



File 26

10 DOWNING STREET

From the Private Secretary

4 January 1980

Top copy filed as "Call by outgoing Italian Ambassador - Ducci"

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CALL BY THE ITALIAN AMBASSADOR

The Italian Ambassador, Signor Ducci, paid a farewell call on the Prime Minister yesterday. The Prime Minister had agreed, exceptionally, to see Signor Ducci because of the impending visit to London of the Italian Prime Minister, Signor Cossiga. Signor Ducci confirmed that Signor Cossiga was hoping to come to London on 29/30 January.

Signor Ducci said that he disagreed with those newspaper commentators who were arguing that Signor Cossiga might fall from power in the course of this month. His own reading of the situation was that Signor Cossiga's position was now stronger than it had been before Christmas and that Signor Cossiga would probably remain in office until the local government elections in May. The Prime Minister pointed out that, given the summit meetings planned for June, the complications of a change in Prime Minister at that time would be at least as great as those which would arise this month. Signor Ducci implied that this factor might help to keep Signor Cossiga in office even beyond May.

Signor Ducci said that the Prime Minister had arranged an intensive programme of meetings for the rest of this month. He would be seeing M. Ortoli in Rome tomorrow and the Lord Privy Seal on Monday. He would be seeing Mr. Roy Jenkins a little later and then visiting Strasbourg and Washington. The month's programme would be completed by Signor Cossiga's visit to London.

On the budgetary issue, Signor Ducci said that a problem which was pre-occupying the other members of the Community was whether there could be any assurance that a decision taken in the near future would be a final decision or whether they would be asked to conduct a further re-negotiation in a year or two's time. The Prime Minister said, with some emphasis, that she had been making clear that Britain wanted a formula that would last as long as the problem. The last thing she wanted was to have to deal with this problem again in the future. Signor Ducci had nothing new to say on the substance of the budgetary issue. But he observed at one point that the Germans held the key to a solution. They would

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need some kind of compensation, albeit cosmetic, for the extra burden they would have to assume. They might seek movement in the direction of a common energy policy. The Prime Minister observed that no-one had ever established what was meant by 'a common energy policy'.

There was a brief discussion about Afghanistan in the course of which Signor Ducci said that his authorities had the impression that President Carter might propose a discussion of Afghanistan at Head of Government level. Signor Ducci was vague about which governments would be involved. The Prime Minister said that President Carter had made no such suggestion to her. She expressed doubt as to whether a meeting at Head of Government level would be justified. The normal machinery for inter-governmental consultation should suffice.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

M. O. E. ALEXANDER

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