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FM ROME 170935Z APR 82

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INDEX	PA	Action Taken

TO IMMEDIATE FCO

TELEGRAM NO. 168 OF 17 APR 82

INFO IMMEDIATE MADRID, BRUSSELS, BONN, WASHINGTON, UKREP BRUSSELS AND ROUTINE OTHER EC POSTS, UKDEL NATO.

SAVING FOR INFO OTTAWA, WELLINGTON, CANBERRA, MONTEVIDEO, BIS BUENOS AIRES, HOLY SEE (ACTIONED).

MY TELEGRAM NO. 167 (NOT TO ALL): FALKLAND ISLANDS ARGENTINE MISSION

1. THE ARGENTINE DELEGATION VISITING ROME WAS FRANCISCO CERRO (PRESIDENT OF THE ARGENTINE CHRISTIAN DEMOCRATS), RAFAEL MARTINEZ RAYMONDA (PROGRESSIVE DEMOCRATS) AND JOSE DEHESA (PERONIST). THEY SAW PICCOLI (CHRISTIAN DEMOCRAT SECRETARY), RUMOR (PRESIDENT OF THE CHRISTIAN DEMOCRAT WORLD UNION), THE SOCIALIST PARTY (PSI) LEADERSHIP, COLOMBO, AND MONS. SILVESTRINI. THEIR PURPOSE WAS TO ASK ITALY TO USE HER INFLUENCE IN THE EC AND HER LINKS WITH BOTH BRITAIN AND ARGENTINA IN FAVOUR OF A PEACEFUL NEGOTIATED SOLUTION: THEY ALSO SET OUT ARGENTINA'S CASE ON SOVEREIGNTY IN STANDARD TERMS. THEY SAID THAT AFTER THE INVASION THEY HAD TEMPORARILY BURIED THEIR DIFFERENCES WITH THE GALTIERI REGIME, AND HAD COME TO EUROPE ON A PEACE MISSION. THEIR NEXT STOPS ARE SAID TO BE MADRID, BRUSSELS AND BONN.
2. ALL THE ITALIANS THEY MET CONDEMNED ARGENTINA'S ACT OF AGGRESSION, AND STRESSED ITALY'S SOLIDARITY WITH BRITAIN AND COMMITMENT TO EC DECISIONS. NEVERTHELESS, THIS EXPOSITION OF THE ARGENTINE CASE WAS LISTENED TO WITH ATTENTION, AND THE POINT ABOUT ITALY'S STRONG LINKS WITH ARGENTINA WENT HOME. REPORTS OF DEMONSTRATIONS BY RIGHT-WING RESIDENT ITALIANS IN BUENOS AIRES AGAINST THE ITALIAN EMBASSY HAVE CAUSED CONCERN HERE, ALTHOUGH THE NUMBERS INVOLVED ARE SAID TO BE SMALL.

## ITALIAN ATTITUDES

3. AFTER THE CALL ON COLOMBO, THE MFA ISSUED A PRESS STATEMENT SAYING THAT THE EC'S INVOLVEMENT ON BRITAIN'S SIDE WAS FELT PARTICULARLY IN ITALY BECAUSE OF ITALY'S LINKS WITH ARGENTINA. IT ADDED THAT HAIG HAD SENT A MESSAGE TO ROME ON 14 APRIL, TO WHICH COLOMBO HAD REPLIED CONFIRMING ITALY'S FULL SUPPORT FOR THE U S PEACE INITIATIVE. BARBARANI OF THE MFA TOLD US THAT THIS DID NOT REPRESENT ANY CHANGE IN ITALY'S BASIC POSITION OF SUPPORT FOR BRITAIN. BUT HE WAS NERVOUS THAT IF SHOOTING STARTED THE PRESENT ALL-PARTY SUPPORT FOR OUR POSITION COULD BEGIN TO CRUMBLE. BIG BUSINESS WOULD BRING PRESSURE TO BEAR ON BOTH THE DC AND PSI, AND THE ENORMOUS ITALIAN COMMUNITY IN ARGENTINA COULD FACE REPRISALS, QUITE APART FROM THE ITALIAN EMBASSY ITSELF. TODAY'S PAPERS REPORT THAT AN ITALIAN CONSORTIUM HAS BEEN STRUCK OFF THE LIST OF TENDERERS FOR A PIPELINE PROJECT.

**CONFIDENTIAL**

/4.

123  
see 142  
see 144

4. BOTTAI TOLD ME THAT THE GOVERNMENT HAD HAD A REAL BATTLE WITH THE PSI ON 15 APRIL OVER ECONOMIC SANCTIONS. ITALY'S ASSENT TO THE EC WRITTEN PROCEDURE HAD AS A RESULT BEEN COMMUNICATED TO BRUSSELS A FEW HOURS AFTER THE DEADLINE. ALTHOUGH THE MATTER WAS NOW SETTLED THE GOVERNMENT'S DIFFICULTIES WERE NOT OVER. THE SOCIALISTS WERE OPPOSED TO SANCTIONS IN PRINCIPLE, BELIEVING THEM TO BE INEFFECTIVE. BOTTAI WANTED ME TO KNOW HOW DIFFICULT A CLASH THIS HAD BEEN FOR THE GOVERNMENT.
5. THE ARGENTINE DELEGATION HAS CLEARLY HAD SOME IMPACT ON THE SOCIALISTS. OUR CONTACTS IN THE MFA AND PRIME MINISTER'S OFFICE ARE NERVOUS ABOUT FUTURE SOCIALIST ATTITUDES, THOUGH SPADOLINI HIMSELF IS SAID TO BE LESS SO. YESTERDAY'S CABINET MEETING DISCUSSED THE FALKLANDS, AND THE COMMUNIQUE ISSUED AFTERWARDS EXPRESSED THE HOPE THAT ECONOMIC SANCTIONS REMAIN IN FORCE FOR THE SHORTEST POSSIBLE TIME AND THAT A PEACEFUL SOLUTION CAN ENABLE THEM TO BE REVOKED. YESTERDAY A SOCIALIST PARTY NOTE ARGUED THAT, WHILE IT WAS RIGHT FOR ITALY TO IMPOSE AN ARMS EMBARGO, ECONOMIC SANCTIONS AT PRESENT WERE NEITHER USEFUL NOR JUSTIFIED, AND RISKED INCREASING TENSION: THERE SHOULD BE POLITICAL AND PARLIAMENTARY CONSULTATION. MARTELLI, CRAXI'S DEPUTY, HAS SPECIFICALLY COMPLAINED THAT THE PSI WAS NOT CONSULTED ABOUT SANCTIONS. THE MFA ARE WORRIED ABOUT THIS LAST POINT BECAUSE OF THE SALVADOR PRECEDENT WHEN COLOMBO HAD IT BACKTRACK ON SUPPORT FOR JUARTE BECAUSE OF PSI OPPOSITION. BENVENUTO, THE SOCIALIST UNION LEADER, IS IN BUENOS AIRES AND ACCORDING TO PRESS REPORTS CRITICISED THE EC'S POSITION AS HASTY AND LACKING IN BALANCE, WHILE ALSO ATTACKING THE ARGENTINE GOVERNMENT FOR ITS REPRESSION OF TRADE UNIONISTS.
6. SO FAR ITALY HAS DONE ALL WE COULD WISH. BUT CRITICISM IS MOUNTING (PARA 3 OF TUR), AND THE PROSPECT OF A SHOOTING WAR CAUSES ANXIETY: FANFANI TOLD ME LAST NIGHT THAT HE HOPED EVERYTHING POSSIBLE WOULD BE DONE TO AVOID HOSTILITIES. THE ARGENTINES ARE ACTIVE HERE DIPLOMATICALLY: AS WELL AS THIS DELEGATION, ORTIZ DE ROSAS, THEIR FORMER AMBASSADOR IN LONDON, IS IN ROME (HE DEALS WITH THE VATICAN OVER THE BEAGLE CHANNEL). EVEN FRINGE PARTIES LIKE THE NEO-FASCIST MSI, WHO HAVE MANY SUPPORTERS IN ARGENTINA AND ELSEWHERE IN SOUTH AMERICA, CAN MAKE TROUBLE: THEY HAVE ALREADY ORGANISED AN ANTI-BRITISH DEMONSTRATION IN MILAN. THERE ARE MORE CRITICAL COMMENTS APPEARING IN THE MEDIA. THE FACT IS THAT THIS REMAINS A DIFFICULT ISSUE FOR THE ITALIANS: A MORE EVEN-HANDED APPROACH, WHICH TO THEIR CREDIT THEY HAVE RESISTED SO FAR, WOULD BE MUCH MORE COMFORTABLE FOR THEM. THUS PARTIAL ARGENTINE COMPLIANCE WITH SC RESOLUTION 502 MIGHT SEEM TO THE ITALIANS A SUFFICIENT BASIS FOR NEGOTIATIONS (PARA 3 OF MY TELEGRAM NO. 155, NOT TO ALL). THE MFA WONDERED WHETHER WE COULD NOT HALF OUR TASK FORCE AT ASCENSION IF ARGENTINE FORCES WITHDREW FROM THE FALKLANDS.

2  
CONFIDENTIAL

17.

# CONFIDENTIAL

7. IF PRESENT U S EFFORTS DO NOT SUCCEED, AND THE RISK OF CONFLICT BECOMES MORE ACUTE, I RECOMMEND SENDING SPECIAL MESSAGES TO SPADOLINI AND COLOMBO TO STIFFEN THEM AS THE GOING GETS ROUGH. MEANWHILE I HAVE ASKED TO CALL ON COLOMBO ON 19 APRIL TO HAND OVER YOUR MESSAGE (FCO TELEGRAM NO. 98 TO ATHENS) AND TO SOUND HIM OUT GENERALLY.
8. FCO PLEASE PASS SAVING ADDRESSEES.

ARCULUS

(REPEATED AS REQUESTED)

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3

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