

**FLASH**

ZZ FCO

GRS 450

ADVANCE COPY

**SECRET**

FM ROME

TO FLASH FCO

TELNO 053

OF 261240Z JANUARY 1984


 2  
 H/HD ✓  
 WED

 Sir J Bullard  
 Mr DC Thomas

PS/10/10 DS

ANGLO ITALIAN SUMMIT: 26/27 JANUARY: FALKLANDS

1. CRAXI'S DIPLOMATIC ADVISER ASKED THE MINISTER TO CALL THIS MORNING TO BE TOLD ABOUT A "SECRET MATTER" BEFORE THE PRIME MINISTER'S TALKS WITH CRAXI.
2. AS EXPECTED, THIS MATTER TURNED OUT TO BE THE FALKLANDS, AND IN PARTICULAR THE MEETING BETWEEN CRAXI AND THE ARGENTINE FOREIGN MINISTER, CAPUTO, WHICH HAD TAKEN PLACE IN ROME A COUPLE OF DAYS AGO. CRAXI HAD BEEN MUCH IMPRESSED BY CAPUTO'S INSISTENCE ON THE NEW ARGENTINE GOVERNMENT'S COMMITMENT TO THE PRINCIPLE OF THE PEACEFUL MANAGEMENT OF ARGENTINA'S INTERNATIONAL DISPUTES. THE WAY IN WHICH THEY HAD NEGOTIATED THE AGREEMENT IN PRINCIPLE WITH CHILE OVER THE BEAGLE CHANNEL PROVIDED TANGIBLE EVIDENCE OF THIS COMMITMENT. WHILE CRAXI WAS WELL AWARE THAT ITALY HAD NO FORMAL STANDING IN THE DISPUTE BETWEEN BRITAIN AND ARGENTINA OVER THE FALKLANDS, AND WAS NOT A FORMAL CHANNEL OF COMMUNICATION BETWEEN THE TWO PARTIES, HE NEVERTHELESS BELIEVED THAT ITALY, WHICH HAD PARTICULARLY CLOSE RELATIONS WITH BOTH COUNTRIES, SHOULD BE READY TO LEND HER GOOD OFFICES. HE THEREFORE ATTACHED PARTICULAR IMPORTANCE TO THAT PART OF HIS FORTHCOMING TALKS WITH THE PRIME MINISTER WHICH WOULD CONCERN THE FALKLANDS.

3. BADINI THEN GAVE AN OUTLINE OF WHAT HE EXPECTED CRAXI TO SAY. THIS CAN BE SUMMARISED AS FOLLOWS:

A) CAPUTO HAD BROUGHT FROM ALFONSI A SPECIFIC PROPOSAL FOR SETTING UP A "PROCEDURE" FOR SECRET CONTACTS BETWEEN THE BRITISH AND ARGENTINIAN GOVERNMENTS. CRAXI WOULD EXPLAIN THIS TO THE PRIME MINISTER (BADINI WOULD NOT BE DRAWN FURTHER).

B) CAPUTO HAD SAID THAT THE ARGENTINE GOVERNMENT WAS "STUDYING" A NUMBER OF POSSIBLE PUBLIC STEPS WHICH MIGHT BE TAKEN BY ARGENTINA IN ORDER TO IMPROVE THE ATMOSPHERE AND TO HELP, MAKE IT POSSIBLE



IN ORDER TO IMPROVE THE ATMOSPHERE AND TO HELP MAKE IT POSSIBLE FOR SECRET CONTACTS TO MAKE PROGRESS. BUT IT WAS ESSENTIAL TO THE ARGENTINE GOVERNMENT (WHOSE MARGIN FOR PUBLIC MANOEUVRE THE ITALIANS BELIEVED TO BE EXTREMELY LIMITED BECAUSE OF THE CONTINUED PRECARIOUSNESS OF ALFONSO'S POLITICAL POSITION) THAT SUCH A STEP WHEN TAKEN BY THEM SHOULD BE WELCOMED BY THE BRITISH GOVERNMENT. BADINI MADE CLEAR THAT CRAXI WOULD WANT TO EXPLORE THE POSSIBILITIES WITH THE PRIME MINISTER.

4. BADINI EMPHASISED THAT CRAXI WAS KEEPING THIS MATTER VERY CLOSE FOR THE PRESENT. THE FARNESINA, IN PARTICULAR, HAD NO KNOWLEDGE OF WHAT CRAXI PROPOSED TO SAY TO THE PRIME MINISTER.

5. PLEASE ADVANCE TO BULLARD, D C THOMAS, PRIVATE SECRETARY AND TO MR COLES AT 10 DOWNING STREET.

BRIDGES