

15 APR 1982

114

11 12 1 2 3 4 5 6 7 8 9 10

DWF G 175/15

LIC 603/15

00 FCO

00 UKREP BRUSSESL

GRS 440

CONFIDENTIAL

FROM ROME 151600Z APR 82

TO IMMEDIATE FCO

TELNO 167 OF 15 APR 82

INFO IMMEDIATE UKREP BRUSSELS

INFO SAVINGS ATHENS, BONN, COPENHAGEN, THE HAGUE, PARIS, BRUSSELS, DUBLIN, LUXEMBOURG, OTTAWA, WELLINGTON, CANBERRA, WASHINGTON, MONTEVIDEO, BIS BUENOS AIRES, UKDEL NATO

XX
1653

ALQ 50/598/1		
RECEIVED IN REGISTRY		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

ARGENTINE TRADE SANCTIONS: ITALIAN POSITION

1. THE HEAD OF THE RELEVANT ECONOMIC DEPARTMENT OF THE MINISTRY OF FOREIGN AFFAIRS HAS TOLD US THAT THE ITALIANS ARE NOT YET ENTIRELY CLEAR ABOUT THE DETAILED IMPACT OF THE ARGENTINE BAN. THEY BELIEVE, HOWEVER, THAT IT WILL COVER VIRTUALLY ALL IMPORTS FROM COUNTRIES AFFECTED (INCLUDING ITALY) WITH THE EXCEPTION ONLY OF SPECIFIC ITEMS SUCH AS SPARES OF SPECIAL INTEREST TO ARGENTINA. ITALIAN FIRMS HAVE ALREADY STARTED EXPRESSING CONCERN AT THE LIKELY EFFECT ON PROJECT WORK ON WHICH THEY ARE ENGAGED IN ARGENTINA AND FOR WHICH THEY WILL PRESUMABLY NOW NOT BE ABLE TO IMPORT MACHINERY AND EQUIPMENT. THE BIGGEST SUCH CURRENT PROJECT IS A DAM CONSTRUCTION VALUED AT 250 MILLION DOLLARS.
2. THE ITALIANS ALSO UNDERSTAND THAT THEIR FIRMS WILL BE DISQUALIFIED FROM TENDERING WHILE THE BAN REMAINS IN FORCE, AND FEAR THAT JAPANESE AND US FIRMS WILL WALK AWAY WITH CONTRACTS WHICH UNDER NORMAL CIRCUMSTANCES ITALIAN FIRMS STAND A GOOD CHANCE OF WINNING. THEY ARE ALSO CONCERNED THAT THE ITALIAN CONTRACT FOR THE BUENOS AIRES UNDERGROUND MAY BE AFFECTED.

3. PIETROMARCHI STRESSED THAT IT WAS EARLY DAYS. ITALIAN FIRMS WOULD NOT YET HAVE REALISED THE FULL EXTENT OF ARGENTINE REPRISALS. THE MFA WERE EXPECTING PROTESTS TO INCREASE SHARPLY AS THE DAYS WORE ON. ITALIAN EXPORTS TO ARGENTINA IN 1981 TOTALLED 400 BILLION LIRE (£170 MILLION).

4. IT IS WORTH UNDERLINING HOW DIFFICULT THE EC DECISIONS WERE FOR ITALY, AND I AM GRATEFUL FOR YOUR AND THE PRIME MINISTER'S ACKNOWLEDGEMENT OF THESE DIFFICULTIES IN YOUR MESSAGES OF THANKS TO COLOMBO AND SPADOLINI. WE HAVE REPORTED ON ITALY'S TRADE AND INVESTMENT LINKS WITH ARGENTINA IN A MINUTE COPIED TO THE FALKLANDS EMERGENCY UNIT AND UKREP BRUSSELS. MORE GENERALLY, ABOUT ONE AND A HALF MILLION ITALIAN NATIONALS LIVE IN ARGENTINA, AND A HUGE PROPORTION OF THE POPULATION IS OF ITALIAN DESCENT. THE EXPATRIATE ITALIAN LOBBY IS THEREFORE A CONSIDERABLE FORCE IN GENERATING PRO-ARGENTINE SENTIMENT. DESPITE ALL THESE FACTORS, THE ITALIANS HAVE NOT FLINCHED FROM TAKING ACTION AGAINST ARGENTINA, FOR REASONS BOTH OF COMMUNITY SOLIDARITY AND OF ANGER AT ARGENTINE AGGRESSION.

5. IF THE CRISIS IS NOT RESOLVED SOON, HOWEVER, WE CAN EXPECT A VARIETY OF PRESSURES TO BE BROUGHT TO BEAR ON THE ITALIAN GOVERNMENT. THE SOCIALIST (PSI) PARTY PRESS HAS ALREADY QUESTIONED THE NEED FOR ITALY TO GO SO FAR AS TO BAN IMPORTS FROM ARGENTINA (WE HAVE SENT A FIRM REPLY). A DELEGATION OF ARGENTINE CHRISTIAN DEMOCRAT POLITICIANS IS NOW IN ROME. WE ARE TRACKING THEIR MOVEMENTS AND WILL REPORT FURTHER.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES

ARCULUS

NNNN

CONFIDENTIAL