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186 G. K. sp. 2/6

It will take a lot of time, energy and patience. It's essentially a long-term hope. But, like the Franco-British Council, it can't help.

BRITISH EMBASSY, ROME.

Italy's ability to field a good team is a bit questionable.

Mr Young

Mr Osborne
Mr Wood

25 May 1982

Alan Goodison Esq CMG CVO
FCO

I have thanked him
we really think
Para 10. 70

Dear Alan, a Council not be useful for long?

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ITALY AND THE FALKLANDS

1. Why did the Italians fail to join in the renewal of the EC import ban on 17 May, and what lessons should we draw? These questions also have particular relevance if the Prime Minister visits Rome, as planned, on 6-7 July for the next Anglo-Italian Summit.

2. In the past month, the Italian government surprised itself and others by agreeing to impose an import ban, and then gradually retreated from that position as the consequences became clearer. The Socialists were the first to do so. Indeed, it took a lot of effort by Spadolini and Colombo to persuade their Foreign Trade Minister to sign the relevant April decree; and the party complained from the outset that it had not been consulted. We ourselves thought DC attitudes equally questionable because of that party's strong links with Latin America. We reckoned that the other three parties in the coalition (PLI, PSDI and Spadolini's own PRI) were safer.

3. The problem here was that the range of people to be lobbied was very wide (some of our efforts are described in the Annex to this letter). We have a five-party coalition in which, as you well know, the Ministers themselves are often less important than the party secretaries to whom they owe allegiance. Not only that, but the coalition's future is itself in doubt and everyone is speculating on the timing of the next elections.

4. I set out below what we believe to be the main reasons, some general and others more specific, why Italy would not renew the ban even for a week.

/General

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General

a) Ties of blood with the large Italo-Argentine community. Estimates of its size vary, but according to the MFA there are 1.3 million Italian passport holders in Argentina and several more millions of Italian descent. The Italo-Argentines swamped the Italian political parties and other organisations (eg. Rotary) with letters and telegrams, and sent over a delegation in the crucial final stages which saw Pertini, Spadolini, Cdombo and the party secretaries. Part of their success was due to the fact that many proclaimed their dislike of the generals but were still in favour of the invasion and anti-sanctions.

b) A degree of pacifism, partly but not exclusively on the Italian left, abetted by the post-war reaction against all that Fascism stood for. Many Italians are genuinely and instinctively horrified by any shedding of blood. Press coverage of the sinking of the "General Belgrano", and reports of sailors abandoned in the freezing South Atlantic, had an enormous impact.

c) The Pope's equivocal attitude may have been a contributory factor, especially on Christian Democrat opinion. His statements command more attention here than those of any Italian politician - even Pertini (who was himself pretty sound but failed to restrain Craxi).

✓ d) A deep-rooted conviction that everything is negotiable. Italian life is a perpetual compromise. Problems are there to be got round, not confronted head-on. You will have noted how the endless Chigi and MFA communique urged negotiations on the two parties almost for negotiation's sake.

e) Allied to (d) was the notion that the future of the distant Falklands and of their tiny population was not worth fighting for. The commonest press clichés have been that the war was "absurd" and our reaction "disproportionate".

f) Another deep prejudice which has surfaced in the past month is that this is British colonialism's last fling.

/Disparaging



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Disparaging references by Piccoli to the "British lion" were symptomatic; Craxi has been much harsher. The emotional scenes when our fleet departed probably mystified many Italians. They see the despatch of our Task Force as a 19th century reaction out of time. Those who are old enough remember the loss of their own colonies. Even those who accept that Falklanders who want to remain British have the same rights as, and are entitled to be treated differently from, the ex-colonies whom we brought to independence nevertheless believe that the islands' future belongs to the Third World and not to a remote metropolitan power.

f) Last but not least, many people saw sanctions as contributing to the escalation of the conflict: they were particularly afraid of the opportunities offered to the Russians and harmful effects on the long term relationship between Europe and Latin America.

Specific

5. There were other, more specific reasons:-

a) Italian commercial interests in South America. These, like their political interests are substantial, both in trade, contracts and investment - many major firms have subsidiaries in Argentina. (We therefore welcome the department's agreement to an Anglo-Italian bilateral on the region when the dust has settled). Specific evidence is hard to come by, but there are reports that Italian firms stood to lose half a dozen major contracts. Any extension of the conflict to countries like Venezuela would be bad for Italian trade. Incidentally, though Latin American reactions are widely reported, few Italians know or care about African support for us.

b) Disbelief in the efficacy of sanctions. Those who opposed renewal argued that they were costing Italy money while merely hardening the junta's attitudes. Even MFA officials to whom we passed the useful JIC background papers expressed scepticism. Nor of course could we argue that maintaining sanctions would automatically

/avoid

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avoid any recourse to military action in an argument which would have appealed here. It was argued that sanctions had a perverse effect on Mussolini and were likely to make matters worse, not better, in Argentina.

c) The prospect of winning the votes of Italian nationals resident abroad, especially in Latin America, if the voting law is changed. Colombo said this was the main factor. (We shall be commenting in more detail to WED). It is not clear whether Craxi was deliberately bidding for such votes from the outset; he has other reasons for opposing sanctions. But I am sure that Piccoli had these possible votes in mind when he attacked sanctions at the DC Congress, the first prominent DC politician to do so. The lesser parties had to trim accordingly.

As usual.
6. I have left Craxi and the PSI to the last, partly because our telegrams have dealt with them, partly because I wanted to show that, however opportunistically Craxi had behaved, he was pushing at a half-open door. This year alone the PSI have made serious trouble for Spadolini's coalition over El Salvador, Poland, the Siberian pipeline, the cost of money, the Andreatta affair - and now the Falklands. A man with only 10% of the vote is making the going very rough for Spadolini. Why did he break ranks on sanctions and what are the main implications? We believe his primary motive was to show that his coalition partners are obliged, once again, to jump to his tune; and he was determined that the party secretaries of the coalition should decide, not the cabinet. Policy justifications came later. By the end, most of the reasons listed above - and several more - had been paraded, without any notable consistency. The PSI are now making much, for example, of their hostility to sanctions; but they were in the van in pressing for action against Poland and the Soviet Union after the December military takeover.

7. What has happened since 17 May is the mirror-image of what happened after 20 April. The Italians are now beginning to realise the consequences of non-renewal. Already the PLI, PSDI and PRI have criticised the decision harshly; Longo (PSDI) has called it an "irreparable error", and Zanone has regretted that the recent resolution of the European Parliament, which his

/Liberal

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Liberal group helped to promote, was set aside so cavalierly. It was typical of Italy - and in accordance with Craxi's wishes - that the party secretaries, whom Spadolini telephoned frenziedly on the crucial Monday, took the decision rather than the Council of Ministers. When the latter finally met last week, it was by all accounts a stormy session (3½ hours of post-mortem) and we know of at least two DC Ministers (Darida and Andreatta) who, with the representatives of the smaller parties, strongly criticised the decision. Craxi launched a violent attack on all who dared question it, and there are some Socialists who think he went too far. Many in the DC are unhappy. You know how miserable Colombo was. He tried so hard.

8. Looking to the future, much will depend on how quickly we finish the job and at what cost. We have had some support from many sections of the Italian public, though they are apt to faint at the sight of blood. The arguments running in our favour are basically four. First, many people from Spadolini downwards do believe that aggression should be resisted and international law upheld. Secondly, many accept that we nevertheless tried to negotiate a fair settlement (though the ground has been confused somewhat by Perez de Cuellar's last-minute intervention). Thirdly, the Italians dislike military regimes. Fourth and most important, for 30 years Italy has been a "good European"; there is no denying the sense of shame and guilt in the press at Italy's first major parting of the ways with its fellow Europeans. It has been striking how the case for supporting us has rested largely on European rather than Anglo-Italian ties. The ties that predominate are Italo-Argentine ie. ties of blood.

10. The Ambassador has already written to David Gladstone about the July summit; he agrees this should be an occasion for mending fences inspite of the poor Italian performance on 17 May. The same goes for the other Ministerial visits proposed for later this year, about which we are writing separately. We hope planning will go ahead on the proposed Anglo-Italian Council that the Ambassador discussed with Gladstone earlier this month. More could be done to foster party to party links; we may have some thoughts on this too.

11. Meanwhile we shall carry on the good fight.

*Yours ever
Michael*

M K O Simpson-Orlebar

ANNEX

1. In the fortnight before 17 May, HM Ambassador saw Colombo and took advantage of the DC Congress and other conferences to talk to Fanfani, Pandolfi, Piccoli (then Party Secretary and now President of the party) and Gerardo Bianco (DC leader in the Chamber). Piccoli was the most unhelpful, and the Ambassador subsequently wrote to him. Finally the Ambassador called on the elusive Craxi and followed up, when it was clear that Craxi was determined to end sanctions, by writing a tough letter to him copied to all Socialist Ministers in the government.
2. In the Ambassador's absence in London two weeks ago, the Minister wrote to some other party secretaries, De Mita (the new DC Secretary), Zanone, Longo and Biasini (for the Republicans), urging them to support renewal. He and other members of the Embassy lobbied other party and government contacts at all levels, including the PCI, though they are in opposition: the PCI behaved better than the Socialists.
3. The Embassy was active with the media too. The Ambassador gave a press conference to counter critical comment after the sinking of the "Belgrano" and "Sheffield", and another on 25 May to emphasise the reasonableness of the settlement we had been prepared to negotiate. Press communiques were sent regularly to more than 200 media contacts and to selected politicians, supplemented as necessary by personal approaches. The Embassy took issue in print with unhelpful articles and editorials, notably in the Socialist press.
4. The Embassy took advantage of the presence of well-disposed Labour MP's in Rome to try to stimulate a telephone call to Craxi from Mr Foot or Mr Healey.
5. In the last few days before the Luxembourg meeting Britain's allies also helped. The (Socialist) French Ambassador tackled Craxi without success. The Americans leant heavily on Andreotti. Craxi's deputy Martelli was prudently unobtainable during the crucial period; the US Embassy, who arranged a recent tour for him to the United States, chewed him up after Luxembourg. Haig pressed Colombo to renew. Most important of all, there were direct appeals from British Ministers, notably the Prime Minister's telephone conversation with Colombo.