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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI-4353-82  
24 May 1982

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM:   
Acting National Intelligence Officer for  
Western Europe

SUBJECT: Monthly Warning Assessment: Western Europe

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25X1EC-UK-Falkland Conflict

1. In the early days of the Falklands crisis, the EC demonstrated solidarity with the UK in agreeing with unexpected swiftness to impose trade sanctions against Argentina. Subsequently, Italy's and Ireland's defections from a decision to renew the sanctions, along with an unprecedented majority vote against a declared "vital interest" of the UK (its desire to block agreement on farm prices until Britain's rebate from the EC budget had been acted on), raised new doubts not only about the usefulness of community political cooperation but also about the future of the EC itself.

2. London seems, however, to have decided not to retaliate for the farm-price vote, and on 24 May Britain's partners -- minus Italy and Ireland -- extended, this time "indefinitely," the sanctions against Argentina. Both developments suggest that pressures to hold the community together may be at least as strong as the centrifugal forces.

3. Those forces did surface clearly, nevertheless, and will produce alarms again. Mistrust of the UK's commitment to the community is profound, for example. It is also obvious that the need for "European solidarity" often has to compete with other needs: in Italy's case this time, to avoid exacerbating an incipient government crisis; for a number of members, to prevent degradation of Third World ties and a possible extension of East-West conflict.

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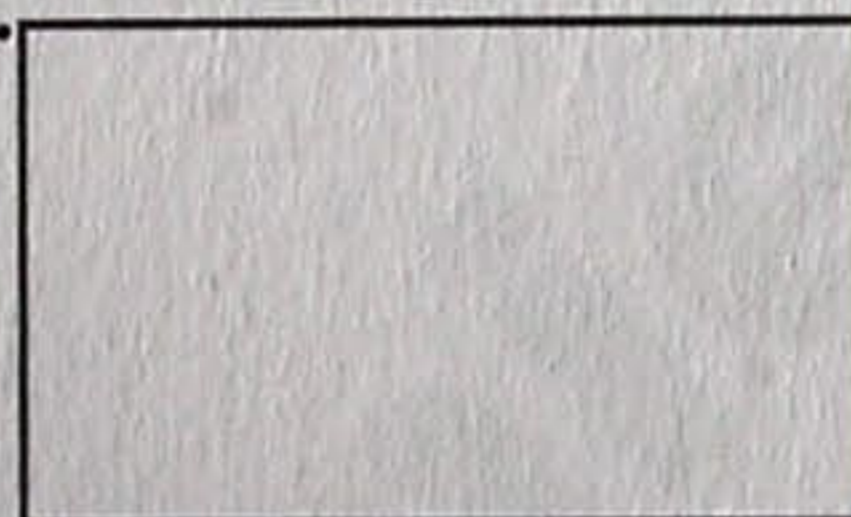


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Italy

4. The relative governmental stability of the Spadolini era is probably drawing to a close. Italian Socialist leader Craxi remains the most likely precipitator of a "crisis," but the victory of anti-Craxi and left-wing Christian Democrat Ciriaco de Mita at this month's party congress has already introduced a new period of domestic political maneuvering. The net result of de Mita's attaining the DC secretaryship may be to enhance the possibility of an eventual working relationship between the party and the Italian Communists -- although the PCI maintains it will settle for nothing less than a governmental role. The DC-left influence, in any event, will probably be in the direction of putting a bit more distance between US and Italian policies, especially perhaps toward the Third World.

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