the French acted in this way, it would be very difficult for the British Government to stand idly by and do nothing. National aids would produce yet bigger surpluses, but the UK were not prepared to finance them. She hoped that there would be a serious negotiation in the Foreign Affairs Council the following day and that substantial progress towards a solution would be made. But if that did not happen, she was ready for the European Council to resume their discussion of the problem at Venice.

I am sending copies of this letter to Martin Hall (Treasury), Garth Waters (Ministry of Agriculture) and David Wright (Cabinet Office).

Yours ever,

Heri Whitmore.

Paul Lever, Esq.,
Foreign and Commonwealth Office.

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Original on: Euro Pol: Budget
Pt 8.

PM/FCS/Ch Ex/⁴MAFF meeting extract - No.10 - 28 May 1980

MEETING WITH SIGNOR COLOMBO

Italy

It was agreed that the line to be taken with Signor Colombo later today was to tell him that we were still seeking a settlement lasting three years and embodying the kind of net contribution which we had indicated at Luxembourg. We should make it clear that if a satisfactory settlement was not reached, the Community would be facing a very serious crisis. We should also let Signor Colombo know that we were totally opposed to any French plan to introduce national aids for their farmers and that if France went down this road, it would be necessary to respond immediately. If he pressed us on the need to reach agreement on sheep meat and fish in parallel with movement towards a budget settlement, we should explain to him the efforts we were continuing to make.

I am sending copies of this letter to Martin Hall (Treasury), Garth Waters (Ministry of Agriculture) and David Wright (Cabinet Office).

Yours we,

Alan White.

Paul Lever, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

Italy

28 May 1980

Dear Michael,

Prime Minister's Dinner with Signor Colombo, 28 May

Following the Prime Minister's ad hoc meeting with Ministers this morning, I enclose a short draft brief containing points which the Prime Minister might make to Signor Colombo at dinner this evening.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours WEL

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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PRIME MINISTER'S DINNER WITH SIGNOR COLOMBO - 28 MAY

POINTS TO MAKE

GENERAL

1. Grateful for efforts of Signor Cossiga and Signor Colombo so far. Recognise that narrowing of gap at Luxembourg owed much to their efforts.
2. Ready to negotiate at Foreign Affairs Council in order to reach settlement before Venice European Council.
3. Confident that, with goodwill all round, a solution can be found by then.
4. Delay in reaching agreement is harming wider Community cause. Risk of major crisis if we fail to agree.

BUDGET

5. On the budget, room for manoeuvre small. Domestic political situation makes three-year duration essential.
6. Maintain our view that 538 MUA would be a reasonable net contribution for UK to make in 1980, increased in 1981/82 at same rate as total Budget growth.
7. [If asked]: Willing to consider small move on 1980 figure provided satisfactory arrangements can be agreed for 1981/82.

SHEEPMEAT

8. In Agriculture Council, UK will make constructive proposals, designed to meet French concerns, but to avoid elements of current Commission proposals which would be damaging to the whole Community.
9. Must carry New Zealand with us.

CAP PRICES

10. Link with the budget not of our making.
11. UK see no difficulty about reaching agreement if we can settle budget problem.
12. Concerned at possibility that French will introduce national measures in absence of prices settlement. Danger that such measures might be illegal. We should have to consider how best to protect our own position.

FISH

13. UK seeks early, comprehensive fisheries settlement, negotiated on its merits in the Fisheries Council. But, given budget settlement, prepared to accept statement of principles to guide but not to anticipate work of Fisheries Council.

/14.

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14. Any direct linkage of fish and budget unrealistic and unacceptable. Timetables are separate.

15. On access, accept indirect and general reference, but no explicit text on equal access.

EUROPEAN COMMUNITY DEPT (INTERNAL)

28 MAY 1980

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VISIT BY THE ITALIAN FOREIGN MINISTER

28 MAY 1980

THE ITALIAN POLITICAL SITUATION

1. Signor Cossiga was sworn in on 4 April on reappointment as Prime Minister, at the head of a new coalition Government which includes the Socialists. He had resigned in mid-March rather than face defeat on a key vote but was given a mandate by President Pertini to form a new Government. Within 16 days - a record by recent Italian standards - Cossiga succeeded in forming a 3-part coalition made up of 16 Christian Democrats, 9 Socialists and 3 Republicans. By bringing in the Socialists, Cossiga succeeded in forming a Government which has a majority in Parliament without outside support, for the first time since 1974. This has strengthened Cossiga's personal position.

2. It is too early to assess the performance of the new Government. The inclusion of Socialists and Republicans in place of Social Democrats and Liberals in Cossiga's new Government might be expected to produce a more leftward-looking Government. On the other hand, the new coalition is effectively an anti-Communist alliance, which has been made possible by recent strengthening in the position of the right wing in both the Christian Democrat Party and the Socialist Party. This trend is apparent in the composition of the Government: members of the centre and right factions predominate among the Christian Democrat Ministers, and there is only one left-winger among the 9 Socialists.

3. Political activity is now focussed almost entirely on the Administrative Elections which will be held on 8 June, and in which the Communists are expected to lose further ground. The results will also be important for the Cossiga Government: if the Socialists do badly, left-wing Socialists may press for the party to withdraw from the coalition.

Foreign and Commonwealth Office
27 May 1980

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COLOMBO, ONOREVOLE EMILIO

Italian Foreign Minister

Born in 1920 in Potenza (Basilicata), which he has represented in Parliament as a Christian Democrat since 1946. Doctor of Law. Like Andreotti, another protege of De Gasperi, he became a junior Minister at 28; Minister of Agriculture 1955-58, and for Foreign Trade 1958-59. As Minister for Industry in the following three years he was responsible for organising the nationalisation of the electricity industry (a watershed in Italian politics). He was concurrently in charge of relations with the EEC and led the Italian delegation in the first British entry negotiations. Minister of the Treasury without a break from 1963-70 and, together with Carli overcame more than one economic crisis, and successfully defended the lira.

Prime Minister of a centre-left government from August 1970 to February 1972. His task was made difficult by intense squabbling within the Christian Democrat party, aggravated by his own efforts to put through needed reforms, and by the Socialist overtures to the Communists. Colombo's position became untenable when the Christian Democrats and the Socialists, though parties in the same coalition government, supported different candidates in the presidential election at the end of 1971. Resigned February 1972.

Colombo returned to the Treasury in Andreotti's single party Christian Democrat government, February-June 1972, but occupied the comparatively unimportant post of Minister without Portfolio for relations with the UN during Andreotti's second government. Colombo returned to a senior post, that of Minister of Finance, when Rumor formed his government in July 1973. He once more took over the Treasury in March 1974, remained there until the General Election in June 1976. Mr Roy Jenkins tried to interest him in joining the Commission, but he declined. Elected President of the European Parliament in March 1977. Appointed Foreign Minister April 1980.

Colombo is a devout Catholic. Unmarried, he is said to be a lay Franciscan who has taken a vow of celibacy. A handsome, highly intelligent and hard working man with a quiet sense of humour. He is a good speaker. Beneath his gentle exterior, he is a capable politician especially in his limited area of the Mezzogiorno. At the same time his lack of a real power base was probably his own undoing as Prime Minister. He runs a small faction in the Christian Democrat party which is nominally allied with Andreotti's, but, in general, he takes a neutral stand in internal party squabbles. He appears to suffer from catarrh of a rather pronounced kind which makes him restless and twitchy.

Colombo has been a good friend of Britain, which he has often visited, once in June 1971 as Prime Minister. Speaks good French but scarcely any English. He likes music and collects old silver.

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*gEd. Econ PA: Venice Summit
Pt 3*

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PRIME MINISTER

Quadripartite Discussions in Venice

I attach a telegram which Robert Armstrong sent from Paris on Friday following his preparatory discussions for the Venice Economic Summit. As you will see, the French appear once again to be having doubts about political discussions in anything other than the quadripartite forum.

The Italians are showing increasing signs of sensitivity about quadripartite political discussions. The Italian Ambassador complained at length to the Foreign and Commonwealth Secretary today about the meeting in Vienna (where it was, unfortunately, our turn to play host).

I fear that Signor Colombo may raise this problem at dinner tomorrow. I attach the text of a telegram which is being sent this evening to try to calm Italian fears. You may care to draw on it tomorrow evening.

Am

27 May 1980

SECRET

No 10. Downing St.

GRS 500

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ADVANCE COPY

FM PARIS 230926Z MAY 80

TO PRIORITY FCO

TELEGRAM NUMBER 473 OF 23 MAY 1980

FROM ARMSTRONG
VENICE SUMMIT

1. WHEN PERSONAL REPRESENTATIVES MET YESTERDAY EVENING TO DISCUSS PREPARATIONS FOR THE VENICE ECONOMIC SUMMIT, THERE WAS SOME DISCUSSION ABOUT POLITICAL DISCUSSIONS AT VENICE.
2. OWEN TOOK ME ON ONE SIDE TO TELL ME THAT PRESIDENT GISCARD, IN A TELEPHONE CONVERSATION ON THURSDAY WITH PRESIDENT CARTER, HAD SAID CATEGORICALLY THAT HE WAS PREPARED TO DISCUSS POLITICAL MATTERS ONLY A QUATRE, AND WOULD NOT BE PREPARED TO DISCUSS THEM A SEPT IN VENICE. THIS HAD APPEARED TO THE AMERICANS TO CONFLICT WITH THE ATTITUDE OF THE FRENCH REPRESENTATIVES IN OFFICIAL DISCUSSIONS A QUATRE IN VIENNA AS REPORTED BY AARON AND VEST. THE AMERICAN AMBASSADOR IN PARIS THOUGHT THAT, WHEN IN DOUBT, ONE SHOULD PREFER WHAT THE PRESIDENT SAID TO WHAT FRENCH OFFICIALS SAID.
3. IN GENERAL DISCUSSION THE CANADIAN PERSONAL REPRESENTATIVE PRESSED HARD FOR SOME CLARIFICATION OF THE INTENTIONS OF OTHERS AS TO POLITICAL DISCUSSIONS AT VENICE AND AS TO PREPARATION FOR SUCH DISCUSSIONS. HE THOUGHT THAT, IF THERE WERE TO BE POLITICAL DISCUSSIONS AT VENICE, THERE SHOULD BE ADVANCE PREPARATIONS FOR THEM. HIS PRIME MINISTER WOULD THINK IT ODD IF THERE WERE NOT SUCH DISCUSSIONS, AND HE HIMSELF THOUGHT THAT IT WOULD BE UNFAIR TO ASK HIS PRIME MINISTER TO BRIEF HIMSELF FOR POLITICAL DISCUSSIONS ON A CONTINGENCY BASIS, IN CASE SUCH DISCUSSIONS WERE TO OCCUR.
4. THE GERMAN PERSONAL REPRESENTATIVE SAID THAT HE THOUGHT THAT IT WAS INCONCEIVABLE THAT THOSE SEVEN HEADS OF STATE OR GOVERNMENT GATHERED TOGETHER IN VENICE AT THAT TIME SHOULD NOT DISCUSS POLITICAL QUESTIONS, WHETHER OR NOT THERE WAS ADVANCE PREPARATION FOR THAT DISCUSSION. HE MIGHT HAVE BEEN UNAWARE OF THE STATE OF PLAY IN THE POLITICAL DISCUSSIONS A QUATRE.
5. THE ITALIAN PERSONAL REPRESENTATIVE SAID THAT HE WAS NOT RESPONSIBLE FOR POLITICAL ASPECTS OF THE SUMMIT, AND ANYBODY WHO WANTED TO PRESS FOR ADVANCE PREPARATION ON THE POLITICAL SIDE SHOULD ADDRESS HIMSELF TO AMBASSADOR GARDINI OR TO THE PRIME MINISTER'S CHIEF DIPLOMATIC ADVISER (PRESUMABLY HE MEANT BERLINGHER). HIS UNDERSTANDING WAS, HOWEVER, THAT NEITHER COSSIGA NOR GARDINI WAS EXPECTING PREPARATORY OFFICIAL MEETINGS ON POLITICAL MATTERS, AND IT WAS ASSUMED THAT THE HEADS OF STATE OR GOVERNMENT WOULD DECIDE IN VENICE

/AT

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AT BREAKFAST ON 22 JUNE WHETHER AND WHEN TO DISCUSS POLITICAL QUESTIONS. THE GERMAN PERSONAL REPRESENTATIVE QUESTIONED WHETHER DECISIONS COULD BE LEFT SO LATE, AND WHETHER IT MADE SENSE TO CONTEMPLATE POLITICAL DISCUSSIONS WITHOUT SOME ADVANCE PREPARATION.

6. THE JAPANESE PERSONAL REPRESENTATIVE CONFIRMED THAT HIS PRIME MINISTER EXPECTED TO LEAVE TOKYO AS SOON AS HIS ELECTION CAMPAIGN STOPPED AT ~~2000~~ HOURS JAPANESE TIME ON 21 JUNE, AND ARRIVE IN VENICE IN TIME FOR BREAKFAST ON 22 JUNE. HE WOULD BE IN VENICE WHEN THE ELECTION RESULTS WERE COMING THROUGH.

7. THERE WAS SOME DISCUSSION ABOUT ATTENDANCE OF ENERGY MINISTERS AS WELL AS FOREIGN AND FINANCE MINISTERS IN VENICE. IT WAS CLEAR THAT THE AMERICAN, FRENCH, ITALIAN AND JAPANESE ENERGY MINISTERS WERE LIKELY TO COME. LAMBSDORFF WOULD COME FROM GERMANY. I SAID THAT IT HAD NOT YET BEEN DECIDED WHETHER THE SECRETARY OF STATE FOR ENERGY WOULD ACCOMPANY THE PRIME MINISTER, YOU AND THE CHANCELLOR OF THE EXCHEQUER.

JAMES

FILES
HD/PLANNING STAFF
PS/PUS
MR BULLARD

COPIES TO:

SIR R. ARMSTRONG.
CABINET OFFICE
MR R. WADE-GERY CABINET OFFICE
MR ALEXANDER.
NO 10 DONNING ST

2

SECRET

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OUTWARD

TELEGRAM

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Sir R. Armstrong
Cabinet Officer

[TEXT]

Quadripartite consultations.

1. We gather from telecon Goodison/Gladstone that the Italians have got hold of a story that the French have proposed that a quadripartite meeting of Heads of Government and/or Foreign Ministers should be held in Venice during the Economic Summit.

2. If the Italians raise this here, ^{eg. during Colombo's visit tomorrow} we propose to ~~recommend~~ ^{to the Prime Minister} reply as follows:-

a) They are aware of our views on the value of the long-standing quadripartite forum.

b) As I told the Italian Ambassador at lunch today, we shall do our best to ensure that any future four-power meetings are not ~~repeat not~~ arranged in ^{such} a way that ~~exacerbates~~ ^{as to minimise the embarrassment} their effect ~~on~~ Italian opinion.

c) No such ^{meeting} proposal ~~has~~ the Italians describe has been put to us, or by us to others, ~~been arranged~~.

3. You should take the same line.
4. Bonn, Paris and Washington please inform appropriate local contacts.

JB
26/5

NOTHING TO BE WRITTEN IN THIS MARGIN

R. Whitmore

MR. ALEXANDER

Dinner on Wednesday, 28 May

I attach the list of guests together with a draft seating plan for tomorrow evening's dinner.

If you agree, please could it go into the Prime Minister's box.

Sue Goodchild

2 Whitmore...

27 May 1980

LIST OF GUESTS ATTENDING THE DINNER TO BE GIVEN BY THE
PRIME MINISTER ON WEDNESDAY, 28 MAY 1980 AT 8.00 PM FOR 8.15 PM

The Prime Minister

His Excellency On Emilio Colombo

His Excellency the Italian Ambassador

Signor Renato Ruggiero

The Rt. Hon. Lord Carrington

The Rt. Hon. Sir Geoffrey Howe, MP

Mr. Michael Franklin

Mr. Clive Whitmore

DRAFT SEATING PLAN FOR DINNER ON WEDNESDAY, 28 MAY 1980

Mr. Clive Whitmore

Signor Renato Ruggiero

HE The Italian Ambassador

PRIME MINISTER

The Rt. Hon. Lord Carrington

His Excellency On Emilio Colombo

The Rt. Hon. Sir Geoffrey Howe

Mr. Michael Franklin

ENTRANCE

GR550

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FM ROME 271540Z MAY

TO IMMEDIATE FCO

TELEGRAM NUMBER 351 OF 27 MAY 1980

INFO SAVING TO EC POSTS, UKREP BRUSSELS, UKDEL NATO, WASHINGTON AND MILAN.

MY TELNO 19 SAVING: ITALIAN POLITICAL SITUATION

FOLLOWING FROM MINISTER IN MY ABSENCE ON TOUR

1. WHEN THE ITALIAN FOREIGN MINISTER DINES WITH THE PRIME MINISTER ON 28 MAY, HIS PRIMARY DOMESTIC PREOCCUPATION WILL BE THE LOCAL ELECTIONS ON 8 JUNE, WHEN THE ADMINISTRATIONS OF MOST ITALIAN REGIONS, PROVINCES AND COMMUNES WILL BE ELECTED.

THE RESULTS ARE NOT EXPECTED TO BE MARKEDLY DIFFERENT FROM THOSE OF THE PARLIAMENTARY ELECTIONS A YEAR AGO. ALTHOUGH HIS GOVERNMENT HAS NOT YET PRODUCED AN OVERALL ECONOMIC PLAN OR ANY MAJOR LEGISLATION, SIGNOR COSSIGA IS WELL RESPECTED AND THE CHRISTIAN DEMOCRATS SHOULD DO QUITE WELL. THE COMMUNIST PARTY (PCI) MAY BE JUDGED MORE ON THEIR LOCAL THAN THEIR NATIONAL RECORD AND ARE QUITE LIKELY TO LOSE CONTROL OF THE CITY ADMINISTRATIONS IN ROME AND NAPLES. THE PCI IS SUFFERING FROM SOME DISSATISFACTION AT THE GRASS ROOTS OVER ITS OPPOSITION TO SOVIET ACTION IN AFGHANISTAN AND BERLINGUER'S EFFORTS IN OTHER RESPECTS TO DISSOCIATE HIMSELF FROM THE SOVIET UNION.

THE COSSIGA GOVERNMENT COULD THEREFORE REASONABLY LOOK FORWARD TO THESE ELECTIONS WITH SOME COMPLACENCY WERE IT NOT FOR ITS DEPENDENCE ON SOCIALIST SUPPORT. IT IS DIFFICULT TO FORECAST HOW WELL THE SOCIALISTS WILL DO. IF THEY LOSE VOTES IN THESE ELECTIONS CRAXI, THEIR LEADER, MAY BE IN DIFFICULTIES WITH THE LEFT WING OF HIS PARTY. IF THE LATTER WERE TO GAIN STRENGTH AS A RESULT OF ELECTORAL DEFEAT CRAXI WOULD BE SUBJECT TO PRESSURE TO ABANDON THE COALITION AND THE FUTURE OF THE GOVERNMENT WOULD BE UNCERTAIN.

2. THE FIGHT AGAINST TERRORISM IS PRODUCING HEADLINE NEWS WITH MANY ARRESTS AND SOME SPECTACULAR AND USEFUL CONFESSIONS. THE ITALIAN PRESS ARE HOWEVER UP IN ARMS AGAINST THE MAGISTRATES OVER THE SAVAGE SENTENCING OF A JOURNALIST FOR THE PUBLICATION OF ONE OF THESE CONFESSIONS OBTAINED FROM AN OFFICIAL OF THE SECRET SERVICE. MEANWHILE, THERE HAS BEEN A SPATE OF RED BRIGADE AND OTHER ATTACKS SEMICOLON IT IS MUCH TOO EARLY TO CONCLUDE THAT THE RECENT UNDOUBTED SUCCESSES OF THE SECURITY FORCES WILL PROVE DECISIVE.

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3. COLOMBO'S PERSONAL POSITION SEEMS SATISFACTORY. HE HAS NOT BEEN SUBJECT TO CRITICISM COMPARABLE TO THAT DIRECTED AGAINST HIS PREDECESSOR FOR LACKADAISICAL CONDUCT OF THE PRESIDENCY AND HE ALSO STILL ENJOYS SOME PERSONAL PRESTIGE BROUGHT HIM BY HIS PREVIOUS TENURE OF THE PRESIDENCY OF THE EUROPEAN PARLIAMENT.

4. BUT THE ITALIAN PRESIDENCY OF THE COMMUNITY HAS BROUGHT THEM NO BOUQUETS AS YET, AND THEY ARE VERY ANXIOUS TO SECURE A SOLUTION OF THE BRITISH BUDGET PROBLEM AS A PRELIMINARY TO THE TWO VENICE SUMMITS, WHICH MUST GO WELL IF THEY ARE TO RELINQUISH THE PRESIDENCY IN GOOD ORDER. AT THE VERY LEAST THEY WILL WANT TO GET BY TO THE END OF JUNE WITHOUT DISASTER AND, IF POSSIBLE, WITH SOME INTERNATIONAL CREDIT AND GOODWILL.

FCO PLEASE PASS ALL SAVING ADDRESSEES EXCEPT MILAN.

ARCULUS

(REPEATED AS REQUESTED)

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