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NOTE FOR THE RECORD OF A MEETING WITH SENATORE SPADOLINI
HELD AT THE VILLA MADAMA ON 27TH JANUARY 1984 AT 0930

Present:

The Rt Hon Michael Heseltine
Secretary of State for Defence

Senatore Spadolini
Minister of Defence

Mr J H Blelloch
DUS(P)

General Piavano
Secretary General

Mr G Fitzherbert
Minister, Rome

General de Paulois
Chef Du Cabinet

Mr R C Mottram
Private Secretary to the
Secretary of State

Lt Petrucci
Interpreter

Trilateral Ministerial Meetings

1. After friendly introductory remarks on both sides, the Secretary of State referred to the difficulty which had arisen over the trilateral meeting which had been held in Paris. He said that he was himself very sympathetic to the concerns expressed by the Italian side. He had been anxious to make progress in European defence cooperation and had seen a trilateral meeting as a way of involving France. At the meeting the only issue of substance discussed had been how to achieve political control over the process of defence procurement in order to establish a European capability which could compete with that of the United States. They had agreed on a timetable for agreement on the operational requirement for the future European fighter aircraft (FEFA) and the study of procurement aspects of the project. The involvement of Italy and Spain in the talks following this meeting and the subsequent five power agreement on the Staff Target showed that there was no wish to create a tight club. In view of the concerns expressed by Italy he had looked again with his French and German opposite numbers at the proposed Ministerial meeting in May, and he now proposed to issue invitations to a five-power rather than a trilateral meeting. Dr Woerner was content with this: he had yet to have final confirmation from M Hernu. He hoped this would provide a way through. Senatore Spadolini said that he wished to make clear the fundamental position of the Italian Government. They were opposed to any form of trilateral directorate in Europe; and any meeting of the three countries concerned was incompatible with Italy's close



bilateral relations with them. He was content with the proposed solution of meetings of 5, 6 or 4 countries according to the subject under discussion and was grateful for the courtesy which had been shown in putting it forward. As to the forthcoming meeting in May, this must not be a question of the three countries inviting Italy and Spain to join them: rather Britain would invite the four other countries to a meeting. His worry was that there should not be a meeting of the three countries immediately after the proposed five power meeting in London.

2. In further discussion Senatore Spadolini referred to his invitation to a meeting in Rome later in the year to mark the 30th Anniversary of the Western European Union. Although this was an organisation not always of the highest vitality, it provided a way of involving France more closely with her NATO partners. The Secretary of State said that he was happy to accept this invitation. To the extent that attendance at meetings ranged between 2, 3, 4 or 5 or the WEU countries being represented, the focus on a trilateral forum would be relaxed. He wished to explain how the meeting in Paris had arisen out of his earlier experience as Minister for Aerospace in seeking to link Britain to France and Germany. Nine years later when he took up his present appointment many of the problems seemed similar, in particular the need to bring in France which was at the heart of the problem of cooperation in the aircraft field. This was what had prompted the meeting: there was no conspiracy involved. Senatore Spadolini commented that, even with the effort that had been made, he doubted the French commitment to European cooperation. He had the impression they were trying for a narrower bilateral understanding with the Germans. The Secretary of State commented that it was the natural tendency of the institutional pressures to push countries towards bilateral solutions.

3. In later further discussion of the WEU invitation Senatore Spadolini said that the German Government would hold the "Presidency" of the WEU at the time of the proposed meeting in Rome. While they were content to attend the meeting, they intended to issue invitations to a further joint meeting of Foreign and Defence Ministers at which they would want to discuss privately those elements in the WEU Treaty which discriminated against the Federal Republic.

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4. The Secretary of State thanked Senatore Spadolini for pressing ahead with the project while the DDL was still before Parliament. Senatore Spadolini said that at their earlier meetings he had been concerned at the risk of Parliamentary disruption. He had worked to overcome this and thought it would not now prove a problem.



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5. The Secretary of State said that the British requirement was for an in-service date of 1986. His advice was that to achieve this the first equipment should be bought from the Americans; the European produced system was not only available later but was also more expensive. He was not prepared to accept a second best European solution unless he was satisfied that every effort had been made to bridge the time and cost gap. He had therefore written to his colleagues proposing urgent discussions, probably at the NAD level, to obtain earlier delivery at a price closer to the American one. In investigating why the European solution was not competitive, he had discovered that it was a project run by a committee rather than based on a prime contractor with a single individual in charge. We would never make progress that way. He was not seeking to put a British individual or a British company in charge: he was seeking proper management. Senatore Spadolini said that he shared the view that co-production arrangements must be achieved more economically.

Other Equipment Matters

6. General Piavano referred to Italian interest in participating in the production of the anti-tank guided weapon. From talks he had held, he had the impression that Italy's right to be recognised as a full partner in the project was not being recognised. She was not seeking to act for all the other countries interested in joining but solely in her own right. He recognised that the position had been complicated because Italy, for financial and other reasons, had not been able to join the project at the outset. The Secretary of State said that the Italian position was fully understood in Britain. The three partners wanted to be sure that there would be no risk or delay involved in widening participation at this stage but he would take a personal interest in how the issue was progressed.

7. General Piavano said that he hoped that the Agusta 129 helicopter, which incorporated British equipment, would be considered to meet the British requirement for an anti-armour helicopter in the 1990s. The Secretary of State confirmed that this was the case.

European Co-operation in Defence Procurement

8. The Secretary of State said that he was beginning to consider how to tackle his role as Chairman of the Eurogroup in order to strengthen European co-operation in defence procurement. His starting point was that European defence depended upon the Atlantic Alliance. Europe could not go it alone. But the partnership had to be as genuine and equal as we could make it. The problems were well known. Because of the enormous scale of US purchases of defence



equipment and of the wish of individual European countries to maintain their national industrial capabilities, the Americans were always in a position to offer to individual European countries a US product at competitive prices with early delivery and the promise of work sharing in production. If the Europeans were to respond, they would have to go beyond easy statements about their wish to co-operate into hard decisions about how this was to be brought about. He believed they must be open with the Americans about what they wanted to achieve. They must establish a means of regularly scrutinising European requirements for equipment and ensure that the way in which these requirements were met was subject to close political direction - otherwise the military and industrial interests would lead to national or US solutions. They had also to recognise that there would not be real progress until there was more industrial specialisation with a small number of prime contractors providing an industrial capability for the whole of Europe. They should not establish a single dominant firm in a monopoly position but more limited but effective competition than that provided by each country trying to maintain a capacity in every sector. There had also to be rationalisation of the defence R&D efforts of European countries so that there was much less unnecessary duplication which put us at a permanent disadvantage compared with the US. We needed to devise an action programme which would put the European countries in a position to propose to the United States a partnership in which weapons systems were looked at on Alliance-wide basis with Europe and the US allocating between them the R&D effort required.

9. Senatore Spadolini said that he agreed that it was absurd to think of European defence outside the Atlantic Alliance. But this did not mean Europe should accept a subordinate position in the procurement of conventional weapons and the exploitation of emerging technologies. In order to have a single European balance sheet, it would be necessary to have a United States of Europe. That was not possible in the short term. But we could build on the institutions within NATO for an exchange of European views and political control over procurement decisions. It would be useful to speak clearly to the Americans about this. He had to say that they did not listen very carefully to European views and defended their own military and industrial interests very determinedly. They also had complete control of the technical institutions within NATO. We had to act to avoid duplication in the provision of equipment and thereby achieve greater rationalisation and standardisation. His personal view was that the Americans would not help in this process because they would not want to strengthen Europe's industrial capability in the defence field. The Europeans must act together, not in opposition to the United States but neither seeking their agreement.

10. The Secretary of State said that his inclination was to try to discuss these issues with as many as possible of his colleagues over the next 2-3 months as a prelude to preparing a paper or making a speech setting out the problems clearly and possible solutions. Senatore Spadolini agreed that this was the right way forward.



Lebanon

11. Senatore Spadolini said that Italy was ready to continue to play its part in an MNF dedicated to securing peace in the Lebanon linked to the process of seeking national reconciliation. If the force ever became part of an attempt at a military solution to the problem, the Italian contingent would be withdrawn. He did not think that the Americans believed in a military solution but he had certain doubts about France. The Secretary of State said that the British presence was on such a small scale and in such an exposed position that it would be untenable as part of an aggressive force. We were not prepared to support an aggressive stance and it was not in the interests of the Americans or the French either. We welcomed the possibility of a wider UN force although it must be doubtful if this could be achieved. The other area of change was the possibility of the Lebanese armed forces (LAF) adopting a wider role and taking on some of the tasks of the MNF. But this presupposed political agreement between Gemayel and Jumblatt. Senatore Spadolini said that his Government was inclined to support this process with a view to rendering Lebanon more self sufficient. He was himself a good deal more cautious about encouraging a wider role by the LAF since, instead of helping in policing the country, it could lead to civil war. He wondered about British policy on the supply of arms to the Lebanese Government? The Secretary of State said that the supply of arms had been minimal. We could not escape from our extraordinarily exposed position; the only way to protect our soldiers was by the even-handed treatment of all factions.

12. The meeting ended at 1130.

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Ministry of Defence

31st January 1984

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